



Ready for the big event

The high profile, huge revenues and growing complexity of sporting events make their risk management more challenging than ever. Marrying local and external expertise and providing a full risk profile to insurers early are vital. By **Matt Ford**

Major sporting events are getting bigger, both in terms of revenues generated and media coverage. They are also becoming longer and more complex, with flamboyant opening and closing ceremonies and a more challenging choice of venues, with more athletes and spectators to transit and accommodate.

Billions of pounds can be wrapped up in the successful management of a sporting event. Yet a single man-made or natural disaster can cause third-party or property losses through to business interruption or reputational damage. As sporting events – from the Cricket World Cup in Australia and New Zealand to the Rugby World Cup in the UK – continue to grow in scale, these risks will only increase.

For example, the political tensions in Ukraine and Crimea could lead to more sanctions against Russia, which could have a knock-on effect on the infrastructural development Russia requires in order to successfully host the 2018 FIFA World Cup. Meanwhile, terrorists' increasing trend towards 'lone wolf'

attacks can not only cause widespread casualties, cancellations and financial losses, which are often not covered under insurance policies, but are also, in some respects, harder for security services to neutralise.

"Security costs are continually increasing at large sporting events and, with record amounts being paid for the right to televise events, ensuring continuity of transmission is vital," says Duncan Fraser, Head of Sport, Media and Entertainment at JLT Specialty.

Ongoing concerns about the Ebola outbreak could also affect the accumulation of people at a sporting event – such as the Tour de Faso cycling race, which was cancelled in late 2014 due to fears over the spread of Ebola.

"If a government stipulates to an event organiser that it cannot have accumulations of people for any reason, then that event has to be cancelled – costing a lot of money in lost revenue, ticket refunds and cancelled commercial contracts," says Fraser.

Many sporting events are also exposed to political risks. For example, the 2015 World Handball Championship was hit by 'political

boycotts', when the United Arab Emirates and Bahrain both withdrew from the Championships, allegedly due to the Qatari government's support for Islamist factions in the Middle East. Similarly, the International Aquatics Federation World Swimming Championships late in 2014 were impacted by Egypt withdrawing its team.

Local and imported expertise

The requirements of hosting any particular sporting event remain fundamentally the same wherever they are held. But these need to be overlaid with the risks posed by the actual location – whether these are natural hazards, political risks, or travel and communication infrastructure deficits – in order to accurately assess and quantify the overall exposure, says Andrew Duxbury, Contingency Underwriting Manager at Munich Re UK.

Event organisers should blend local expertise with imported experience from the international stage, such as international security agencies or professional sports administrators, says Duxbury. "By using recognised experts with



Ensuring continuity of televisual transmission is vital

Show must go on

On 22 February 2011 a powerful earthquake hit the New Zealand city of Christchurch, killing 185 people and causing widespread damage across the city – just before it was due to hold five pool matches and two quarter-finals of the 2011 Rugby World Cup.

“The emotional reaction from everyone involved was that the show must go on,” says Duncan Fraser, Head of Sport and Entertainment at JLT Specialty. “But the organisers had to look at the damage and ask serious questions about what was possible.”

Without access to stadium facilities, and the infrastructure required to get competitors, staff and spectators to and from them, the games had to be re-scheduled elsewhere in New Zealand. “Although detailed contingency plans were triggered, the earthquake was a prime example of when even the most experienced teams are challenged by something completely outside their control. It proved the need for insurance to support organisers to explore the most viable alternatives, cover the significant additional costs necessarily involved in relocating a number of games and to ultimately help ensure that the event proceeded,” says Andrew Duxbury, Contingency Underwriting Manager at Munich Re UK.

The earthquake also illustrated the importance of making sure emergency plans have named spokespeople in place, to allow organisers to talk to the media quickly, and that very good records are kept. “Event companies disband after an event so, if you have an ongoing claim, it can be very hard to get proper information without access to good records,” says Fraser.

previous international experience, organisers can avoid some of the talent weaknesses inherent in firms that need to scale up and scale down fast for a particular event.

“When it comes to the insurance programme, if the underwriters and brokers have seen similar risks before then their input can be sought immediately on the risk transfer mechanisms,” says Duxbury.

It is important to quantify and settle any incurred losses as quickly as possible: organising bodies generally have a limited constitution, as their expertise quickly moves on to other sporting organisational challenges, Duxbury adds.

Early engagement

Though there are a lot of off-the-shelf insurance policies available for event organisers, many will have exclusions for some of the growing perils that event organisers face. For example, most insurance policies exclude claims arising out of any communicable disease, or from the threat or fear of a communicable disease, such as

Ebola, which leads to the restriction in people’s movement, as imposed or issued by a national or international body or agency, explains Fraser.

When buying insurance, companies should engage with the market early, advises Duxbury. “When underwriters are faced with incomplete knowledge of a risk they usually either increase premiums and deductibles, narrow coverage or, in the worst scenario, decline the business altogether.”

The best coverages are tailored to suit insureds’ specific contractual liabilities, Duxbury says. “Contrary to potential organisers’ concerns, the more underwriters know about an event, the possible risks and exposure and contingency planning undertaken, the better the coverage, commensurate risk pricing and available capacity will be.” **ES**



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