

# More on new government-backed events insurance, who's covered and where it will be offered

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The Government has announced the launch of a government-backed insurance scheme to get live events up and running.

Getting insurance cover has stopped big events going ahead despite the lifting of [Covid restrictions](#). The live events sector is worth more than £70 billion annually to the economy and supports more than 700,000 jobs, including small businesses and the self-employed.

Now, the government has partnered with Lloyd's to launch the [Live Events Reinsurance Scheme](#) as part of the Plan for Jobs.

The scheme will see the government act as a 'reinsurer' – stepping in with a guarantee to make sure insurers can offer the products events companies need.

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## **How does it work?**

It will cover costs incurred in the event of cancellation due to the event being legally unable to happen due to Government Covid restrictions.

The Live Events Reinsurance Scheme is a cost indemnification scheme which protects against costs incurred due to the event being legally unable to happen due to Government Covid restrictions.

If events do have to cancel, after organisers have covered the agreed excess, the government and insurers have an agreed a risk share per claim. This starts with government paying 95% and insurers 5%, progressing to them covering 97% and 3% respectively and finally government covering 100% of costs. The split depends on the losses incurred by the insurer from the scheme to date.

This is one of the only insurance schemes in the world to cover such a wide array of live events and not put a cap on costs claimed per event.

The scheme will be delivered through insurers with events organisers able to purchase cover for government-enforced cancellation due to the event being legally unable to happen due to Government Covid restrictions, alongside their standard insurance.

The scheme will be available from September 2021 and run until the end of September 2022.

## **What events are covered?**

This scheme will support live events across the UK that are open to the general public – such as music festivals and business events.

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## Which insurers are involved?

A number of prominent insurers in the Lloyd's market, including Arch, Beazley, Dale, Hiscox and Munich Re are supporting the scheme which will provide events companies with the option of purchasing cover from September, alongside standard commercial events insurance.

## What has the reaction from business been like?

The news has been welcomed by events bosses including Jamie Njoko-Goodwin, Chief Executive of UK Music and Denis Desmond,

Chairman of Live Nation UK and Ireland.

But the premium is high, which will impact small businesses, said Lesley Robinson, Chief Executive of British Marine, the organisers of Southampton International Boat Show. He said: "This insurance cover is now incredibly important for large events like the Southampton International Boat Show which have significant upfront infrastructure costs. It simply isn't worth contemplating what another enforced closure of our event without this insurance would have done to our own industry.

"Although this new cover is welcome, it does come at a significant premium, which, for many small businesses like ours, which have endured extreme financial challenges during the pandemic, will impact heavily on our ability to generate surpluses that in our case are reinvested entirely in our Industry.

"With the successful rollout of the covid vaccination scheme in the UK, we hope that this insurance scheme is only ever an unused safety net for the events industry."

Paul Reed, chief executive of the Association of Independent Festivals (AIF), was pleased the Government has introduced a new £750 million insurance scheme to support the live events sector.

But he warned the insurance does not cover events that are affected by a potential reintroduction of social distancing measures which limit their capacity.

He said: "It is positive that festival organisers will now have an option for Covid cancellation.

"The scheme doesn't, however, cover a festival needing to reduce capacity or cancel due to social distancing restrictions being reintroduced, so it remains imperative that Government continues to work with the sector in areas such as Covid certification to try and avoid such an eventuality and

ensure that organisers can plan with increased confidence for 2022.”

Sacha Lord, Co-Founder of the Parklife Festival, Co-Founder of The Warehouse Project events, and Night Time Economy Adviser for Greater Manchester, said: “ The events sector has been in dire straits throughout this crisis and this move will not only save hundreds of upcoming events, but will support the thousands of freelancers behind the scenes who depend on the sector for their own livelihoods.

“We can start to rebuild the sector with confidence, and renew the UK’s status as a global leader in entertainment and cultural events.”

Chris Skeith, Chief Executive of the EIA (Events Industry Alliance) said the uncertainty caused by the pandemic has undermined the insurance market for the sector.

He said: “This government-backed insurance scheme will bring some much needed confidence to a sector, and its supply chain, which often acts as the UK’s shop window to the world, and allow the industry to rebuild itself despite the continued uncertainty pandemics bring. This new insurance scheme will hopefully play an important role in our ability to do that as we reopen in a safe and responsible manner.”

Jane Longhurst, chief executive of Meetings Industry Association, said almost two-thirds of venues (61%) they surveyed in August 2020 highlighting the need for this to be introduced.

In the same year, almost all venues (92%) had zero cover for their lost business, of which for the average venue was a significant £2,398,600.

She said: “Providing reassurance to risk-averse event organisers will be critical in the return of more recognisable booking numbers and the stimulation of the sector’s circular

economy, benefitting venues, hotels, destinations, caterers and a diverse range of suppliers within the supply chain.

The recognition of the business meetings and events sector in this scheme is total acknowledgement of the role it has in supporting the UK's economic recovery, and we're confident that the sector can now serve as a catalyst."

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