

Government-backed insurance scheme to give boost to events industry

As the economy reopens with the lifting of Covid restrictions, getting the right kind of insurance is acting as a barrier for some events organisers.

So the government has partnered with Lloyd's to deliver 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.

The pandemic is not over, but with a sufficiently high proportion of the population vaccinated, the country can learn to live with COVID-19 without the need for the strict economic and social restrictions. This scheme will support live events across the UK that are open to the general public – such as music festivals and business events. 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 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.

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 next month, alongside standard commercial events insurance, giving them the reassurance they need to plan ahead while also ensuring value for money for taxpayers

Chancellor of the Exchequer, Rishi Sunak said:

The events sector supports hundreds of thousands of jobs across the country, and I know organisers are raring to go now that restrictions have been lifted. But the lack of the right kind of insurance is proving a problem, so as the economy reopens I want to do everything I can to help events providers and small businesses plan with confidence right through to next year.

We have some of the best events in the world here in the UK – from world-famous festivals to your local fair. With this new insurance scheme, everything from live music in Margate to business events in Birmingham can go ahead with confidence, providing a boost to the economy and protecting livelihoods through our Plan for Jobs.

The Culture Secretary, Oliver Dowden said:

We've been here for live events throughout the pandemic with

billions of pounds of rescue funding. Today is an important next step as we develop live events insurance to give them the confidence they need to plan for a brighter future.

Our events industries are not just vital for the economy and jobs; they put Britain on the map and, thanks to this extra support, will get people back to the experiences that make life worth living.

All part of our plan to rescue, reopen and recover.

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. It comes on top of the extensive support already given to the cultural sector, including the £2 billion Culture Recovery Fund (CRF), and the £500 million Film and TV Production Restart scheme – which has seen 610 independent film and TV productions and more than 50,000 screen sector jobs supported by the scheme in the last 12 months.

More than £1 billion in support has also been provided to the sport and leisure sectors, including a £600 million survival package for a range of spectator sports severely impacted by coronavirus restrictions. It is the most generous bespoke support from any Government for its domestic sport sector in the world.

Stakeholder quotes:

Jamie Njoku-Goodwin, Chief Executive of UK Music:

For months, UK Music has been warning about the catastrophic impact of the market failure in insurance for live events. The inability to obtain insurance has already caused many cancellations this summer – these have been devastating for the entire music industry and there were fears that without action we would have seen major cancellations continuing well into next year too.

This new Government scheme is therefore incredibly welcome news – not just for the millions of music fans who have been looking forward to the return of live events, but also for the tens of thousands of musicians, crew members and wider supply chain workers whose jobs depend on continued live activity.

We are extremely grateful to Government for listening to the calls of the sector and delivering a solution to the market failure in the insurance industry. Ministers deserve huge credit for action that will protect jobs, stimulate activity, and help kickstart the

sector into playing a leading role in the post-pandemic economic and cultural recovery.

Denis Desmond, Chairman, Live Nation UK and Ireland said:

This vital intervention from the UK Government offers certainty to artists, concert and festival promoters in the live entertainment market. This is very welcome news and will help keep the sector and its employees working

Sacha Lord, Co-Founder of the Parklife Festival, Co-Founder of The Warehouse Project events, and Night Time Economy Adviser for Greater Manchester comments:

I'm really pleased that the Government has decided to introduce an insurance scheme for the events sector.

DCMS has worked alongside and listened to event organisers throughout the crisis, and I'm grateful that they have now been able to introduce this support today.

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, CEO of the EIA (Events Industry Alliance) said:

The EIA, comprising of AEO, AEV and ESSA, welcome the Chancellor's announcement of a new Covid Cancellation Insurance Scheme. The exhibitions sector has been significantly impacted during the pandemic with forced cancellations due to government and local authority restrictions. While we understand the necessary public health restrictions that have been in place, the impact on the sector has been devastating. The uncertainty caused by the pandemic has undermined the insurance market for our sector.

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. Our members provide trading platforms for over 180,000 businesses, fuelling trade and economic impact across the UK and across every

market sector, and we look forward to playing our part in driving the UK's economic recovery. 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.

Lesley Robinson, CEO of British Marine, the organisers of Southampton International Boat Show said:

The announcement of the Live Events Reinsurance Scheme could not have come at a more critical point for us and is the news that we, and the entire events industry have been desperately calling for, so we welcome this scheme.

Having worked closely with Government to get to this point, 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.

Jane Longhurst, chief executive of Meetings Industry Association, said:

Through our ongoing surveillance of the industry we're acutely aware of the impact an insurance indemnification scheme will have on the sector, with almost two-thirds of venues (61%) 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.

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.

Duncan Bell from #WeMakeEvents said:

WeMakeEvents was formed to represent the businesses, organisations and freelancers that make up the Live events supply chain and whose livelihoods have been severely hit by Covid. We are pleased to learn of plans for a government-backed insurance scheme for the events sector, and hope that this will start to re-build confidence and investment in live events, conference, and exhibitions in the UK. WeMakeEvents looks forward to working closely with the Government to fine tune the details of the scheme.

Lloyd's CEO John Neal said:

Lloyd's has stood by its customers throughout the pandemic, and we are pleased to strengthen those efforts by partnering with the UK government to deliver the Live Events Reinsurance Scheme. This unique and critical cover will enable live events to resume around the country with confidence as society begins to reopen and begin its recovery, and we are proud to be playing our part.

Emily Eavis, Glastonbury Festival said:

It's great to see that the events industry has come to the top of the government's agenda and we look forward to hearing more details about how the insurance could work for us and other festivals in planning ahead with confidence for future events.

Ed Bartlam and Charlie Wood, Co-Directors of Underbelly said:

The Chancellor's announcement is hugely welcome and will provide significant reassurance to the arts, events, festivals and wider live entertainment sector allowing us to move into the autumn and winter season with confidence to plan and deliver fantastic productions and festivals.

Paul Pacifico, CEO, Association of Independent Music ('AIM') said:

This insurance scheme is a key enabler in the roadmap for music to recover from the chaos of Covid. It will be a lifeline to many independent music businesses and artists who can now plan ahead with confidence to come back stronger over the rest of the summer

and into next year. We are extremely grateful for the government's ongoing collaborative and supportive approach to rebuilding the UK's economic and cultural landscape post pandemic.

Tom Watson, Chair of UK Music (and former deputy leader of the Labour Party) said:

I am extremely grateful for the time and effort that Rishi Sunak, Oliver Dowden and their teams of ministers and officials have put into finding a working solution to a complex problem of market failure.

"In helping the live music sector plan with more certainty, ministers are assisting the industry to return to surplus more quickly than it could otherwise do. In so doing, they are protecting jobs but as importantly, allowing commercial music to get back on track to being a net contributor to the exchequer.

In a pandemic of this magnitude, we understand that government can't do everything but we are extremely grateful for this further welcome assistance.

Phil Bowdery, Chairman of the Concert Promoters Association, said:

This is welcome news. The sector has been calling out for Government to act for over a year and we now have something tangible. While the new scheme won't cover all our risk, this intervention will help protect the industry that we all know and love.

Paul Thandi, NEC Group CEO, said:

The 19th July was an extremely critical milestone for the Live sectors. We are now as industries going about rebuilding our businesses and offers for customers and audiences . A key ingredient is risk management and mitigation. I would like to thank the Treasury and DCMS for their understanding of what is required for our sustainable recovery of the live events industry. The availability of event insurance will provide vital cover for our customers, suppliers and partners and mitigate some of the current risks associated with hosting live events. This initiative will ensure that entertainment, leisure and business events continue to take place in the UK as we rebuild the economy and show the world we are open for business.

Greg Parmley, CEO LIVE (Live music Industry Venues & Entertainment), said:

“We welcome the announcement of a government-backed insurance scheme, which we have been calling for since the start of the pandemic. We look forward to working together over the coming weeks to determine the final shape of the policy and to ensure it can support the full return of the sector in the face of the most likely impacts of COVID.”

Further information

- Photographs of the Chancellor’s visit to London Wonderground, a festival site run by Underbelly, can be found on [HM treasury’s Flickr page](#).
- 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.