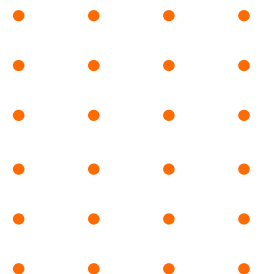




Vertical
insure®

Event Insurance

—
A Complete Guide



Vertical Insure, Inc. is a licensed insurance producer in the states where it transacts insurance. Vertical Insure, Inc. is doing business as Vertical Insurance Services in New York and as Vertical Software Insurance Services in California state.

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Introduction

Whether it's a wedding, concert, or corporate gathering, there are always inherent risks associated with bringing people together in a shared space.

Event venues and hosts face countless potential liabilities, from accidents and injuries to property damage and legal claims. Event insurance serves as a crucial safety net in mitigating these risks and protecting against financial losses.

This eBook aims to provide a comprehensive overview of what event insurance is, why it's important, and how the industry is evolving.

Terms & Definitions

Insured

The individual or entity that purchases the insurance policy and is listed within the documentation.

Additional Insured

A party added to the insurance policy, typically at their request, to ensure coverage in the event of an accident.

Policy Limits

The maximum payout for each occurrence or product by an insurer for covered claims within an event insurance policy. For example, contractual requirements often necessitate a minimum coverage of \$1,000,000 per occurrence with a \$2,000,000 general aggregate.

General Aggregate

The total payout limit for all occurrences during the policy period.

Terms & Definitions

Unintended Negligence

Unintentionally causing injury to someone in a situation where a reasonable person would have been aware of their actions enough to not cause harm.

Bodily Harm

If a guest is injured during the event, the host may be held liable for medical expenses due to unintended negligence. An event liability policy covers these payments and the resulting legal fees.

Damage to Rented Premises

Property damage that occurs to the rented venue or facility during the event. This is typically covered by liability insurance.

Host Liquor Liability vs. Liquor Liability

Host liquor liability covers liabilities arising from the service of alcohol at an event, but does not provide coverage if alcohol is sold transactionally. Liquor Liability provides coverage when an event host is charging for alcohol at an event.

Waiver of Subrogation

A contractual agreement between an insurance company and an insured party that gives the insurance company no right to seek compensation from a third party after they have paid a loss.

Types of Coverage: Liability & Cancellation

Event liability insurance and event cancellation insurance each serve distinct purposes. As discussed earlier in this eBook, Event liability insurance primarily focuses on providing coverage for legal fees, medical expenses, and property damage costs incurred due to accidents or incidents involving attendees. This type of insurance is crucial for mitigating the financial risks associated with hosting events and ensures that organizers are not personally liable for costly legal settlements or damages.

On the other hand, event cancellation insurance is specifically designed to protect hosts against financial losses resulting from the cancellation or postponement of the event due to unforeseen circumstances beyond their control. Coverage reimburses organizers for non-refundable expenses, deposits, and other financial losses incurred as a result of the event not proceeding as planned, providing a safety net against the unpredictable nature of event planning.

01

Event Liability

Liability coverage protects against claims of bodily injury or property damage to third parties. Venues often require this type of insurance upon booking, and they may also specify a minimum coverage limit.

02

Event Cancellation

Cancellation insurance covers an event if it is canceled or shortened due to unforeseen circumstances, including severe weather, power outages, transportation difficulties, injuries, illness, and more. This type of coverage is typically not required by venues, but is often encouraged as an optional add-on.

Key Benefits

Event insurance provides invaluable benefits for event hosts, planners, and venues. Requiring coverage not only offers essential financial protection against unforeseen incidents and liabilities, but can also serve as peace of mind for all parties involved.

In the United States, the average price for a wedding was \$29,000 in 2023*. Other special events are following a similar trend. Event insurance not only protects the event host, but also secures that income for event venues and planners.

Financial Protection

Insurance coverage ensures that hosts and venues are not personally liable for costly expenses such as medical bills, legal fees, or damages. This financial safety net helps mitigate the risk of substantial financial losses and preserves the financial stability and reputation of event hosts and venues.

Risk Management

Having a proactive approach to risk management enhances safety measures, reduces liabilities, and fosters a secure environment for event attendees, ultimately contributing to the overall success and the reputation of the venue.

Compliance & Assurance

By purchasing insurance, hosts demonstrate compliance with industry standards and best practices, as well as a commitment to the safety and well-being of attendees and property. Additionally, this also provides assurance to venues that hosts are prepared to address any potential liabilities or financial losses that may arise, instilling confidence and trust.

Peace of Mind

Perhaps one of the most valuable benefits of event insurance is the peace of mind it offers to hosts, planners, and venues. Knowing that they are covered by comprehensive insurance alleviates the stress and anxiety associated with the uncertainties of event planning and execution.

* The Zola Team, "How Much Does the Average Wedding Cost in 2023?" Zola.

Freedom of Choice

When it comes to event insurance, there's no shortage of options.

Most insurance agencies offer policies for events, with varying degrees of coverage, limits, and premiums. It's important that event hosts carefully consider their options to ensure that they are meeting the requirements set by their venue or planner before purchasing a liability or cancellation policy.

Premiums are typically set based on the event details - including event type, number of attendees, location, and more. This information must be entered accurately, otherwise the host risks a denial on any potential claims.

A standard general liability policy typically consists of the following:

- \$1,000,000 limit per occurrence with \$2,000,000 aggregate
- \$300,000 in damages to rented premises
- \$1,000,000 limit for products/completes operations
- A waiver of subrogation
- Host liquor liability (or the ability to add this onto the policy)

Important Note for Venues

Venues have the ability to require event liability insurance. However, it is unlawful to require that coverage be purchased from a specific provider or agency.

Under the **Sherman Antitrust Act**, businesses are prohibited from engaging in activities that can restrict competition, such as tying arrangements where the sale of one product is conditional on the purchase of another. The Act aims to preserve fair competition in the marketplace by prohibiting monopolistic practices and restricting options. Its primary goal is to promote competition, encourage innovation, and safeguard consumers.

Compliance Guide

As an event host or planner, you may receive questions from customers about insurance. Here's a quick guide on what to avoid as a non-licensed insurance entity.

Do Not Describe or Explain Coverage:

Avoid describing or explaining the benefits or terms of insurance coverage, including premiums.

Do Not Make Recommendations:

Refrain from making general or specific recommendations about insurance.

Do Not Compare or Advise on Insurance:

Do not compare the insurance product(s) offered to alternatives on the market or advise on a customer's insurance selection.

Do Not Collect Premiums:

Avoid collecting premiums or authorizing the issuance of insurance-related documents.

Do Not Discuss Policy Terms:

Refrain from discussing the coverages or terms of a proposed insurance contract with prospective policyholders, especially counseling on which coverages to buy in the event a customer is provided with multiple options.

Do Not Provide Policy Advice:

Avoid responding to policyholders' requests for advice or counsel regarding policy provisions, coverage, or whether to submit a claim.

New Advancements in Event Insurance

Much like other industries, insurance is also embracing technology to improve the customer experience.

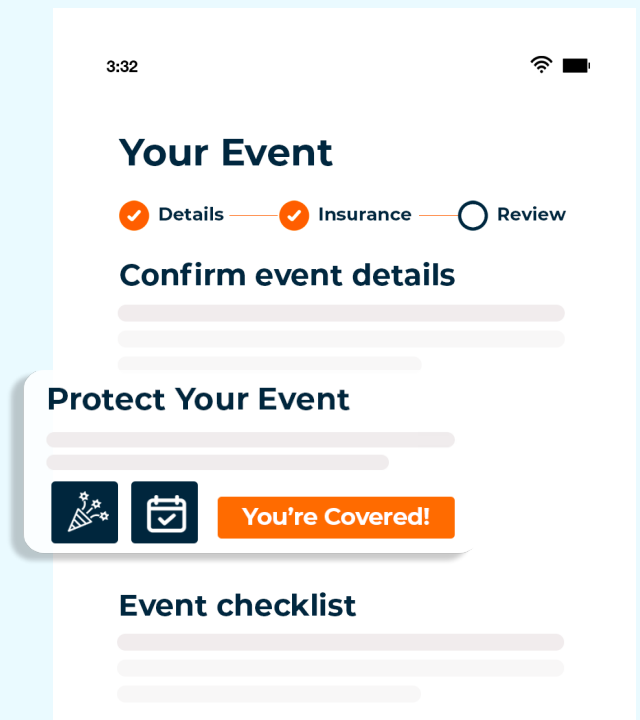
Traditionally, insurance is purchased through a broker and claims are handled manually in the mail or over the phone. Unsurprisingly, the insurance industry is undergoing a significant digital transformation, simplifying the way we protect our purchases.

What is embedded insurance?

Embedded insurance refers to the integration of insurance products seamlessly into the workflow of a third-party platform. This eliminates lengthy application forms and external brokers, streamlining the entire process for policyholders.

The travel industry was among the first to adopt embedded insurance, placing an offer for travel insurance as a customer is booking a flight.

The same principles are now being applied to the event management industry, with embedded event insurance options making their debut.





Conclusion

Event insurance is not just a prudent financial investment; it's an essential provision for event hosts, planners, and venues against the risks and liabilities associated with hosting gatherings of any size.

By providing financial protection, mitigating risks, and offering peace of mind, event insurance allows everyone involved in the event industry to focus on creating memorable experiences for attendees without the concern of potential liabilities looming overhead.

Investing in comprehensive insurance coverage is not only a responsible decision, but also a fundamental aspect of successful event planning in today's litigious environment.



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