

ENTERTAINMENT & MEDIA PRACTICE

# Protecting Your Bottom Line Through Contingency Insurance Solutions

Sporting events, concerts, music festivals, conventions, and film productions are among the many entertainment events that can generate enormous amounts of revenue and involve large capital investments. But the financial impact of unexpected incidents can be devastating to an entertainment company's financial well-being. Understanding these risks and your potential contingent insurance options can make a major difference to your bottom line.

Marsh's Entertainment, Media, Hospitality and Gaming Practice specialists understand these circumstances and can help clients access innovative contingency coverages to fit the needs of any entertainment event. Our global team of innovators and policy specialists can assist with manuscript policies and tailored solutions designed to mitigate losses that can threaten profits.

## What Does a Contingency Policy Cover?

Contingency insurance solutions can protect against a variety of threats to the successful completion of an entertainment or sporting event, tradeshow, conference, or production. When utilizing this type of solution, an insurer typically will agree to

indemnify an insured for its ascertained net loss when an insured event must be cancelled, abandoned, postponed, interrupted, curtailed, or relocated provided that the cause is beyond the control of the insured, insured persons, and other participants, unless that cause is not specially excluded.

## Extensive Product Experience

Marsh's team understands the nuances of contingency insurance and has experience with a variety of specific coverages and extensions that provide coverage beyond what is typically provided in a standard insurance form. These include:

- **Event cancellation:** provides expense or revenue protection when forces outside of an insured's control cause the necessary cancellation, postponement, relocation, curtailment, or abandonment of an event.
- **Non-appearance:** Entertainers, personalities, and athletes are hired to provide entertainment. If an event must be canceled due to death, accident, illness, or travel delay, a non-appearance policy can protect your investment.
- **National mourning:** extends coverage to include any loss directly or indirectly arising out of, contributed to, or resulting from national mourning declared by the government or monarchy of the country in which the insured event is due to take place.
- **Terrorism:** any threat or act of terrorism that is confirmed by local or national government authorities or security services as having posed or appeared to pose real risk or physical loss or damage or actual bodily injury or death if the event had

proceeded. Sabotage, strikes, riots, civil unrest, and political subversion typically can be added.

- **Adverse weather:** Standalone weather coverage for named windstorms, extreme winds, electrical storms, rainfall, snowfall, and extreme temperatures. Ordinarily, adverse weather coverage can be written on a per event basis.
- **Death:** Coverage will pay the insured amount based on contractual obligations for the failure of the insured person to survive for the duration of the policy.
- **Disablement:** When an insured person suffers an accident or illness that causes the necessary cancellation or withdrawal of an insured event, the policy will cover the insured amount declared.
- **Disgrace:** Coverage for disgrace typically protects against situations that degrade or bring an insured person into disrepute or provokes insult or shock to the community and reflects unfavorably upon an insured, its principals, or its products.
- **Over redemption:** provides the ability to offer protection from excess recoupment above budgeted projections.
- **Prize indemnity:** Games of chance where a prize can be awarded to a winner are commonly insured through a prize indemnity policy. This policy would pay, on behalf of the named insured, if any eligible contestants win the game or contest.
- **Contract bonus:** Common in sponsorship, promotional, and/or endorsement contracts, this coverage is designed to pay the bonus on a specified basis to a professional athlete, spokesperson, and/or celebrity if he or she achieves certain contractual goals.
- **Key man coverage:** Insurance can cover a key owner/employee who may be crucial to an insured's business strategy and whose absence may bring adverse financial implications.

- **Transmission failure:** Any live or one-time broadcast event — whether on traditional media (such as network television) or other distributions — may be subject to a breakdown that prevents completion of a transmission.

As a result of the COVID-19 pandemic, coverage for **communicable disease essentially ceased to be available** for purchase on or after April 1, 2020, and there is currently no timeline for this broad exclusion to be removed. If and when this coverage becomes available, it could cover communicable disease outbreaks that would directly affect an insured's event causing a cancellation, postponement, relocation, or abandonment.

## Why Marsh?

Specialists from Marsh's Entertainment & Media Practice understand that the impact of unexpected incidents can be devastating to an entertainment company's financial well-being and are committed to work with clients to find contingency coverages and extensions that meet the needs of any entertainment event. Our value propositions are aligned with your interests and our approach and understanding of complex risk allow us to provide custom solutions that can mitigate and transfer risk, using a variety of capital sources. Our specialists work across different geographical locations, allowing clients to benefit from our experienced resources wherever they might be.

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Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

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