



Gallagher

Insurance | Risk Management | Consulting

MUSIC ENTERTAINMENT

SOLUTIONS THAT PLAY

EVENT CANCELLATION AND NON-APPEARANCE



The global events industry has faced a series of high-profile cancellations in recent months, with artists postponing their tours and, in some cases, abandoning them altogether. The degree of loss that comes with the cancellation of an event, in addition to countless disappointed fans, can be sizable once you factor in venue costs, ticket sales, sponsorship, and other costs and expenses.

Unforeseen circumstances that can disrupt an event range from weather events to artists' health issues (physical or mental). These interruptions also impact event organizers, performers, and venues financially and reputationally. Many are then left dealing with the harsh reality of inadequate insurance coverage.

SOURCES AND RISKS OF EVENT CANCELLATION

The increased frequency of adverse weather events, such as wildfires and severe convective storms, can cause chaos for outdoor performances and concerts. Even more, an event cancellation policy does not provide coverage for weather events that have already started in the area before the policy is obtained.

The reasons for cancellations can be unusual. For instance, one venue faced an unexpected evacuation when a faulty fire alarm refused to stop ringing during a live performance. Another had a water contamination issue due to heavy rainfall, resulting in the cancellation of 20,000 people attending the event. In some cases, travel delays, including canceled flights or disruptions due to social protests, caused events to be canceled or postponed. Sometimes, transport delays result in essential equipment being stranded, leaving event organizers no choice but to cancel the show.

Terrorist threats can cause entire cities to shut down, impacting scheduled performances. Decisions to close venues following tragic incidents, such as a fatal shooting near the chosen venue or an incident of social unrest, are made to protect the public and/or because the venue is close to or within an exclusion zone.

Increasingly, we see events being canceled due to artist-related issues, such as physical tiredness, burnout, or poor mental health. Even a sore throat can be disastrous for any live performer that relies on their voice. This emphasizes the significance of having full coverage well before potential risks arise to guard against unforeseen setbacks.



CONCERNS AROUND CAPACITY IN HIGH-HAZARD AREAS

“Capacity has become more complex when it comes to outdoor festivals. Underwriters often reach their limits and may be unable to provide additional coverage. They are particularly cautious about coastal areas and high-hazard zones. So, if you ask, is capacity harder to obtain now compared to 5 years ago or pre-COVID? Absolutely, it is a major issue.”

Brent Daugherty, Entertainment Practice
Group Leader, Gallagher



THE SOLUTION FROM GALLAGHER: AN ALL-ENCOMPASSING POLICY

We understand the complexity and unpredictability of hosting large-scale events. That is why we offer specialized coverage designed to mitigate these risks, right from the purchase date until the end of the tour.

Our event cancellation and non-appearance coverage is based on an “All Risks policy” — a comprehensive policy that covers eventualities beyond the scope of a standard insurance policy. It offers financial protection and can limit potential reputational damage caused by an event disruption.

THE POLICY IS DIVIDED INTO 5 KEY COMPONENTS:

- 1. Event cancellation:** This broad coverage protects against the sudden cancellation of an event due to numerous factors outside of the policyholder’s control, including issues related to manufacturing, equipment, or completion of staging as agreed upon previously. Our terrorism coverage extends to cover the actual acts, threats, and the fear associated with them.
- 2. Non-appearance:** This mitigates the financial impact when an artist is unable to perform due to illness, accidents, or mental health concerns. It helps promoters and venues that solely rely on ticket sales and performance income.
- 3. Postponement:** When an event is postponed or rescheduled, the policy will help manage rescheduling costs, including additional venue rental fees, rebooking of performers, and other marketing expenses.
- 4. Abandonment:** When an event is abandoned entirely — perhaps due to ongoing safety concerns or curfews, the policy helps cover the losses associated with a total shutdown of the event area.
- 5. Curtailment:** Some US shows are cut short due to public sentiment resulting from gun violence and other emotionally provoking incidents. The policy ensures financial losses are minimized for events with such unexpected curtailment.

MENTAL HEALTH, RISK MITIGATION AND THE IMPORTANCE OF EARLY PROTECTION

Being a performance artist is a demanding profession with public pressures and unknown risks. Given the world in which artists and event organizers must operate, risk mitigation strategies are becoming increasingly important. This is particularly true regarding the subject of mental health risks.

Many performers are now bringing wellness experts and physicians on tour to help them stay physically and mentally sound. Tour schedules are being carefully designed with more breaks, and artists are setting clearer boundaries to prevent burnout.

Recognizing the potential for event cancellation due to performers' mental health issues, some underwriters are employing blanket exclusions on mental health coverage. Our brokers work closely with clients to ensure the appropriate breadth of cover is in place. Where possible, recommending they buyback certain exclusions.

We advise our clients to secure their event cancellation and non-appearance coverage early, especially at the planning stage. Insurance considerations should be made alongside broader risk management frameworks, including business continuity planning and horizon scanning. For tours, applying such strategies is vital to protecting the artist's income and reputation.

In an industry where so much is at stake, securing event cancellation and non-appearance coverage provides stability to ensure that the show proceeds without disruptions — or that all involved parties can recover when it does not.

WEIGHING UP THE RISKS

“It is essential to assess the risk and determine if it is worth taking the chance without coverage. Unforeseen circumstances can lead to significant cancellations, causing substantial financial losses.

Event organizers must evaluate what should be insured. Do they want to cover everything, or is it sufficient to protect basic event costs? And in instances where these costs only form a small proportion of the overall budget, is the organizer able to retain the remaining risk?”

Simon Henderson,
Special Risks, Gallagher UK





LET'S CONNECT

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