Obstacles for insurers of obstacle course racing

By Jenna Hildebrandt, Michael A. Henk | 02 August 2017

Jumping through a blazing fire, climbing 15-foot walls, and running through high-voltage electrical wires sounds like something out of an action movie, but these dangerous activities are "just another weekend" in the world of obstacle course races. Obstacle course racing (OCR) is currently sweeping the fitness and entertainment world alike with television shows like *American Ninja Warrior* and *Spartan* entrenched in prime-time slots.

OCR initially gained popularity after a push to add excitement and adventure to traditional footraces in efforts to revitalize the "running industry." Gone are the days of shutting down a few city blocks to host the local 5K. Instead, large venues are rented out to build extreme obstacles to challenge those who dare to enter. However, with more adventure comes more risk, which is leaving the insurance industry facing obstacles of its own. Without the reliability of historical data, consistency of events, and general safety seen in traditional footraces, insurers need to adjust to the growing and changing exposures.

Originally inspired by military training, the combination of tough obstacles and traditional footraces has captured the attention of millions. According to the *Insurance Journal*, 4.5 million people finished obstacle course races in 2015.[1] To put that in perspective, 1.99 million people ran half marathons and 509,000 people ran full marathons in 2015.[2] The running industry (including OCR) is estimated at $1.4 billion according to *Fortune*.[3] Currently, with OCR making up such a large percentage of the races, the risk facing the organizers of these events is becoming more prevalent.

A different type of racing

A key difference between traditional races and obstacle courses is the increased danger. People purposefully choose to run obstacle courses because of this sense of adventure. Race organizations are continually striving to come up with new inventive and extreme obstacles to challenge and entertain their participants. Some of these obstacles include climbing walls, monkey bars, ice baths, electrical wires, barbed wire, and firepits. As expected, the dangerous aspect of these obstacles increases insurance rates.

While participants are required to sign a waiver before registering (for both OCR events and traditional races), this exemption does not cover all liabilities. If there is gross negligence or the waiver is deemed too one-sided, the race organizers can be found to be at fault. Some people argue that OCR waivers are too harsh and therefore unenforceable.[4] Potentially, this could leave the race organizers facing severe losses because injuries and lawsuits are bound to happen in this dangerous sport.

While injuries and fatalities occur in road races as well, injuries in obstacle course racing can be more severe. Minor injuries such as cuts and bruises are commonplace and typically do not require medical attention. However, the injuries that do need immediate care are more serious, such as paralysis, open bone fractures, and burns. These injuries are rare, but the high severity of them is dangerous for the race organizers.

Many injuries from unsafe obstacles, inadequate safety measures, and dangerous behavior gained media attention over the years. At least four people have died, and more have been paralyzed or otherwise seriously injured in obstacle courses. In 2013, a man drowned in a Tough Mudder event. He was underwater for over seven minutes before rescue divers got him out. His lawyers argued that the obstacle was too overcrowded and the safety divers were unable to see him in distress.[5] The case settled out of court for an undisclosed amount.[6] It is possible that proper safety precautions would have prevented this tragedy.

Another incident happened when an obstacle collapsed midrace at a Warrior Dash race in Louisiana. Twenty people were on the climbing structure when it collapsed, which was due to inadequate bracing, resulting in 11 people being sent to the hospital, three via airlift.[7] In a Nevada Tough Mudder race, 22 people got Campylobacter coli infections from the mud pit.[8] These are just a few of the examples, but the list goes on. The injuries and their resulting lawsuits highlight the risks that race organizers face.

New risks must be taken into account

According to a study done by Lehigh Valley Hospital and Health Network, injuries happening at obstacle course races are "unique" and "severe." During a single Tough Mudder weekend event, 38 people required a trip to the local emergency department. Many of the injuries resulted from electrical shocks. One person had been shocked 13 times, which left him with burns and an inflamed heart. Another had a seizure as a consequence of the trauma, causing temporary paralysis of the right side of his body and four days in intensive care.[9] The Tough Mudder is an intense race, and the severity of these injuries shows the differences in risk among races. A race without an electrical obstacle might not have nearly as many serious injuries. However, at present, there is no way to determine a quantifiable level of risk for each race. If the risk is determined more accurately and more consistently, race organizers can save money and prevent casualties.

In an attempt to promote safety (and prevent the negative publicity that comes along with accidents) the three largest OCR companies (Tough Mudder, Spartan, and Warrior Dash) are working together to create a "Board of Standards."[10] The goal of this board is to establish a safety standard for each obstacle. Insurers could then require organizers to follow these rules to receive coverage, similar to required standards currently in place on traditional road racing. These measures would go a long way toward ensuring adequate safety procedures and safe obstacles. In addition to the development of these criteria, regulation is finally catching up. In March, the USA Obstacle Course Racing (USAOCR) became the first regulating body for the OCR industry in the United States.[11] This regulating body can hold the races accountable.

Historically, there has been readily available insurance coverage for traditional footraces. However, these policies are not applicable to OCR. The traditional road racing policies have specific exclusions for adventure and extreme sports. These exclusions specifically call out obstacle courses, mud runs, and other similar activities. OCR events face many potential liabilities not found in traditional races, such as faulty obstacles, property damage, and other unforeseen accidents, and therefore, they need specialized insurance to protect the organizers of the races. Because traditional road racing policies are unavailable, a new type of policy must be written specifically for more adventurous events.

The amount of additional risk of an OCR relative to a traditional race has yet to be quantified because the OCR industry has not yet developed a credible database of information. Typically, an insurance company would rely on this historical data to predict future expected

losses and to price the insurance coverage. This lack of data is one reason for high OCR premiums. Race organizers pay a premium that is an estimated five to 10 times greater than that of a traditional footrace.[12] The "unknown" element is causing organizers to pay significantly higher insurance premiums.

Adapting new insurance strategies

Imagine that there is a local half marathon looking for liability insurance to cover its event. An insurance company can use data from past races (either in the same location or spread across a broad geography) to predict expected losses. Because half marathons have been around and been insured for decades, there is enough data for a credible analysis. Because OCR was almost nonexistent until 2010, insurance companies do not have that same degree of industry data. As with any emerging market (such as cyber liability, drone insurance, and self-driving cars), insurers do not know what to expect, and therefore, insurance premiums are priced higher to make up for the unknowns.

Another obstacle in the way of establishing a credible database is that all obstacle course races are not the same. When you decide to run a marathon, you know what to expect: run 26.2 miles. Road races might vary by elements such as terrain, local weather, and elevation changes, but overall, similar risks can be expected across all events. If you run a marathon in Chicago, it is similar to running a marathon in Miami. Likewise, insurers also know what to expect with these traditional races. They can use past data and rely on well-established safety standards to determine the proper level of risk and premiums.

Obstacle courses do not have the same consistency. Running a Tough Mudder race in Minnesota is entirely different from a Spartan race in Florida. The lack of standardization makes it difficult to price insurance policies. For example, if one race has a wall that is 20 feet high and another event has one that is five feet high, they pay the same premium even though the risk of injury from falling is greater with the 20-foot wall. These higher premiums can potentially cause race organizers to pay more for insurance than necessary. The risks associated with one obstacle course can be completely different from the risks of another, but insurance companies will still price them relatively the same as there is not enough historical data to allow for differentiation in the policies.

If the industry developed a consistent and credible database of obstacles, insurers would be able to accurately price each race based on the risk of individual obstacles. In fact, with a database like that, races could even be tailored to fit a specific target "riskiness," selecting obstacles that result in an organizer-preferred premium amount. The current way of one-size-fits-all is not an efficient use of funds for race organizers.

Looking ahead

With obstacle course racing continuing to grow in popularity (and revenue), the timing is right to develop a better solution to insuring these events. Race organizers should be able to tailor their insurance policies to their races rather than rely on one-size-fits-all policies. The implementation of new safety standards and regulations will hopefully lead to more accurate risk classification of events. Combining these new standards with the development of an industry-wide data set with a comprehensive "loss per obstacle" would allow insurers to price a race based on the individual risk of selected obstacles. This solution provides all parties (organizers, insurers, and racers) with more confidence in the level of risk.

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