

INSURANCE, IT SEEMS, IS NOT AS EASY AS A-B-C

Written by Charles Jay
Thursday, 25 July 2002 18:00

On May 31, former world champion Meldrick Taylor stepped into the ring in Birmingham, Alabama, amid much controversy. Doctors and commissioners from across the country protested his fitness to fight, despite the fact that he had passed a CAT scan.

The state of Alabama does not have an active boxing commission, but the promotion itself was perfectly willing to be regulated, as per the Federal law requiring that shows in all states without commissions must be overseen by a commissioner from another state, using the rules of the Association of Boxing Commissions (ABC). The problem was, they couldn't FIND anyone that was willing to come and supervise it.

Mississippi wouldn't come; neither would Georgia, or Tennessee, or Florida.

As time wound down, the promoters were fully prepared to take another course of action, as a last resort - declare the fight to be sanctioned, in effect, by the city of Birmingham, with the mayor's support, deputize an ad hoc commission, with judges from the local gentry, and dare anyone to come in and stop them. They were not going to cancel a fight because SOMEONE ELSE couldn't get their act together.

Thankfully, an awkward situation was averted when Buddy Embanato, who heads the commission in Louisiana, and serves as Treasurer of the ABC, was brought in at the eleventh hour to oversee the fight at the behest of the ABC.

Why would the promoters have had to otherwise take drastic measures? Because the ABC, despite the obligations that are imposed under Federal law, does not have an insurance policy to provide liability coverage for a commissioner who travels from one jurisdiction to another for purposes of regulating a boxing match.

The ABC has a standard "directors insurance" policy for corporations, which would cover them on a number of things. But it does not even cover its corporate directors for such out-of-state regulatory activity.

The thing that makes this so problematic is that the ABC is under a "de facto" obligation to provide such oversight. According to Section 4 of the Professional Boxer Safety Act, referring to "BOXING MATCHES IN STATES WITHOUT BOXING COMMISSIONS",

"No person may arrange, promote, organize, produce, or fight in a professional boxing match held in a State that does not have a boxing commission unless the match is supervised by a boxing commission from another State and subject to the most recent version of the recommended regulatory guidelines certified and published by the Association of Boxing Commissions as well as any additional relevant professional boxing regulations and requirements of such other State."

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The previous ABC administration, headed by former president Greg Sirb, had been under the mistaken impression that the insurance policy had indeed provided the proper coverage.

As a result, at least 33 shows between January 2000 and July 2001 were held in locales without boxing commissions, under the supervision of officials who may have had no coverage at all to protect them against liability. And that doesn't even count those held on Indian reservations, which for all intents and purposes reside on land that is outside the prescribed jurisdiction of a commission.

Current ABC president Tim Lueckenhoff confirms that there is no coverage for any commissioner, under any circumstances.

"When I originally inquired with the agent, I was told that we were 'probably covered', but it wasn't clear," Lueckenhoff says. "I have since found out we are not."

The "agent" for that particular policy was Laurence Cole of Texas, who also doubles as a fight referee for the state of Texas and the WBC. Cole worked the policy out with Sirb two years ago, when Sirb was still the ABC's president. It has apparently been Sirb's perspective that while commissioners at large may not have liability coverage with the policy, ABC officers and directors did, and that has led to a very interesting situation which has, according to our sources, caused considerable confusion and consternation within the ABC.

You see, Dover Downs, a pari-mutuel establishment in Delaware, had installed slot machines in its facility with a certain degree of success. They had an interest in boxing, and were in the process of stepping up with its boxing activities, in effect graduating to another level - televised shows, where the money outlay would be much greater.

Sirb is administrative head of the commission in Pennsylvania, which is a neighboring state, and was designated to handle the regulatory duties, since Delaware does not have a boxing commission.

One thing that bears mentioning here is that when a commission representative goes into another state to oversee a fight, he is not doing so on state time, or within the scope of state authority (state law would prohibit that). Therefore, the state employee would sign himself out to do the outside assignment on his own time. That creates a situation where that visiting supervisor is free to keep the money generated from such supervisory duty for himself.

Sirb was stepping down as president of the ABC during the July 2001 convention in New Orleans, as speculation mounted that he was seeking to position himself to be named as the "national commissioner", should the prospective legislation authored by John McCain (that which is currently up for consideration) eventually come to fruition.

However, Sirb, in the interim, would no longer be an officer with the ABC, and therefore would not be entitled to the liability protection under the directors insurance policy.

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Suddenly, at the ABC convention, an amendment to the constitution was proposed - one that would allow for Sirb to serve on the ABC board and as an officer for two additional years under the designation of "Past President", a title that did not exist in the ABC at the time.

Such an amendment would enable Sirb to go to Delaware to regulate shows - which eventually fell under the control of a long-time ally, Russell Peltz - with liability protection, at least as far as HE perceived it.

Interestingly enough, the motion for the amendment to retain Sirb as Past President, with a vote on the board, was made by Dickie Cole, boxing administrator from Texas, whose son had sold the insurance policy to Sirb originally.

The resolution passed, in effect giving Sirb another term as officer with the ABC. Most recently, Sirb presided over a May 10 Peltz-promoted card at Dover Downs, in which, as it turns out, and unbeknownst to the State of Delaware's Division of Professional Regulation, there was no insurance coverage for him.

Not only has Lueckenhoff found out that the policy purchased from Cole offered no real coverage, he has gradually become convinced no coverage of the sort may even be available.

"Even my own attorney general (in Missouri) has advised me not go into other states," he says.

At this point, many other commissioners feel the same way.

And they're not altogether happy about it.

That's why Lueckenhoff was on Capitol Hill two months ago, asking that another clause be written into the bill McCain is putting forward to Congress (the United States Boxing Amendments Act) - something to stipulate that in cases where a commissioner has to go into another state without a boxing commission in order to satisfy the Professional Boxer Safety Act, the promoter be compelled to take out a liability policy to cover him.

Luckily, in Alabama, the promoters had voluntarily taken out a policy to cover Embanato.

The potential fallout of not having a commission presence, or having one without the proper liability coverage, is quite obvious. Boxing certainly doesn't need the kind of after-effects caused by a disaster in the ring which results from an unsupervised fight.

Let's hope, for the sake of the sport, that Lueckenhoff can rectify the problems created by his predecessors.

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