

# Insurance Coverage Soaring to New Heights

By Chris Lack

For 11 minutes on the morning of Tuesday, July 20, Amazon guru Jeff Bezos was no longer one of the richest men on earth; only because at the time he was 351,210 feet above it. That day, Bezos took his rocket and capsule system developed by his space company, Blue Origin, and with three crewmates (including 18-year-old Oliver Daemen, who was the first paid passenger), soared to new heights.

It wasn't the first time a billionaire (think Richard Branson and Elon Musk) counted rocket ships among their many toys. But what made this supersonic joy ride so unique was that it was the first time a CEO chose to boldly go where no CEO has gone before. And by its very nature, and inherent risks, this now opens up a whole new can of worms when it comes to insurance.



exclude this risk for long standing in-force policies, these carriers would postpone making an offer for new coverage once the potential space flight was disclosed,

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Corporations have always insured to protect the visionaries that have made their companies successful. While putting a key person insurance plan around the person in the corner office because they like to ski jump or scuba dive on their Caribbean holiday may be the norm, the complexity sky rockets when they choose to break the sound barrier while traveling 65 miles above that very same corner office. It’s important for corporations to protect their key individuals, but to do so you need to have a unique understanding of the nature of these space missions, and therefore need to enlist highly specialized underwriters that understand the exact nature of both the mission and the craft that is undertaking it.

While traditional life insurance companies do not

putting individuals, their families and their business at risk. This new breed of “space tourists” needs protection that would dovetail with their new and pressing exposures, commencing on the day of departure and stay in affect while they are bouncing weightlessly off the walls of their spacecraft, and continue through the vitally important and extremely stressful re-entry and subsequent landing. Coverage typically provided for these missions is accidental death and depending on the need and profile of the participant, disability protection incurred as a result of an accident during these phases.

Coverage limits for accidental death to \$25,000,000 are available and premium rates vary based on technical merits of the spacecraft, prior missions, and the trip to

be insured, but rates generally follow the rates for spacecraft hull or cargo coverage so participants can generally expect to pay a rate of 7.5% of the insured amount as a starting point for these exposures. While there are many technical aspects to the underwriting and procurement of this coverage, what is critically important is knowing who has the expertise to:

1. Efficiently underwrite and bind these exposures based on experience,
2. The underwriter should be able to operate autonomously and be able to evaluate the technical aspects of the flight risk and be able to bind coverage on an automatic basis,
3. The underwriter must have controls in place to monitor aggregation risks from mission to mission including any hull and/or cargo exposures in the event of a catastrophic failure. Protection is typically secured for the participant's family (or trust), or in some cases, an employer looking to protect against the loss of a key executive/founder/CEO that might have a childhood dream to see the Earth from space. When appropriate, there could also be a disability endorsement attached to the underlying accidental death policy to protect individuals in the height of their career, or corporations seeking key person indemnification.

In many ways it's no different whether your key person is straddling a surfboard surrounded by 12-foot waves in Oahu, or atop a 60-foot tall Roman candle spewing out 110,000 pounds of fiery thrust at upwards of 2,200 mph. The bottom-line is this: protection is the name of the game, and most insurance carriers will avoid these risks, so these "space tourists" need to seek protection from highly skilled and specialized advisors that have a unique expertise at designing and underwriting insurance programs for these types of risks.

When the flight was over, Jeff Bezos summed up his reason for personally taking the flight as simply, "If it isn't safe for me, it isn't safe for anyone." But Jeff Bezos—and Richard Branson and Elon Musk—aren't just "anyone"; they are the intellectual property responsible for some of the most successful companies on earth. And people like these and the companies they guide, need the proper protection when they decide to leave earth behind, even if it's only for 11-minutes.

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