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Hole-in-one insurance policies provide safety net for glitzy tournament contests

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Sink a putt, win a car. Toss a frisbee, get some cash. Gimmick games like these are widely used tools to draw customers, reward employees and just plain make golf tournaments more fun. But who foots the bill when a golfer gets that coveted hole-in-one?

When a golf tournament advertises a Beamer on hole 3, they need a plan for how to payout if the player gets an ace. The tournament doesn't want to spend the money on the prize, and the sponsor doesn't want to eat the cost, but they have to have the glam.

Enter prize indemnification -- an insurance policy bought in the event someone should win the prize.

Commonly called hole-in-one insurance, prize indemnification is used on prizes from new cars to exotic trips to cold hard cash, and the contests come in all shapes and sizes, too.

Most insurance companies do not usually have agents on-hand to handle prize indemnification, so they use specialized insurance companies.

"It's not something we sell everyday," says Don Batchelor, vice president at **Lipscomb** and **Pitts Insurance LLC**. "It's very infrequent, as you can imagine."

Most requests come during the summer months, when golf season is in full swing.

Because the need for hole-in-one insurance is seasonal and the market is volatile, local insurance companies have to rely on specialists like Reno, Nev.-based Hole in One International.

Mark Gilmartin, president of Hole in One International, was in the golf business for a while and decided to form an insurance company in 1991 to serve the need for prize indemnification. He says hole-in-one insurance seemed like an interesting business, so he went for it.

Hole in One International insures prizes at golf tournaments, while its sister company, Odds On Promotions, insures promotional contests for sports, retail and trade shows.

"It's generally cash, automobiles or trips," Gilmartin says. Sometimes the prizes are industry specific, like the backhoe he insured for a construction company, and the cash prizes have reached \$4 million before.