

# RISK FOCUS

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## Event cancellation and non-appearance insurance

Event cancellation and non-appearance insurance has been in the headlines recently, following Kanye West's touring company's dispute with various insurers at Lloyd's. This class of insurance offers important protection to those hosting events, with the main areas of business requiring protection being sporting events, music events and conferences.



### KANYE WEST'S CANCELLED TOUR

Ahead of Kanye West's 'Saint Pablo' tour in 2016, West's touring company, Very Good Touring Inc., ("Very Good") put in place a cancellation, abandonment and non-appearance insurance policy. In November 2016 on the Sacramento leg of his tour, West left the stage after playing just three songs with his behaviour being described, in his touring company's claim as "strained, confused and erratic"<sup>1</sup>. The remaining 21 shows of West's tour were then cancelled following a "debilitating medical condition"<sup>1</sup>. Refunds were issued to fans holding

tickets to subsequent shows. He was hospitalised for eight days and whilst he was there, West's touring company, Very Good submitted a claim for almost USD 10 million to insurers.

West was confirmed unfit to continue with the tour, both by his primary physician and allegedly by an independent medical examination doctor instructed by insurers. Very Good claims that insurers have neither denied the claim nor confirmed cover and to date have failed to make any payment under the policy, without explanation. It is also alleged by Very Good that insurers have suggested they may deny cover on

the basis that West's use of marijuana caused his medical condition.

Although they admit that the claim has not been paid or denied, insurers deny that no explanation has been given for this. They also deny that "West's use of marijuana provides the sole basis to deny the claim"<sup>2</sup>. Insurers also state that they are bound from providing further comment due to non-disclosure agreements between the parties. The dispute looks set to continue to run in the Californian courts. That said we have seen many successful insurance claims following cancelled events.

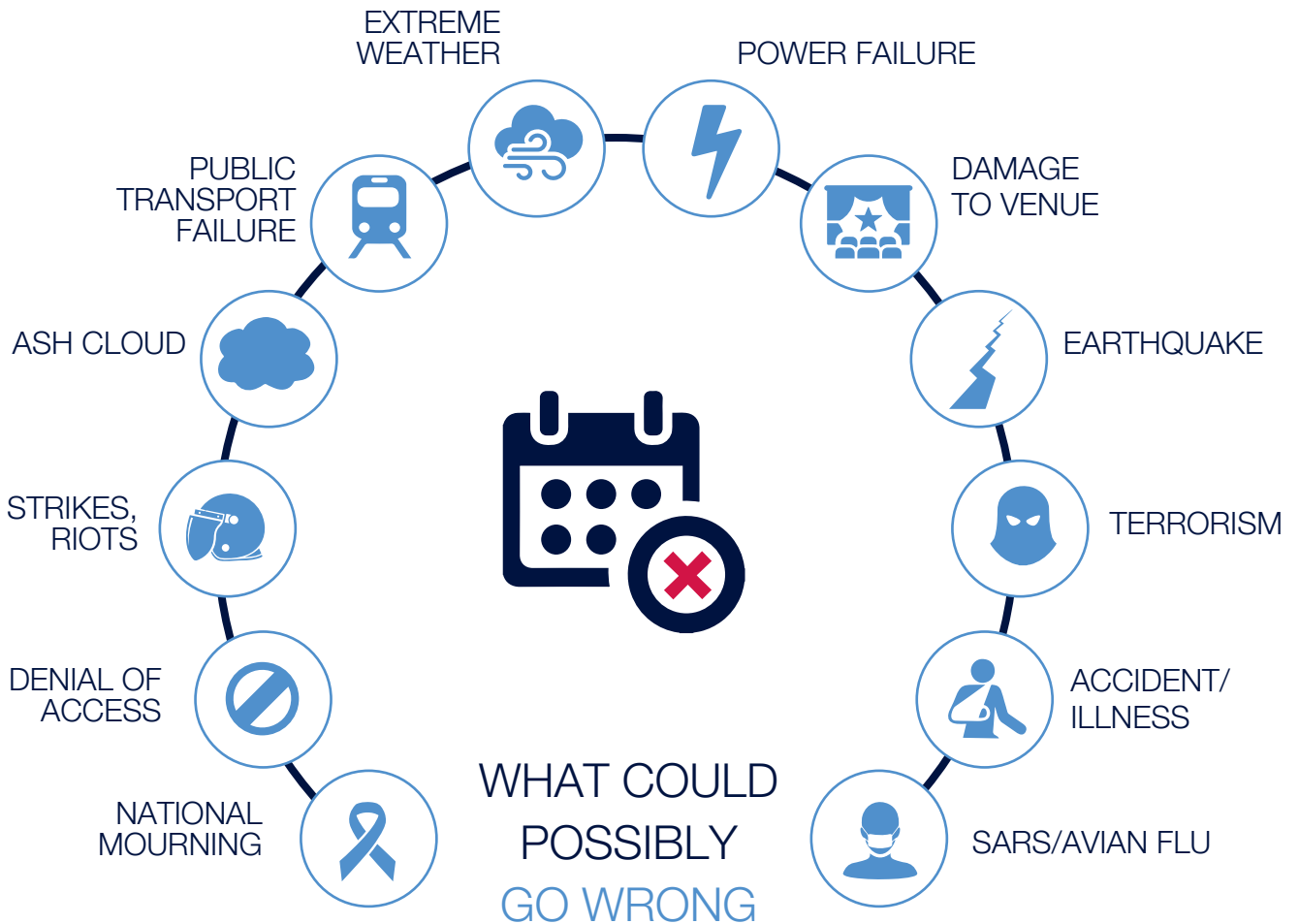
<sup>1</sup> Complaint filed by Very Good Touring Inc.

<sup>2</sup> Defendant's Answer and Counterclaim

## OTHER NOTABLE CANCELLED RECENT EVENTS

Unfortunately the Saint Pablo tour has not been the only cancelled event to hit the headlines this year. There has been a run of natural disasters, terrorist attacks and adverse weather causing cancellations. Notable cancellations or postponements have included:

- Ed Sheeran cancelled his tour following a cycling accident
- Houston saw NFL games and concerts by acts such as Coldplay cancelled in the wake of Hurricane Harvey
- Ariana Grande cancelled shows following the Manchester terrorist attack and made an insurance claim after her doctor certified she was too unwell to proceed with her tour
- Take That's and Kiss's concerts at Manchester Arena were also cancelled due to the venue's temporary closure following the 22 May 2017 bombing. Take That's subsequent concert in Liverpool was also been postponed. Take That also made an insurance claim
- After the suicide of their lead singer, Linkin Park cancelled their tour with Blink-182
- The Fall had to cancel their US tour due to the lead singer being hospitalised
- Cycle Oregon's Classic Ride and other events were cancelled due to air quality problems caused by wildfire in the area
- 'Island of Light' a festival in Puerto Rico was cancelled following the effects of Hurricanes Irma and Maria
- The International Ballet Festival of Miami was also cancelled due to Hurricane Irma
- The premieres for Blade Runner 2049 and Marshall as well as the Cirque Du Soleil show were cancelled after the recent Las Vegas shooting.



## WHAT INSURANCE IS TYPICALLY AVAILABLE FOR CANCELLED EVENTS?

Policies will generally cover costs and lost profit arising from; cancellation, abandonment, postponement, interruption, curtailment or relocation of an insured event. The cover is applicable to circumstances outside of the insured's/participants' control and provides an indemnity for consequent reduction in gross revenue or additional costs and expenses. Usual costs and expenses could include; ticket refunds, contractual payments (for example, to a venue), and appearance fees.

## MITIGATION

This class of insurance can also provide cover to mitigate situations which would otherwise become a claim under the policy. An example of this would be to move an event to another venue or city, or to postpone it to a later date. This is a highly viable option with international conferences where the location and venue are of limited importance to the actual event so long as speakers and delegates can be relocated. At present, following hurricanes in the Caribbean, conferences are being moved from affected islands to the US and other areas.

## WHAT IS COVERED?

We have arranged a policy to cover the normal contractual relationships of an event organiser which can be adapted for any changed circumstances:

Cancellation abandonment postponement interruption curtailment relocation of insured event(s)

Covers circumstances beyond the control of the assured/participants

Indemnifies gross revenue or costs and expenses

### Standard exclusion - cover available

Non appearance	Enforced reduced attendance	Communicable disease	Adverse weather outdoor events	Terrorism
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### Standard exclusion - cover not available

Financial causes	Lack of support	Contractual disputes
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## WHAT IS TYPICALLY EXCLUDED?

In addition to cover only extending to circumstances outside of the insured's control, policies also contain a number of standard exclusions. However, due to our position in the market, we are able to generally negotiate removal of the following standard exclusions from event cancellation policies; non-appearance, enforced reduced attendance, communicable disease, adverse weather and terrorism. Exclusions relating to financial issues (of the insured or others involved), lack of support for or interest

in an event and contractual disputes will usually not be removed by insurers.

## PEACE OF MIND

Often known as peace of mind or 'sleep easy' policies, this cover can be invaluable in the face of the unexpected perils in today's uncertain world, the purpose of the cover being to put you back in the position you would have been had the event gone ahead as planned. We have specialist knowledge and are recognised as one of the leaders in this class. Moreover, our claims team are well versed in dealing with these claims.



JLT provides insurance broking, risk management and claims consulting services to large and international companies. Our success comes from focusing on sectors where we know we can make the greatest difference – using insight, intelligence and imagination to provide expert advice and robust – often unique – solutions. We build partner teams to work side-by-side with you, our network and the market to deliver responses which are carefully considered from all angles.

The roots of our Special Risks team originated in entertainment, but as a result of our ability to design and create, rarely ever taking off the shelf products, our clients emanate from almost every business sector. Our team is nimble, excited about new ideas and full of people who share enthusiasm for the specialist sectors we work in. Our combined expertise allows us to proactively manage the complex and often unique risks that our clients face and provide innovative solutions that our competitors often can't.

## CONTACTS

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