



## **SANTIAGO BURGER LLP**

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### **EVENT CANCELLATION INSURANCE AND COVID-19**

“New York State on Pause” has now been extended to May 7, 2020. All across the country, sporting and cultural events, political gatherings, conferences have been postponed or cancelled. For many event organizers and promoters, a key determining factor in the decision to reschedule or cancel an event is whether there is potential insurance coverage for revenue loss under an event cancellation insurance policy.

Event cancellation insurance generally provides coverage if, due to circumstances beyond the control of the insured, an event must be postponed, relocated or cancelled, resulting in a loss of revenue for the insured. Revenue loss can also include losses from lost advertising revenue, reduced or refunded ticket sales and out of pocket expenses. There may also be coverage for contractual guarantees made by the insured. Event organizers and promoters typically purchase event cancellation insurance for a variety of events including concerts, festivals, parades, athletic events, conventions non-profit fundraisers and corporate events. Covered perils often include the non-appearance of performers, labor disputes involving individuals other than the insured, adverse weather, natural disaster and terrorism.

These policies often exclude revenue losses that occur as a result of weak ticket sales. They may also contain exclusions for reduced event attendance which occurs because of attendees’ disinclination to travel as well as exclusions for epidemics or public health emergency of international concern (PHEIC) such as the current coronavirus outbreak. Whether a loss is a covered loss depends on the exact circumstances and specific wording of the policy. Policyholders considering cancelling events because of the current COVID-19 pandemic may have coverage if their policy was purchased before 2020 and they paid for the optional additional coverage for cancellations due to infectious or communicable disease.

It is important to be aware that event cancellation policies typically contain a provision which requires insureds to take reasonable steps to minimize or mitigate their losses. For some,

this may mean postponing rather than cancelling an event and, in their claim for coverage, including the additional costs of rescheduling the event. Before cancelling an event, policyholders should carefully review their policy and make efforts to comply with all terms and conditions of the policy. Insureds will likely be required to provide a detailed proof of loss describing the loss with copies of any relevant contracts and invoices and receipts for amounts paid in connection with the planning and organization of the event and as well as financial records reflecting historical revenue earned in prior years, if applicable.

Because the language of these policies is often complex, it's important that policyholders consult with an experienced attorney to review policy language, ensure compliance with any requirements and prepare a proper and thorough claim if necessary. If you would like assistance with a possible claim for coverage under an event cancellation policy, please call or email us.

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