GEOPOLITICS AND EVENT DISRUPTION IN THE MIDDLE EAST: OPTIMISING INSURANCE RECOVERIES

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UK Litigation and Dispute Resolution Alert

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With thousands of flights being cancelled, key airports in the Middle East closed, and consideration being given to suspension, postponement or cancellation of events in the region, sports and event organisers, promoters, hosts, sponsors and broadcasters may be facing disruptions similar to those faced at times of earlier crises.

Past experience has taught us that, in such uncertain times, it is important to consider whether insurance notifications are needed under event cancellation policies, to think about the effect of postponement-versus-cancellation on insurance and contractual arrangements, to consider the recoverability of costs involved in re-location or re-staging, and to fully assess available options under potentially applicable policies. Sometimes it is easy to identify what needs doing from a business-perspective, but often it needs experienced, pragmatic and independent legal advice to maximise prospects of recovering loss and expense, to protect revenues and profit, and to provide for continuity, so that short term challenges are mitigated and do not become long term threats to your business.

The firm has one of the world's leading policyholder-only insurance practices and vast experience working with clients in the sports, events and entertainment industries on the staging and commercialisation of live events. Previous crises arising from causes such as military action, terrorist threat, extreme weather and pandemic have taught us that key points to keep in mind include the following:

- Event cancellation policies typically cover the costs and losses associated with the cancellation, disruption, curtailment or postponement of events, which may include ticket refunds, hire charges, advance hotel reservations and other wasted costs.
- Coverage triggers vary depending on the precise wording of the policy but will typically require that cancellation is for reasons beyond the insured's control (such that voluntary cancellations driven by lack of interest in the event are unlikely to be covered).
- Most policies provide additional cover where the event is cancelled or disrupted as a result of critical attendance, meaning where a certain number (or specified percentage) of delegates are unable to attend due to causes beyond their control.
- Some policies provide cover where the event proceeds but losses are incurred as a result of enforced reduced attendance, typically requiring an inability to travel to the event for reasons not otherwise excluded.

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- There will be exclusions but these vary from policy to policy meaning a careful consideration of the precise policy wording is critical.
- It is vital to review the cover which is in place and to consider express notice requirements in advance of, or in conjunction with making key decisions on viability.
- Many policies allow for notification of any facts or circumstances which may give rise to a loss, in advance of any decision being made to cancel or postpone an event.
- There can be benefits in early notification in so far as some policies provide cover for mitigation costs incurred to prevent, or more likely minimize, any potential losses, for example by re-arranging an event rather than outright cancellation.
- Prompt action is important as advance consent from insurers may be required and delays in notification can lead to insurers seeking to deny or reduce the amount payable.

The firm's global Insurance Recovery and Counseling practice group has represented policyholders in successful liaison, communication and negotiation with insurers and loss adjusters, but also in the legal enforcement of claims under a range of applicable policies including event cancellation insurance. Our Insurance Recovery and Counseling lawyers assist policyholders in managing and mitigating legal risk by optimising insurance recoveries. Our lawyers stand ready to assist in reviewing any relevant policies and advising on contractual and insurance related considerations impacting any current or forthcoming events.

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