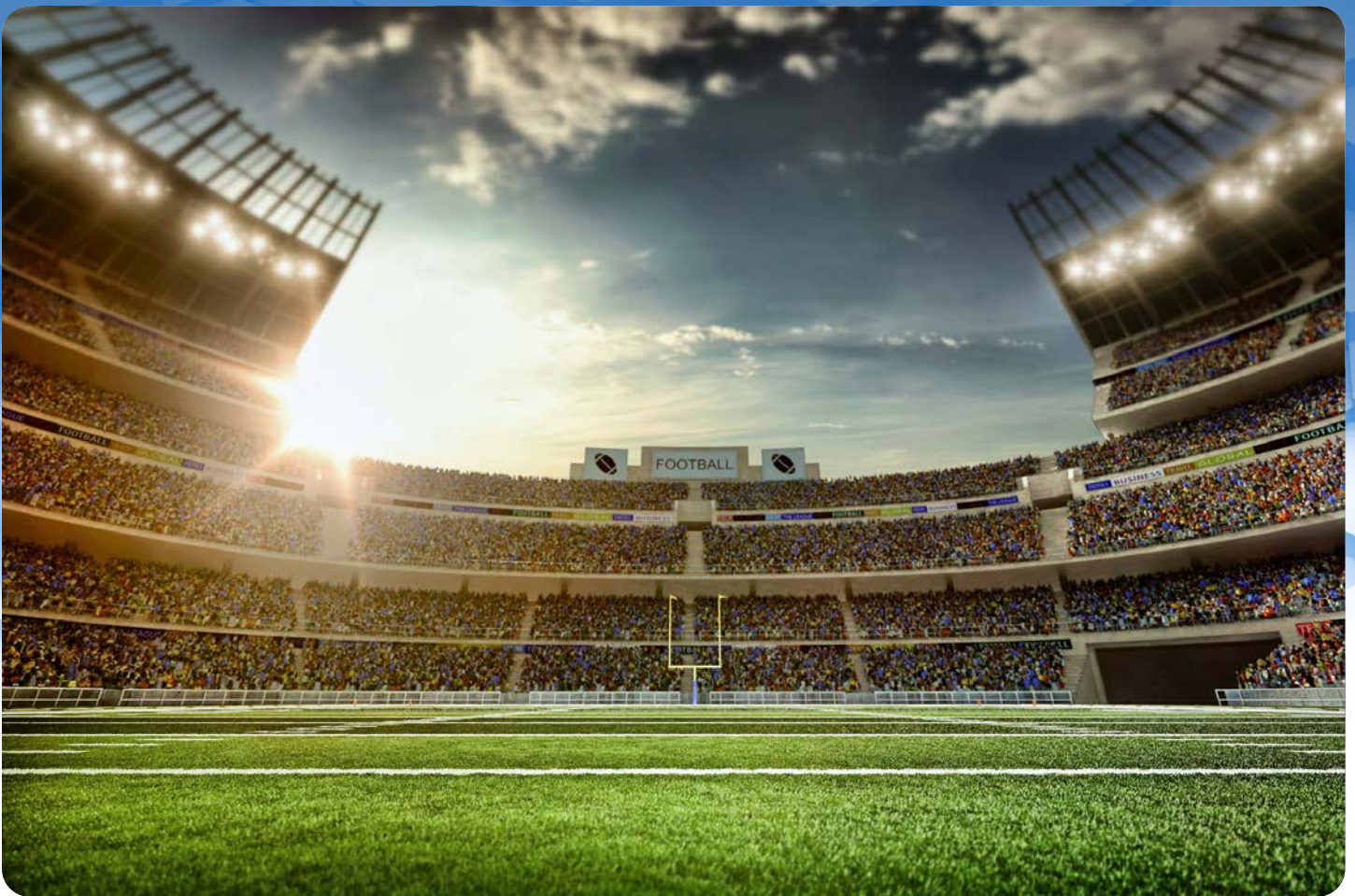


 **Outlook.**

Entertainment & Sports

Focus on managing risk and mitigating
crises so the show can go on.

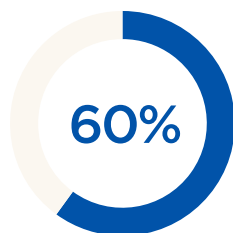


Risk & Insurance | Employee Benefits | Retirement & Private Wealth



What to Expect in 2024

Demand for in-person events surpassed expectations in 2023, leading to record-breaking ticket sales. But soaring business costs, extreme weather, staffing challenges — and union strikes in the United States that curtailed productions in Canada — could hamper the entertainment and sports industry’s ability to generate revenue. Organizations that can manage an ever-evolving theatre of risk will avoid the final curtain and score in 2024.



of Canadian HUB entertainment & sports survey respondents strongly and consistently spotlight wellbeing in their benefits strategy.

HUB International’s 2024 Outlook Executive Survey.

Threats to profitability could hobble the entertainment and sports industry's comeback.

Demand for live entertainment and sports has never been greater. The entertainment and sports industry's rebound from pandemic closures was significant, with 2022 revenues increasing nearly 146% across the country and an astounding 241% in Ontario alone.¹

Ticketmaster parent company Live Nation saw its second quarter 2023 revenue jump 27% compared with the same quarter in 2022, with ticket sales up 20% from the same period in 2022.² Sporting events worldwide have fared similarly well, with US\$29 billion in anticipated ticket sales in 2023, up 6% from 2022.³

But obstacles to profitability remain. A strike by U.S. writers and actors in May 2023 shut down media and entertainment productions across North America, sharply reducing production levels throughout Canada. Ontario reported half as many active productions by June, and British Columbia logged less than a quarter of what it typically sees in the summer months.⁴ Losses from the strikes surpassed more than US\$5 billion in September due to production delays and lost revenue.⁵

Additionally, changing weather patterns and a greater number of severe storms worldwide are adversely affecting many live events, driving up the cost of cancellation coverage. Rising inflation and increasingly sophisticated staging and equipment are elevating production costs and thinning profit margins.⁶

Entertainment companies are forced to pass these costs on to consumers, with average ticket prices for the top 10 tours costing 20% more than they did pre-COVID. Yet demand remains higher than ever concert ticket sales are up 45% in 2023 in North America compared with 2019.⁷

Concert ticket sales are up

45%

in 2023 in North America compared with 2019.



Although the entertainment and sports industry will face obstacles to profitability, those that develop a thoughtful risk management plan and secure adequate insurance to protect their bottom line will be poised to prosper in 2024.

1. Statistics Canada, "[Return to life after two years of the COVID-19 pandemic: A look at culture, arts, entertainment and recreation services in 2022.](#)" August 22, 2023.
2. Morningstar, "[Three Stocks to Invest in 'Swiftonomics' Coming to Canada.](#)" August 16, 2023.
3. BoxScoreNews.com, "[Sports Ticket Sales to Bring in \\$29B in Revenue This Year.](#)" April 12, 2023.
4. The Globe and Mail, "[How the Hollywood actors' strike could affect Canadian productions — and possibly TIFE.](#)" August 31, 2023.
5. CNN, "[Entertainment strikes pushing toward \\$6 billion in losses.](#)" Sept. 21, 2023.
6. Variety, "[Will Sky High Inflation Hurt the Movie Business?](#)" May 17, 2023.
7. The Wall Street Journal, "[Concert Ticket Prices Soar on Consumer Demand, Not Just Inflation.](#)" April 23, 2022.

Attract and retain talent through a unique benefits strategy.

The skilled labour shortage that began before the COVID-19 pandemic has worsened for the entertainment and sports industry. In entertainment, many workers pivoted away from the industry, leaving a skills deficit that has yet to be replaced. The strikes could be equally as detrimental, with ancillary workers such as special effects experts, set designers and production accountants — already in short supply in both the U.S. and Canada — pursuing new careers to make ends meet; many are not expected to return to entertainment.

The ongoing shortage has allowed workers to be more selective in choosing their gigs, often demanding several months' notice before agreeing to take a job.⁸ These employment challenges are a significant concern for the industry: More than 90% of Canadian entertainment and sports organizations that responded to the HUB International 2024 Outlook Executive Survey say they are at least moderately focused on recruitment and retention.⁹

To combat the shortage, entertainment and sports organizations are increasing their focus on employee benefits, from health insurance, financial wellness and retirement options to mental health benefits. With gruelling travel schedules and long hours, people in the entertainment and sports sector disproportionately suffer from mental health issues.

Performing arts workers are twice as likely to suffer from depression than the rest of the population.¹⁰ About a third of elite athletes suffer from mental illness,¹¹ and individuals employed in the arts, design, entertainment and sports businesses have the third-highest rate of suicide compared with other industries.¹²



Given the transient nature of entertainment and sports businesses, many workers must prepare for interruptions in pay between gigs and self-fund their retirement, making financial education imperative.

The industry is reacting, with 60% of Canadian HUB survey respondents strongly and consistently spotlighting wellbeing in their benefits strategy, and more than 80% saying they are significantly addressing employee financial literacy and wellness issues.

Using data analytics can help entertainment and sports organizations provide personalized benefits that deliver **quality employee experiences (QEX)**. By offering benefits their workers need — such as robust mental health benefits — employers can improve wellbeing while supporting recruitment and retention efforts.

8. CTS, "[2023 & 2024 Trends in The Live Event Industry](#)," May 18, 2023.
9. HUB's 2024 Outlook Executive Survey polled 900 C-Suite and VP-level executives on the issues facing them on profitability, employee vitality and organizational resilience.
10. The Guardian, "[People in performing arts twice as likely to have depression, Equity finds](#)," May 11, 2022.
11. University of South Australia, "[The mindful way to manage stress among elite athletes](#)," June 2, 2022.
12. Joshua York Legacy Foundation, "[Highest Suicide Rate by Profession: What We Can Do To Reduce Suicide Rates Significantly](#)," March 16, 2023.

Promote a culture of risk awareness to reap insurance premium rewards.

Threats to the entertainment and sports industry's resiliency have never been greater. Fortunately, the industry has learned from the significant events of the past five years — such as pandemic shutdowns, catastrophic weather and active shooter incidents — and enhanced their risk management planning and evacuation procedures.

Heat and summer storms, as well as smoke from summer wildfires, led to Canada Day event cancellations in Ottawa,¹³ and a severe August storm led organizers of the Boots and Hearts festival to evacuate the grounds and urge attendees to shelter in their vehicles.¹⁴ Disasters such as stage, tent or roof collapses due to extreme weather and active shooting events further tested smaller venues and performance management companies over the past few years.¹⁵

Increasing insurance costs are adding to the burden. Event cancellation coverage is beginning to moderate, but policyholders can still expect to pay an average of 5% more for policies and see higher deductibles in 2024. Merger and acquisition activity will also continue, with larger production companies continuing to absorb smaller firms.

In sports, abuse and molestation insurance remains problematic. Insurers are raising rates for such coverage by as much as 25%, with recent abuse and molestation nuclear verdicts in the U.S. and two high-profile abuse scandals involving Canada Soccer¹⁶ and Hockey Canada¹⁷ contributing to the increase.

These payouts have also led to reduced limits for umbrella and excess liability and made it more challenging for entertainment and sports organizations to procure adequate coverage. For example, venues that previously secured \$50 million in excess liability coverage from one insurer now need to acquire policies from four or five insurers to reach that limit.



In addition to these challenges, insurers are demanding more detailed information from policyholders before they agree to write a policy. Insurers will continue to require comprehensive information on evacuation strategies, crowd safety management, security protocols, ongoing training and background check systems.

The best way for entertainment and sports organizations to weather this difficult insurance marketplace is to partner with a broker that can provide the risk services support necessary to protect their venue, staff and attendees. Organizations with enhanced risk management plans reviewed by an expert will be best positioned to acquire adequate insurance at the best rates.

13. Ottawa Citizen, "[Canada Day: Activities interrupted by stormy weather](#)," July 1, 2023.
14. Global News, "[Ontario music festival forced to briefly evacuate due to severe thunderstorm](#)," August 12, 2023.
15. Pitchfork, "[Music Festivals in the Time of Extreme Weather](#)," September 13, 2023.
16. The Guardian, "[Canadian MPs summon senior soccer officials as they investigate response to abuse](#)," March 28, 2023.
17. Global News, "[Hockey Canada says 2018 world junior players barred from international competition](#)," March 27, 2023.

Improve crisis response with new technologies, but don't forget the basics.

If the past decade has taught the entertainment and sports industry anything, it's not to ask *if* a crisis event will occur — but *when*. Properly preparing for exposures is imperative and will help organizations not only mitigate losses, but it will decrease reputational fallout after an incident.

Employee training, robust security protocols for crowd management and safety, and an emergency response plan are critical for venue owners, event planners and promoters. These protocols are particularly important for large concerts or sporting events with tens of thousands in attendance.

Ensuring proper security and safety can be difficult: Not only are there worker shortages, but the industry has lost untold experience as safety and security professionals have left for other work or retired.

However, increasingly sophisticated weather modelling and communication strategies are reducing risk. Production companies are investing in global weather forecasting technologies and embracing new methods to better communicate with staff and attendees to quickly evacuate a space if needed. In fact, nearly half (44%) of Canadian HUB entertainment and sports survey respondents said they are using modelling and forecasting to evaluate the potential impact of anticipated risks.



Other trends include adopting crowd monitoring systems and apps that can identify issues and communicate to both staff and attendees in real time. Venues and production firms are also going back to basics: Designating a point person empowered to cancel an event or evacuate a facility, and who is routinely running tabletop exercises to prepare for any exposures that come their way.

Case study:

One HUB client averted a significant disaster by tapping the CFO as the decision-maker when a storm was on the way. The CFO had the sole authority to consider the risks and potential losses from the impending weather event and decided to cancel the show and evacuate the premises. The decision may have affected profits, but it prevented an incident that would likely have resulted in serious attendee injuries and deaths — along with significant reputational damage and future legal claims.

Make a plan

HUB entertainment & sports insurance, risk management and employee benefits specialists will work with you to develop a tailored strategy to protect your bottom line, support the vitality of your workforce and build resiliency for 2024. Here are some initial considerations:



Develop a comprehensive risk plan.

Making risk management the centrepiece of your organization's culture can help you identify exposure and devise the right response in case of an incident. Make sure your broker understands how to strategically approach risk and identify gaps in your insurance program.



Create a personalized benefits strategy.

Entertainment and sports companies are in the midst of a labour shortage, but those with a benefits strategy based on personalization and fostering a **quality employee experience (QEX)** will boost engagement and have an advantage in recruiting and retaining talent. Work with your broker to identify the needs of your employees to create a personalized benefits strategy.



Rely on your insurer in a crisis.

An incident can devastate your organization's reputation. Utilize your broker to reduce risks and develop strategies to mitigate exposures. And take advantage of your insurer's expertise if an event occurs. They may be able to assist with legal counsel, crisis management and digital forensics.



Be transparent with your broker.

Consistent communication with your broker will help you identify and mitigate issues in advance of your next renewal and position your organization in the best light. Review exposures and insurance needs at least 90 days prior to policy renewal to allow your broker to find the optimal mix of coverage for your organization's needs.

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Canada Commercial Rate Outlook

HUB International interviews brokers and risk services consultants and analyzes survey data to bring you our proprietary rate report each quarter. Read the HUB 2024 Commercial Lines Rate Outlook to know what to expect in advance of your next renewal.

Coverage	2024 Canadian Commercial Rate Outlook	Insights
Commercial Automobile (5 or fewer vehicles)	↑ +5% to 10%	Some inflationary claims cost pressures remain. Given the higher frequency of claims and greater repair costs, rate filings are increasing in most provinces.
Commercial Automobile (6 or more vehicles)	↑ +1% to 5%	Underwriting performance remains profitable, but the cost of some claims has risen due to inflation. Supply chain delays have stretched timelines to resolve claims.
Liability	↑ +5% to 10%	Improved performance in general liability has helped insurers offset poor performance on property lines. Carrier appetite has broadened as insurers look to underwrite more liability to diversify their book.
Excess Liability	↑ +5% to 10%	Excess casualty remains fairly stable with some variability depending on exposure and attachment point. Given increases on primary coverage, some excess layers are increasing accordingly. Some classes of business with favorable loss history might see rate reductions.
Commercial Property	↑ +5% to 25% (varies by geography)	Commercial property rates will continue to increase, and in some locales, they could rise substantially as a result of increased reinsurance costs. Capacity will be challenging in CAT-prone zones. Increased claim frequency and severity, supply chain delays and unprecedented catastrophic activity — including wildfires across the country and a 1,000-year flood event in Nova Scotia — will also affect rate. As the cost to rebuild has increased, focus remains on insurance-to-value, which will affect overall premiums.
Residential/Habitational Property	↑ +5% to 10%	Rising reinsurance rates, construction costs, and supply backlogs are pushing up rates and elongating claims timelines. Additional attention on insurance-to-value will also affect overall premiums given the increased reconstruction costs.
Catastrophic Perils	↑ +11% to 20%	Increases will be much higher in CAT-prone areas. Unprecedented wildfires across the country and the catastrophic flood in Nova Scotia were indicative of the increased severity and frequency of perils.

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Coverage	2024 Canadian Commercial Rate Outlook	Insights
Environmental	Flat	Rates for Pollution Legal Liability (PLL) and Contractors' Pollution Liability (CPL) coverage are projected to remain flat. However, there is increasingly restrictive coverage for PLL coverage of emerging contaminants. Insureds should carefully review any new restrictions or exclusions in policies before renewals. Pollution policies combined with general liability are likely to see rate increases due to the GL exposure.
Directors & Officers: Private	↓ (-5%) to ↑ +5%	Insureds with no major changes can expect to see no rate increases at renewal or even slight decreases. Those with claims or significant exposure changes will see a modest premium increase. Note that financially challenged accounts will have a difficult time finding D&O insurance.
Directors & Officers: Public	↓ (-15%) to Flat	Capacity has increased for D&O coverage at publicly held companies, leading to rate decreases on both primary and excess layers, with excess layers seeing the greatest reductions. Organizations that trade on U.S. exchanges or have gone public in the past two years will see the greatest reductions.
Cyber Liability	↓ (-10%) to ↑ +10%	The cyber insurance market has shown signs of stabilizing through the third quarter of 2023. Some public sectors such as higher education, healthcare and municipalities still are problematic for underwriters, while some technology companies face additional scrutiny due to recent attacks on software and managed service providers. Insurers are focusing on information security controls when assessing risks and making pricing decisions.
Inland Marine	↑ + 5% to 10%	Frequency and severity of claims remain an issue, while supply chain issues and continued catastrophic events are leading to rate increases, similar to challenges faced for property coverage.
Marine	↑ + 5% to 10%	The commercial marine insurance market is hardening, leading to rate increases. As clients approach fourth-quarter renewals, insureds need to accurately assess risks, understand changing coverage terms, and consider alternative options. Active risk management remains crucial to keeping premium hikes to a minimum.

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Coverage	2023 Rate Outlook	Insights
Agribusiness	↑ +11% to 20%	<p>Limited capacity will present challenges in agribusiness. Rates will continue to rise for insuring buildings and equipment. In addition, inflation will make it difficult for agribusinesses to secure adequate limits, particularly for enterprises with an adverse claims history.</p> <p>Premiums for food and beverage operations continue to rise. Risks remain difficult to place due to the increasing severity of losses worldwide.</p> <p>In farming, claims from forest fires have reduced capacity. However, liability rates remain stable, with underwriters offering ample capacity.</p>
Cannabis	+5% to 10%	<p>Expanding export opportunities and the loosening of global regulations have increased liability insurance options, with more competition entering the market.</p> <p>Property remains static with 5% rate increases continuing. However, rising inflation is elevating the reconstruction value of buildings by a minimum of 5%. With many buildings already underinsured, property insurance costs will further rise as building valuations increase. However, new entrants are expected in the property market, increasing capacity.</p> <p>D&O remains stable, but economic strain and highly leveraged balance sheets will prompt underwriters to closely scrutinize accounts.</p>
Construction	↑ +1% to 5%	<p>Rates are holding steady for most of the industry, though best-in-class risks may see slight rate reductions.</p> <p>Premiums are growing as a result of valuation adjustments due to inflation and gross receipts changes.</p> <p>Large value course of construction is seeing some upward rate pressure on higher value frame projects due to the number of carriers required to place those risks.</p>

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Coverage	2023 Rate Outlook	Insights
Education	↑ +10% to 12%	<p>On property coverage, rates are expected to rise 5% with inflationary increases of property values up 7%.</p> <p>Institutions that have not right-sized their property valuations will continue to see double-digit increases in attempts to close the gap on under-valuations.</p> <p>After several years of large rate increases, cyber rates are expected to stabilize, particularly for institutions that have improved their cybersecurity.</p> <p>Commercial general liability rates are expected to rise 5%, except for abuse coverage, which continues to be challenging. Underwriters are linking rates for abuse and molestation coverage to the risk management and mitigation policies, procedures and training protocols of policyholders.</p> <p>D&O rates will rise 5% on average, but institutions facing renewal after a three-year guaranteed rate could see much larger increases.</p>
Entertainment	↑ +5%	<p>Property and liability rates in the event space are expected to increase 5% to 10% in 2024.</p> <p>In film, policyholders with claim-free accounts may see flat renewal rates.</p> <p>D&O in the entertainment sector will likely increase 5% with cyber up about 15% on average.</p> <p>Abuse and molestation insurance remains challenging, with rates rising 25% or more due to reduced capacity.</p>

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Coverage	2023 Rate Outlook	Insights
Financial Institutions	↓ Flat to rate reductions	<p>For the most part, financial institutions will see an accommodating insurance market. Rates are likely to be flat for private company D&O insurance; for public companies, rates for D&O coverage will be flat in 2024 after premiums declined in 2023.</p> <p>General partnership liability coverage will decrease as much as 10%, as there are only a handful of carriers in this segment in Canada.</p> <p>Cybercrime insurance rates are flat for primary layers, especially for smaller companies. For excess layers, however, rates are falling 20% to 30%, or even more.</p> <p>Premiums for reps and warranties (R&W) insurance will experience no or moderate increases in 2024, due to an expected rebound in M&A. However, rates fell significantly in 2023, as increased competition for a smaller number of deals led to discounting.</p>
Healthcare	↓ Rate reductions	<p>For medical malpractice insurance, there has been an expansion of capacity and significant competition for new business; insurers are agreeing to steep discounts as a result.</p> <p>Those seeking healthcare D&O insurance will also see significant rate reductions, especially in high-risk markets.</p> <p>There are difficulties in property insurance in healthcare. Some underwriters may offer discounts through bundling property and liability coverage.</p>
Hospitality	↑ +5% to 10%	<p>Rates are improving for both property and liability across the country. However, hospitality businesses with property exposures to natural catastrophes such as wildfires may see greater rate increases due to the frequency and severity of these events in many provinces within the past year.</p> <p>Properties in the Maritimes may also see increased rates due to potential hurricane exposure.</p>

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Coverage	2023 Rate Outlook	Insights
Nonprofit	↑ +7% to 20%	<p>The insurance landscape is becoming more challenging.</p> <p>Small and medium enterprises in the nonprofit sector will see rate increases, particularly in D&O, cyber and abuse and molestation coverage. With limited capacity, insurers are enforcing more stringent underwriting guidelines, extending the time necessary to successfully secure a quote.</p>
Real Estate	↓ (-5%) to ↑ +10%	<p>Real estate insurance will see a mixed rate environment in 2024.</p> <p>Properties in high-catastrophe (CAT) risk zones will see little or no rate relief in 2024 and are likely to experience premium hikes.</p> <p>Rate reductions may be available for best-in-class properties with clean loss histories. However, the higher cost of rebuilding, along with greater property valuations, are likely to offset premium decreases.</p>
Sports	↑ +5%	<p>Depending on the age and construction of buildings, property in the sports industry is expected to rise 5% or more.</p> <p>Abuse and molestation coverage will continue to be challenging. Unlike the days when it was included in general liability pricing, abuse coverage will continue to be underwritten separately; the sports industry can expect to see limits reduced for such coverage in 2024.</p>
Transportation	↓ Rate reductions for fleets +5% to 10% for IRCA	<p>Increased competition in the transportation market has led to market softening across Canada, but poor underwriting results posted by one large insurer in the space could impact rates in the future.</p> <p>Additional capacity through Lloyd's is also making excess liability more available.</p> <p>Fleets: Historically, only best-in-class trucking companies enjoyed better terms and conditions, but the market conditions are now allowing second- and even third-tier companies tap into those benefits.</p> <p>IRCA: Renewals can expect to see 5% to 10% rate increases.</p>

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HUB Entertainment & Sports

When you partner with HUB, you're at the centre of a vast network of experts who will help you improve your profitability, enhance the vitality of your workforce and remain resilient into the future. 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 advisor. We're here to help.

\$270M

in commercial insurance premium brokered by HUB

8,000

entertainment & sports clients

20,000

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