

When the Show Can't Go On: Protecting Against Event Cancellation Due to Extreme Weather

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We're more than halfway through 2023 and we've already seen more than our fair share of extreme weather here in the US. In January, a string of tornados made their way across the Midwest and South, and a record number of atmospheric rivers brought unprecedented rains to California, resulting in floods and landslides. February brought ice storms to Texas, and in March, California's atmospheric river heralded the arrival of a bomb cyclone. Tornados again tore through the South in March and April, and severe thunderstorms brought damaging winds and large hail to Illinois in May and Denver in June. These extreme weather events have dominated the news cycle, and as we head into summer, with its attendant hurricane and wildfire seasons and frequent extreme heat, it's safe to assume there are more weather-related surprises ahead.

Summer also heralds the arrival of outdoor festivals, concerts, and golf and tennis sporting tournaments, among other large-scale ticketed events that draw crowds. The good news for event organizers is that the audience for these events is stronger than ever as people look to make up for lost time in this post-Covid period. When dangerous lightning, gale winds, and heavy rain threaten the festivities, event promoters and organizers had better have an event cancellation policy in place.

Contingency coverage protects against loss of revenue and expenses if an insured event must unavoidably be cancelled, abandoned, disrupted, or rescheduled. All of the costs and expenses associated with the organization and fulfilment of the event can be covered, from the costs to hire the venue to entertainment and contractor costs, as

can anticipated event revenue from things like ticket sales, merchandise sales, and refreshment sales. It's important to note that adverse weather is automatically covered under a contingency policy unless the event is taking place outdoors or in a temporary structure, in which case an endorsement is needed.

As event organizers are now coming to realize, coverage for dangerous weather is needed now more than ever. Prior to Covid, all top five global risks identified by the World Economic Forum for 2020 were environmental. Today, increasing instances of extreme weather events continue to impact the contingency risk environment. Our recently-released Spotlight on Environmental Report based on our Risk & Resilience research reveals that 29% of business leaders now feel exposed and unprepared for the environmental risks posed by climate change, increasing from 15% last year. At the other end of the spectrum, our Risk & Resilience research also demonstrated, US businesses which feel very prepared for climate change have plummeted from 42% in 2022 to just 29% today. Contingency coverage can be a powerful antidote to these concerns.

Event cancellation policies are not anything new, but with the exception of huge event promoters, this is a product that wasn't necessarily on many folks' radars just a few years ago. Today, that's changed. Here at Beazley, we're seeing more municipalities, smaller organizations, and nonprofits start to purchase event cancellation insurance because they are seeing an increase in cancelled events due to weather extremes. This is especially true in the summer months, when events and promoters are finding themselves forced to shut down due to excessive heat, because of a lack of cooling tents or proper safety protocols in place to take care of individuals who may be out on hot pavements or not in the shade. Even some smaller events that are just local - fundraiser tag/yard sales events or the like - are seeking coverage, as organizers are getting more and more concerned about losing revenue. Organizers of large conventions and trade show-style events are also increasingly aware of the potential exposures of event cancellations and are seeking this coverage as well.

It's safe to assume that not every event on our summer schedules will take place under temperate, sunny skies - and once the summer draws to a close, conference season will be upon us, with major revenue on the line for program organizers. Regardless of the season, an event cancellation policy with a weather endorsement is smart protection against the unpredictable nature of Mother Nature.

Find out more about our contingency offerings [here](#)

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