

When it Comes to Today's Mega-Concerts, Insurance Takes the Spotlight



Music lovers have heard the recent horror stories about how some of Taylor Swift's fans were upset when they could not get tickets to see her upcoming mega tour. Her young fans and their "forever trying to please the children" parents were crying out loud and often on social media, saying it is not fair that they couldn't get tickets, or that the prices were so high.



By Frank Zuccarello

As a cynical, middle-aged, music fan and insurance professional, this prompts me to offer some advice for these folks: You need to calm down and, welcome yourself to our world of supply and demand! It really feels no different than back in the late 1980s when I physically waited in line at the Nanuet Mall (as opposed to today's online) for a lottery wrist band to see if I could get AC/DC tickets. The technology has changed, but the reality is, if you want to absolutely guarantee yourself a ticket to a concert, you may just have to set your sights on a less popular artist. There is the

adage that nothing in life is guaranteed, and in the mega-concert industry that holds true even after you have tickets in hand to the big show.

As a consumer you may be investing hundreds of dollars for a ticket. But when business managers and tour promoters sit down to figure out their potential revenues, and how to protect their investment from the possibility of refunding tickets due to Mother Nature or the inability of the artist to appear due to myriad health reasons, they find the investment can reach multi-million dollar levels. To protect that investment, it is not uncommon for major touring artists to have their tours insured for upwards of \$50 million or more.

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. This level of coverage can prove to be heavy lifting for traditional carriers, who must instead rely on specialty carriers such as Lloyd's of London to underwrite a broad policy form that covers perils from death, injury or

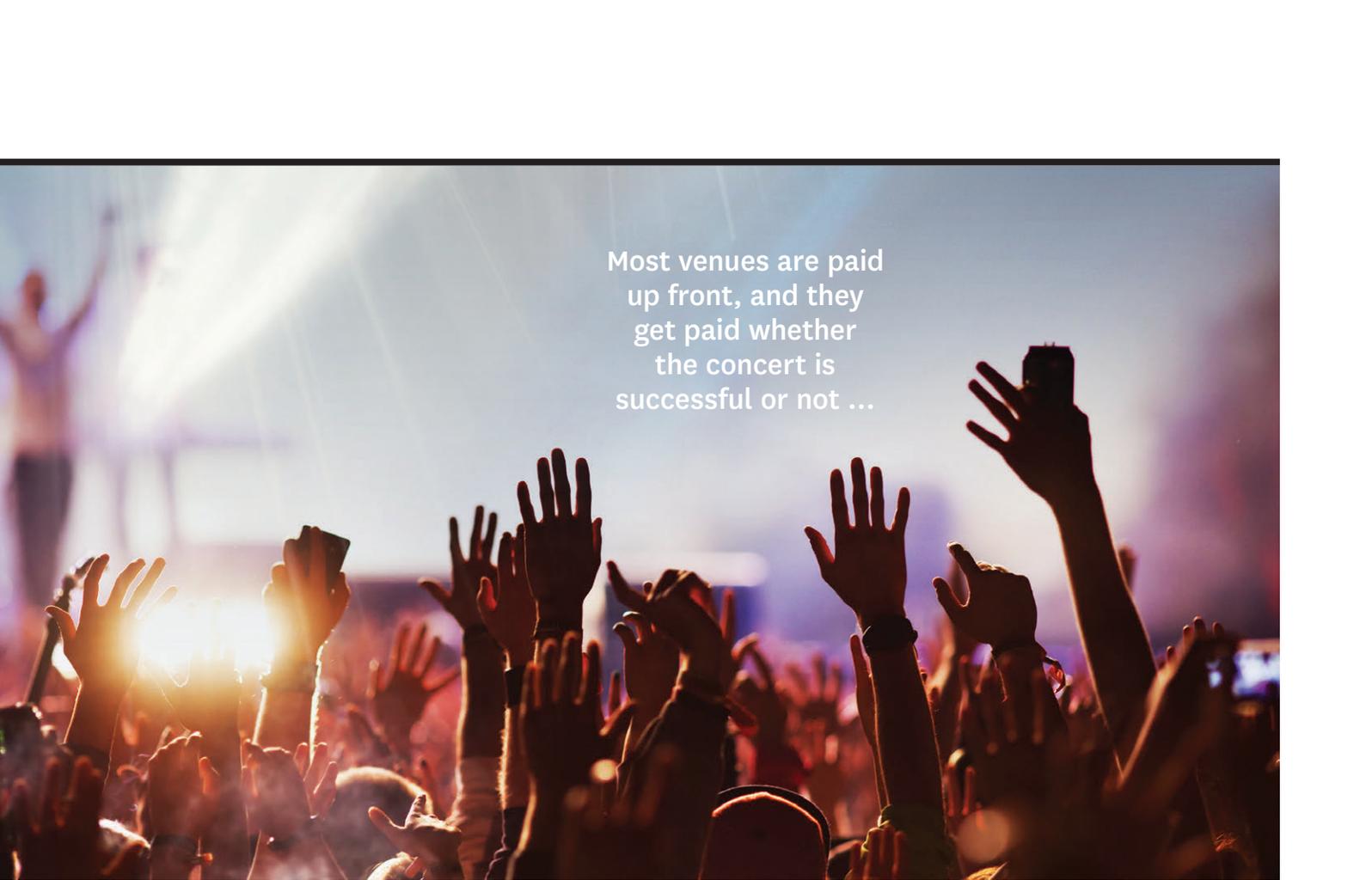
illness of one or more scheduled artists, as well as venue destruction, and many other perils that could cause a loss.

When a large act goes on the road, the artist's management determines the potential income from the guarantees plus percentages put up by the promoters. Then they factor in what the loss would be if the artist failed to complete all or part of the tour. Most venues are paid up front, and they get paid whether the concert is successful or not, or if it even takes place or not. Rebooking dates can be a challenge if the venue is used for other events.

Protecting the Investment

All professional business managers have their own philosophy as to what they will and won't insure, but most buyers of this type of insurance typically look to protect a percentage of their guaranteed income that usually ranges from 50% to 85%. Many decisions are made based on the financial arrangement with the promoter, who often retains the bulk of the risk.

A music tour is a risky endeavor, and history shows that there can be losses from artists of all ages and experience. The



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veteran rockers (i.e., Cher, Elton John) are living much healthier lives than they did in the 1960s and 1970s, but there is still some wear and tear on the body. Younger performers, on the other hand, work long and fast but are unprepared for the constant physical, mental and emotional strains one endures while on the road.

Cancellations come in all shapes and sizes. Several years ago, Blues Traveler was forced to cancel its 2021 touring plans following a bus accident that left lead singer John Popper injured when their vehicle veered over a median in Minnesota. Popper suffered a torn ligament in his right knee.

Even more recently, in 2022 – and perhaps we should list this among one of the strangest reasons to cancel shows – Pearl Jam scratched a second concert on their European tour because of damage to singer Eddie Vedder’s vocal cords from wildfires that had been plaguing France. Billboard reported that according to the band, “due to the extreme circumstances at the last outdoor site outside of Paris (heat, dust and smoke from the fires) our singer Ed Vedder’s throat was left damaged. He has

seen doctors and had treatment but as of yet, his vocal cords have not recovered.”

An insurance policy can be used as a safeguard should the need arise to reschedule events, replace equipment, and sometimes even personnel. Besides 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.

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 and take the day off maybe our partner or a few friends might feel bad for us. But when, for example, Ed Sheeran feels sick, the 80,000 people at MetLife Stadium who are now holding meaningless tickets feel like Ed’s “... bad habits lead to late nights endin’ alone.” Someone has to pay the bill for that disappointment.

Postponing a major tour can involve significant costs with millions of dollars already invested in marketing and production, and there’s a good chance the produc-

tion team may have picked up other work in the interim. Rescheduling becomes a nightmare. But with the right policy in place, most of the costs associated with a rescheduling would be covered.

When Tom Petty sang “The Waiting is the Hardest Part,” perhaps he was describing what it’s like staring at a screen hoping to get concert tickets. So, whether you are trying to get those valuable tickets for your demanding children, or you simply want to escape for one night back to your concert-going days, keep in mind there is a lot going on behind the scenes, and big money goes into making sure your experience is fulfilled. To ensure this happens, the concert promoter is looking to their insurance advisors in order to protect their investment in the best way possible. 

Zuccarello is a partner at Exceptional Risk Advisors. With more than 20 years of industry experience, his specialty lies in the Entertainment and Contingency lines of the business. He oversees the specialty insurance high-limit placements of the biggest money-making concert tours and entertainment events in the industry. Email: frank.zuccarello@exceptionalriskadvisors.com.