

What if Woodstock's Producers Had Insurance in Place Back in 1969?

By Chris Lack & Frank Zuccarello

Not long after Jimi Hendrix's "Hey, Joe" put the final note on three days of sex, drugs and rock n' roll in a muddy cow pasture in upstate New York, Woodstock promoter Michael Lang recalled in an interview with Joel Makower, author of *Woodstock: The Oral History*, that people had created a huge peace symbol out of the garbage they were collecting.

Perhaps a large dollar sign would have been more appropriate.

The 1969 Woodstock Festival was built around great hopes and dreams, and advance ticket sales seemed to bear those aspirations out. Around 186,000 advance tickets were sold, and the organizers anticipated approximately 200,000 festival-goers would turn up. Therefore, ticket gross should have been $186,000 \times \$18 + 14,000 \times \$24 = \$3.68$ million (over \$25.6 million in today's dollars). Things were looking positive—until 400,000 people showed up, most of whom did not pay. Suddenly a concert that looked like a financial windfall ended up \$1.6 million in the negative (\$11 million in today's dollars).



to the gig. Not to mention additional limousines, telephones, etc. Finally, factor in the cost of the performers and suddenly you can see the red ink flowing.

Fifty years later what have we learned from those three days in 1969? If anything, it's that putting on a major concert has nightmare potential, which creates a

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How were those debts incurred? Likely it was because Woodstock was a three-day event of perfect storm proportions. Major expenses were incurred when the overall attendance swelled. If you think it's hard planning a wedding for 100 guests and 200 people show up, picture what it takes when 200,000 turns into 400,000. Suddenly you need more power, emergency food and medical supplies (brought on by a soaking rain, less-than sanitary conditions and brown acid), and helicopters being rented because the roads are closed due to the crowds and the performers can't get

worst-case scenario that grows exponentially when a single concert is a 15-city stadium tour. Woodstock was also the template for putting on mega-concerts such as Live Aid and Amnesty International, widely-televised events that bring in millions of dollars in TV sponsored revenue, you can see how cancelling a major concert would be a financial catastrophe.

This is precisely why business managers and tour promoters sit down to figure out their potential revenues, and how to protect their investment from the possibility of inclement weather, death, illness or



injury to the artist, or even a terrorist attack. It is not uncommon for major touring artists to have their tours insured for upwards of \$50 million or more as a hedge to factors that could delay or cancel a major concert tour.

Coverage for this class of business is known as Non-Appearance/Event Cancellation insurance and it is designed to protect the policy owner if a show or series of shows is missed, postponed, abandoned or rescheduled. Thanks to the power of Lloyd's of London, this type of insurance is available with extraordinary benefit limits to U.S. promoters through certified Lloyd's of London Coverholders. The insurance is typically underwritten on a broad policy form that covers perils from death, injury or illness of one or more scheduled artists, as well as venue destruction, and many other perils that could cause a loss.

As you might expect, we're seeing much more non-appearance coverage in the music industry these days, especially when a big act goes out on the road. The artist's management determines the potential income from the guarantees plus percentages put up by the promoters, and then they factor in what the loss would be if the artist failed to complete all or part of the tour – a possibility that can vary from act to act *and* venue to venue. Most venues are paid up front, and they get paid whether the concert is successful or not, or even if it takes place. Plus, these venues are multi-use (sports events, ice shows, etc.), so rebooking lost dates can be an ordeal. Of course, outdoor football stadiums are more accessible, and you could probably rent MetLife Stadium on any Friday night you want in February. But if you want a Friday night in June for a rescheduled show, there is a four-plus-year wait.

Professional Business Managers (CPA's) recognize the potential risks and magnitude of a possible loss. Each one has their own philosophy as to what they will and won't insure. Sometimes this is driven by where the artist is in their career financially. Sometimes, it is based on the past experiences of the business management firm. Most buyers of this insurance typically look to protect a percentage of their guaranteed income that usually ranges from 50% to 85%, while

other artists are far more concerned with making sure their expenses are hedged if a show goes very bad. Many decisions are made based on the financial arrangement with the promoter, who often retains the bulk of the risk.

A music tour, whether it's hard rock veterans going out playing all the hits or a K-Pop boy band embarking on their first arena sojourn, is a risky endeavor, and history shows that there can be losses from artists of all ages and experience. The tried and true rockers are living much healthier lives than they did in the 1960s and 1970s, but there are still some dings and dents on

Most Bizarre Concert Cancellations

The Rolling Stones had to push back the start of their 2016 tour when Keith Richards was injured falling out of a coconut tree.

Morrissey cancelled his 2014 tour, blaming his support act for giving him a head cold.

Kings of Leon had to ditch a show in 2010 when pigeons started relieving themselves on the bass player.

Iggy Azalea cancelled her 2013 tour because she was "tired of singing the same old songs."

Lionel Richie postponed a tour after he caught a bug from a fan who kissed him.

Neil Young was unable to tour in 1997 when he cut his hand making a ham sandwich.

Weezer's Rivers Cuomo jettisoned the group's 1995 tour because he underwent surgery to lengthen his leg.

the body. Whereas the younger performers, work long and fast but are unprepared for the physical, mental, and emotional strains one endures while on the road. And once a tour gets sidelined, it can cost promoters megabucks.

An insurance policy can be used as a safeguard should the need arise to reschedule events, replace equipment, and sometimes even personnel. Besides just providing monetary protection in the form of a policy, coverage can also include rescheduling a missed date, getting the best doctors into the mix, and so forth. After all, different music genres—rock, folk, country, jazz—all have different risks and needs.

However, adequate protection for a mega-tour absolutely falls beyond the scope of what a traditional insurance carrier is capable of handling. This is when the focus turns to a handful of Lloyd's of London Coverholders that can provide the high-level of coverage needed. Those tasked with putting on large shows need to rely on experts to manage proper underwriting, fair rates and deductibles. And the industry needs to manage the mitigation of risks and learn to insure these risks with open eyes. If we feel sick, we take the day off and maybe our spouse or significant other might feel bad for us. When, for example, Bruce Springsteen feels sick, the 90,000 people at Rose Bowl Stadium who are now holding meaningless tickets feel like they're "spending their life waiting for a moment that just don't come."

When artists take to the road there is a lot at stake and a lot of money on the table, which can disappear quickly if the music stops and there is no specialized insurance in place. Postponing a stadium tour can involve significant costs with millions of dollars already invested in marketing and production. Rescheduling the tour comes with its own unique set of headaches – just consider the production team, many of whom may have picked up other work in the interim, and that's just the tip of the iceberg. Fortunately, if the policy doesn't have any language about pre-existing conditions (and there have been instances where some artists have perennial throat conditions and that infliction was excluded from the policy), most of the costs associated with a rescheduling would be covered.

In the 50 years since, the Woodstock Festival has grown to mythical proportions, and the film rights to the Woodstock movie and soundtrack has enabled the producers to dig out of the financial hole those three days put them in. But by all estimates, it took a full 10 years to shed the red. Today it's doubtful any concert promoter is willing to risk losing money for 10 years on a major concert tour. Thus, they are looking to their insurance advisors in order to protect their investment in the best way possible.



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