

HUB 2023

Outlook.

Entertainment & Sports



**Risk management takes
a curtain call.**



What's covered...

Introduction

What to Expect in 2023

Profitability

Vitality

Resiliency

Cyber risk

Make a Plan

Take care of your employees

Evaluate your security

Prioritize your exposures

Assume more risk

Be transparent with your broker

Be Prepared

2023 Entertainment & Sports Industry
Outlook and Insurance Market Rate
Report

About HUB

HUB Entertainment & Sports

Setting the Scene

The economy presents challenges, but the industry will continue to perform.

After two years of COVID-19 pandemic losses, the entertainment and sports industries have largely recovered. But inflation and a faltering economy present new risks to profitability.

70%

of live entertainment companies reported a shortage of skilled workers.¹

1. PropertyCasualty360, "[Live music stages a comeback but new risks challenge the industry](#)," August 22, 2022.

What to Expect in 2023

Pent-up demand has restored profitability in the entertainment and sports sectors, but inflation could reduce demand for shows and events as costs rise, damaging the bottom line in 2023. Worker shortages, an uptick in cybercrime and violence at venues will continue to challenge the industry. Entertainment companies lacking solid risk management plans will leave themselves exposed.



Pent-up demand will write the script for financial performance.

Big events are back, with more than **33 million fans** attending **12,500 events** globally.

An uneven recovery with large venues bouncing back and smaller venues struggling is likely to continue in 2023, putting pressure on overall industry profits.

Box-office movie revenues reached \$3.34 billion over the summer of 2022, 19% below 2019's summer revenues but with only half the number of releases. Industry observers expect 2023 revenues to recover further.¹

Big events are undoubtedly back: Second quarter 2022 live event operating income reached \$319 million, up 86% from the second quarter of 2019, and global quarterly attendance shattered records, with 33 million fans attending 12,500 events.²

In sports, NFL attendance is back to pre-pandemic levels,³ but achieving 2019 attendance rates remains elusive for the NBA and MLB, particularly for underperforming teams.⁴

And small- and medium-sized venues are struggling to attract audiences. With rising inflation reducing discretionary income and increasing ticket prices, the entertainment and sports industry will need to work harder to attract attendees to live events.

1. CNBC, "[These charts show how the 2022 box office sizzled, then fizzled](#)," Sept 3, 2022.
2. Live Nation, "[Live Nation Entertainment Report](#)," August 4, 2022.
3. Sports Business Journal, "[NFL attendance up, ending three-year decline](#)," January 11, 2022.
4. New York Post, "[NBA teams hike ticket prices as attendance drops, internal data shows](#)," May 10, 2022.

Profitability

Increasing worker pay and rising costs for gas to transport performers, athletes and equipment will force the industry to adopt money-saving solutions to keep prices affordable in 2023.

After two years of disruption, fewer insurance carriers will write policies in this sector, making coverage more expensive, particularly cyber and umbrella policies, which could jump 40% and 20% respectively.

With the profitability pressure these challenges present, a solid risk management plan is imperative. Entertainment and sports companies need to shine a spotlight on their exposures and ensure they have an insurance strategy to succeed.



Step up your benefits game to recruit and retain talent.

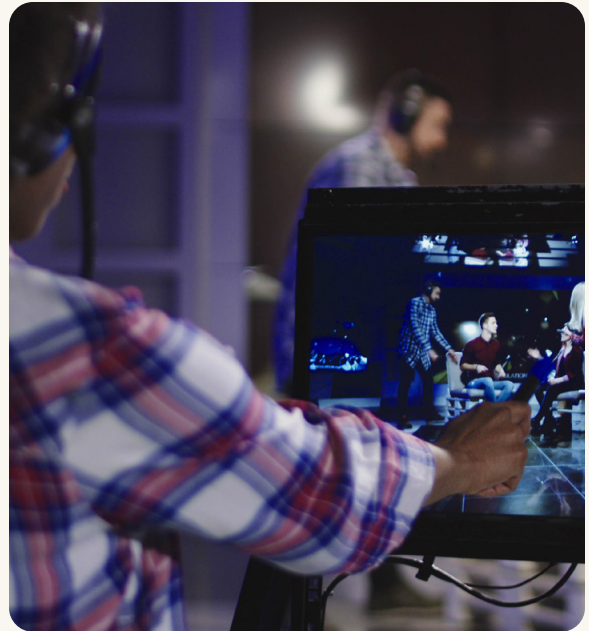
Like every other industry, the entertainment and sports sectors are struggling to find workers, making a focus on recruitment and retention paramount.

Nearly three-quarters of entertainment companies report a severe staff shortage, with the dearth of skilled workers most acute (including engineers, technicians and riggers).⁵ The scarcity of workers has spawned the creation of a host of apps to fill studio rosters.⁶

Entertainment and sports companies need to approach this shortage with an eye toward improved pay and benefits. Some employers are enticing new workers with signing bonuses, while others offer same day pay to part-time workers.

This sharpened focus on what matters to employees has prompted employers to offer benefits and expand existing offerings beyond basic health insurance. For instance, mental health and wellbeing initiatives are important for people working on a music or theater tour, with its high rate of burnout.

Finding benefits that meet the individual needs of employees will differentiate organizations. Personalized benefits, such as offering enhanced mental health benefits for tour workers, help meet individual employee needs and deliver [quality employee experiences \(QEX\)](#) that will help recruiting and retention when entertainment and sports companies are desperate for help.



5. PropertyCasualty360, "[Live music stages a comeback but new risks challenge the industry.](#)" August 22, 2022.
6. Los Angeles Times, "[Hollywood has a hiring problem. Can a new crop of apps help?](#)" July 28, 2022.



The industry can't script risk, but it can protect itself against it.

After significant losses from the COVID-19 pandemic, entertainment and sports companies know fiscal challenges await if they fail to anticipate and manage constant and emerging risks.

The known risks have gotten worse. Active shooter events in the U.S. sharply increased in 2021⁷ and venues, planners and entertainers can find themselves the object of litigation if violent events occur at venues.⁸

General liability insurance rates will rise 5% to 10% in 2023, with fewer carriers offering coverage and underwriters meticulously scrutinizing their policyholders' security and risk management protocols. Management liability rates are climbing even more, with fewer insurers offering coverage for employment liability or excluding misconduct coverage in excess policies in the wake of the #MeToo movement.⁹

Carriers are raising rates and tightening policy language for event cancellation coverage, with many now excluding a performer's non-appearance from the policy.

Obtaining sufficient insurance to cover those risks will remain challenging. Carriers are raising rates and tightening policy language for event cancellation coverage, with many now excluding a performer's non-appearance from the policy.

Insurers expect productions and event managers to have up-to-date emergency response plans, covering such dangers as crowd surges and evacuation planning. And underwriters insuring against abuse will require a thorough system for investigating complaints and taking remedial actions.

7. Deseret News, "[U.S. had sharp increase in active shooter incidents last year, according to FBI report](#)," May 25, 2022.

8. Insurance Business, "[Astroworld tragedy lawsuits, damage claims — huge estimate revealed](#)," November 29, 2021.

9. Insider Engage, "[What are the Big EPLI Trends for 2022](#)," May 24, 2022.



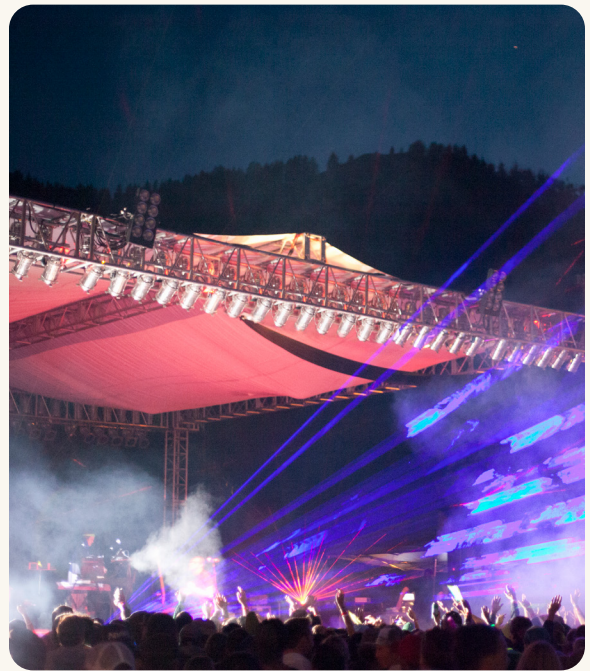
Cyber risk takes center stage.

Cybercrimes have escalated sharply since the pandemic, and the entertainment sector is particularly vulnerable as the business shifts to streaming, digital delivery and ticketing apps. The fast pace of negotiations and digital transactions create further opportunities for bad actors.

The entertainment and sports spaces are recognizing the risk, with the demand for cyber insurance higher than ever. In 2020, nearly half of all entertainment firms had reported at least one cyber incident, with the average time to rectify a data breach extending to more than 220 days.¹⁰

Safety measures such as multifactor authentication, firewalls and monitoring services are essential, and training staff on how to identify scams is crucial.

But cyber insurance rates could climb 40% or higher in 2023, following the same trajectory in the two previous years. Industry players need to prove to carriers they are a best-in-class risk. Safety measures such as multifactor authentication, firewalls and monitoring services are essential, and training staff on how to identify scams is crucial.



Underwriters will evaluate all cyber security measures and price policies based on the type of information the company will access and retain.

10. Centripetal, "[The Risks of Cyber Attacks in Entertainment and Media](#)," accessed October 10, 2022.



Make a plan

HUB entertainment and sports insurance specialists will work with you to develop a tailored strategy that will protect your bottom line, support your workforce and build resiliency for 2023. Here are some initial considerations:



Take a better care of employees.

To counter high rates of worker burnout, entertainment companies need to do more to support employee health, safety and wellbeing. Give workers the ability to personalize their benefits without increasing costs. Start with [HUB's Workforce Personal Analysis](#) and get the insights you need to build a competitive advantage.



Evaluate your security.

Don't take shortcuts when it comes to training security staff on crowd management, evacuation and de-escalation strategies. Your broker can advise on how to best present your security risk management program to insurance carriers to obtain the best available coverage and rates.



Assume more risk.

With rising insurance rates, entertainment and sports companies may need to consider new strategies to reduce risk through higher deductibles and increased retentions. Ask your HUB broker about other options such as captive solutions, self-insurance and risk retention groups.



Be transparent with your broker.

Let your broker know what changes you've made to the business, so there are no surprises at renewal. Review exposures and insurance needs at least 90 days prior to policy renewal, so your broker can identify the best options.



Be Prepared

HUB International analyzes proprietary national survey data and interviews commercial insurance brokers and risk services consultants to create an annual rate outlook for the Entertainment & Sports Industry.

We expect rate increases for nearly all coverages in Entertainment & Sports, as carriers are experiencing high losses and expenses.

On the next page is our outlook on Entertainment & Sports insurance rates for 2023. Discuss your business exposures with your HUB insurance broker to understand what to expect in advance of your next renewal.



Entertainment & Sports Industry Rate Outlook — U.S.

Coverage	2023 Entertainment & Sports Rate Outlook	Insights
Automobile	↑ 10% to 20%	Proper driver selection, onboarding and driver safety programs can help reduce exposure in a challenging labor environment. Rising litigation trends, increased repair costs and medical inflation are contributing to poor underwriting performance. Insureds with loss activity will find decreased carrier appetite.
General Liability	↑ 5% to 10%	Expect higher deductibles and meticulous underwriting scrutiny around risk management protocols, including crowd management, security staffing and firearms controls. Presenting your story and showcasing your risk management strengths are critical to securing the best coverage. Fewer markets will offer coverage for large events and venues. Social inflation poses concerns for sports clients with exposure to sexual abuse and molestation (A&M).
Workers' Compensation	↔ Flat to 5% increases	Rates are relatively stable, but as companies hire less experienced workers due to the labor shortage, they need to adopt best practices for onboarding and training.
Umbrella & Excess Liability	↑ 10% to 20% or higher	Carriers continue to reduce capacity due to social inflation and nuclear verdicts that exceed primary limits. Expect reduced limits. Risks involving children and abuse and molestation will be the most difficult to place.
General Liability & Excess Liability — National Governing Body & Athletic Associations	↑ 6% to 12% (GL) ↑ 15% to 20% (Excess)	General liability and excess markets continue to harden due to sexual abuse and molestation claims nationally. Concussion/CTE and traumatic brain injury liability continues to concern underwriters.
Property	↑ 5% to 10% ↑ 10% or higher in brush- or flood-prone areas	Increased underwriting scrutiny on insurance to value (ITV) is driving increases in premiums and rates. Insureds in catastrophe-exposed locations (i.e. wildfire, flooding and windstorms) will feel the most pressure. Additional rate is needed, particularly after wildfires in California and Colorado and Hurricane Ian in Florida. Securing business interruption coverage for existing COVID variants will be difficult. Refresh your business continuity plans and articulate those updates during the submission process.
Management Liability	↑ 10% to 20% (D&O) ↑ 100% or higher (EPLI)	This sector remains a tough class of business, with few carriers offering capacity. While the market is showing signs of cooling, the lack of capacity has kept rates high.

Entertainment & Sports Industry Rate Outlook – U.S.

Business	2023 YOY Rate Outlook	Insights
Event Cancellation Contingency & Non-Appearance	↑10% or higher	Rates remain high, but the market is beginning to correct and rate increases are leveling off as tour schedules and attendance have improved. Rate is dependent on the venue, state and event type. Expect slightly higher rates for smaller venues.
Production & Film Package	↑5%	The market has stabilized and guidelines have relaxed compared with prior years.
Media Errors & Omissions	↑10% and higher	Rates are dependent on the type of risk.
Cyber Liability	↑20% to 40% or higher	Compared to the last two years, rates have begun to ease for clients without significant exposure changes or claims who maintain the requisite cybersecurity controls. Clients with substandard controls (i.e. lack of firewalls, multifactor authentication (MFA), endpoint detection and response (EDR) and offline backups) will continue to experience difficult renewals and a lack of market competition.
Health Insurance	Student Health Insurance ↑3% to 8% or higher	Rates remain relatively stable but may rise above the typical annual medical increase of 6% to 8% due to increased utilization of mental health and pandemic-related delayed surgeries and services.
	Intercollegiate Athletic Insurance ↑5% to 10%	Repricing fees continue to be a significant institutional concern. Broker challenges include third-party administrators and managing general agents going directly to institutions to quote. A limited number of carriers specialize in intercollegiate athletic secondary coverage.

NOTE: *Rate* is typically defined as the amount of money necessary to cover losses, expenses, and provide an insurance company with a profit for a unit of exposure. *Exposure* refers to a business' or individual's susceptibility to various risks encountered daily. Carriers evaluate the level of risk an insured faces in calculating insurance premiums.

HUB Entertainment & Sports

When you partner with us, you're at the center of a vast network of experts who will help you reach your goals. For more information on how to manage your insurance costs, reduce your risk and take care of your employees, talk to a HUB entertainment & sports insurance specialist.

\$266M

in commercial insurance
premium brokered by HUB

7,798

entertainment & sports
clients

20,041

insurance policies
managed

Stay up to date

Subscribe to receive entertainment & sports
insights and event invitations throughout 2023.

Subscribe