



La Playa Media, Arts &  
Entertainment:  
Insurance with Intelligence®

## La Playa Media Arts & Entertainment Insurance with Intelligence®

### Cancellation Insurance

Does the thought of event cancellation or the loss of a key performer bring you out in a cold sweat? With the worsening unpredictability of British weather, terrorist threats and travel disruption, arts organisations and events companies across the country are shoring themselves up with Cancellation Insurance.

A performer cancellation, venue fire or flood, or transport delays (bad weather, mechanical breakdown or strike) could mean major disruption to your event. With Cancellation Insurance you can protect income that depends on the event going ahead, or just cover specific costs such as venue hire, artist accommodation, travel and marketing. Even if it's a free event with no ticket revenue at stake, Cancellation Insurance can cover incurred expenditure.

Cancellation Insurance is infinitely flexible, and can be tailored to your needs. Key risks include:

- **Adverse weather for outdoor events:** a water-logged site deemed too dangerous by the Health & Safety officer, or staging declared unsafe due to high winds
- **Venue closure** due to fire, flood, failure of safety curtain, sanitation problems or access being denied (eg: if the area is cordoned off by the police)
- **Non-appearance of performers** due to illness, injury or travel delays.
- **Terrorist attack or threat** at the venue or in the vicinity



LA PLAYA

# Cancellation Insurance

Entertainment and events present some major implications for insurance, and getting “water-tight” cover requires some specialist knowledge of how live event organisations operate. La Playa has worked with key bodies including the Association of Festival Organisers (AFO), British Arts Festivals Association (BAFA), Association of British Orchestras (ABO) and International Artist Managers Association (IAMA) for several years to help protect event organisations from spiralling insurance premiums and inadequate cover. Rocketing liability rates hit hard as the USA’s “compensation culture” set in, and some events struggled to get cover at all.

## What is Cancellation Insurance?

Cancellation cover replaces lost revenue and reimburses expenditure incurred from an event which is necessarily and unavoidably postponed, abandoned, cancelled, curtailed or relocated in circumstances beyond your control. For artist managers, it can protect commission income streams for high-earning performers.

## You can also extend your cover to include:

- Terrorism
- Enforced reduced attendance if a specific incident impacts on attendance
- Foot & Mouth Disease
- National/court mourning

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## What can be covered?

- Your irrecoverable costs & expenses
- Loss of revenue or net profit
- Additional expenses to reduce a loss
- Damages resulting from failure to vacate a venue for which you are legally liable under contract
- Future event protection to minimise adverse effect on subsequent events in a series

Pre-existing medical conditions, lack of interest/ticket sales, and financial insolvency of the parties are standard exclusions – and pencilled dates without contracts or letters of agreement cannot be claimed.



Do you know your legal obligations as regards ticket refunds – especially if you don’t have an explicit policy on this?

## How much does it cost?

Cancellation insurance is very flexible: you can choose both the sum insured and period of the policy, which could be 12 months, or just specific dates. You might opt to include only your top performers.

The premium is a rate percent of the total sum insured. This can range from 1% to 3.5% – depending on factors like artists’ ages, cancellation loss history, level of income generation, and whether the event is indoors/outdoors.

## Case Studies

**Adverse weather:** an outdoor opera company cancelled two performances due to the 2007 floods as neither audience nor orchestra could access the site since all approach roads were under water. **Settlement: £32,000.**

**Non appearance:** an opera singer fell ill with laryngitis days before a European festival appearance. A last minute replacement was found, contracted and travelled in time to make rehearsals and the performance. **Settlement: £80,000**

**Travel delays:** a leading British orchestra arrived at London Heathrow prior to an international tour to find the airport closed due to a strike. Cancellation of the tour would have cost £35,000 and so insurers paid for the orchestra to be transported to Gatwick, where a private plane was chartered to fly them to the first country of the tour. **Settlement: £14,000**

**Terrorism:** a US string quartet was due to play at Wigmore Hall three days after 9/11 and with all flights out of New York grounded they were unable to travel, forcing cancellation of the concert. **Settlement: £6,000**

Contact: Paula Hawthorne, ACII  
T: 01223 200654  
E: paula.hawthorne@laplayainsurance.com  
W: www.laplayainsurance.com

Contact: Tracey McCreath  
T: 01223 200655  
E: tracey.mccreath@laplayainsurance.com  
W: www.laplayainsurance.com

La Playa  
The Stables,  
Manor Farm, Milton Road,  
Impington, Cambridge CB24 9NG