

**Outlook.**

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# Entertainment & Sports

Confronting risks and managing  
crises so the show can go on.

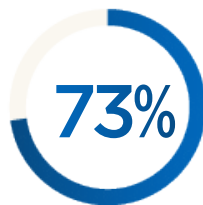


Risk & Insurance | Employee Benefits | Retirement & Private Wealth



# 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 and staffing challenges — not to mention the months-long Writers Guild of America and Screen Actors Guild strikes — could hamper the entertainment and sports industry’s ability to generate revenue. Organizations that can manage an ever-evolving theater of risk will avoid the final curtain and score in 2024.



**Of entertainment and sports organizations said disruption to business operations would have an impact on their profitability or financial results in 2024.**

HUB International 2024 Outlook Executive Survey

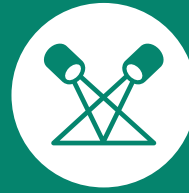
## Emerging threats could hamstring the entertainment and sports industry's nascent recovery.

Demand for live entertainment and sports has never been greater. The entertainment and sports industry's rebound from the pandemic surpassed expectations, with revenue for live events expected to reach \$68.7 billion in 2024, up from \$66.6 billion in 2019.<sup>1</sup>

Ticketmaster parent company Live Nation reported revenues of \$8.8 billion for the first half of 2023, a 40% increase from the same period in 2022.<sup>2</sup> Sporting events worldwide have fared similarly well, with \$29 billion in anticipated ticket sales in 2023, up 6% from 2022.<sup>3</sup>

But obstacles to profitability remain. A writers and actors strike in May 2023 shut down media and entertainment productions from coast-to-coast; economic losses from the strikes surpassed more than \$5 billion by September due to production delays and lost revenue.<sup>4</sup>

Changing weather patterns and a greater number of severe storms nationwide 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.<sup>5</sup>



Concert ticket sales are up more than

**45%**

compared with 2019.

Entertainment companies are forced to pass these costs onto consumers, with average ticket prices costing 14% more than they did pre-COVID. Yet demand remains higher than ever — concert ticket sales are up 45% in 2023 compared with 2019.<sup>6</sup>

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. PwC, "[Perspectives from the Global Entertainment & Media Outlook 2023-2027](#)," June 21, 2023.
2. Live Nation, "[Live Nation Entertainment Reports Second Quarter 2023 Results](#)," July 27, 2023.
3. BoxScoreNews.com, "[Sports Ticket Sales to Bring in \\$29B in Revenue This Year](#)," April 12, 2023.
4. CNN, "[Entertainment strikes pushing toward \\$6 billion in losses](#)," September 21, 2023.
5. Variety, "[Will Sky High Inflation Hurt the Movie Business?](#)" May 17, 2023.
6. The Wall Street Journal, "[Concert Ticket Prices Soar on Consumer Demand. Not Just Inflation](#)," April 23, 2023.

## The industry will need an attractive benefits strategy for a unique workforce.



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

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.<sup>7</sup> These employment challenges are a significant concern for the industry: More than 90% of entertainment and sports organizations that responded to the HUB International 2024 Outlook Executive Survey say they are at least moderately focused on recruiting and retention.<sup>8</sup>

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 grueling travel schedules and long hours, people in the entertainment and sports industry disproportionately suffer from mental health issues.

Performing arts workers are twice as likely to suffer from depression than the rest of the population.<sup>9</sup> About a third of elite athletes suffer from mental illness,<sup>10</sup> and individuals employed in the arts, design, entertainment and sports business have the third highest rate of suicide compared with other industries.<sup>11</sup>

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

The industry is responding, with 43% of HUB survey respondents strongly and consistently spotlighting wellbeing in their benefits strategy, and nearly two-thirds 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 that workers need — such as robust mental health benefits — employers can improve wellbeing while supporting recruiting and retention efforts.

7. CTS, "[2023 & 2024 Trends in The Live Event Industry](#)," May 18, 2023.
8. 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.
9. The Guardian, "[People in performing arts twice as likely to have depression, Equity finds](#)," May 11, 2022.
10. University of South Australia, "[The mindful way to manage stress among elite athletes](#)," June 2, 2022.
11. Joshua York Legacy Foundation, "[Highest Suicide Rate by Profession: What We Can Do To Reduce Suicide Rates Significantly](#)," March 16, 2023.

## Companies promoting a culture of safety and risk awareness may be rewarded with better rates.

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.

The 2023 Burning Man festival served as a cautionary tale after 70,000 people were stranded at the desert event when roads were closed because of dangerous rainstorms<sup>12</sup> — a rare occurrence for the area in the summer months. 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.<sup>13</sup>

***Insurance carriers will continue to require comprehensive information on evacuation strategies, crowd safety management, security protocols, ongoing training and background check systems.***

Increasing insurance costs are adding to the burden. Event cancellation coverage is beginning to moderate, but rates may rise as much as 15% for some organizations, and policyholders can expect to pay higher deductibles in 2024. Mergers and acquisitions activity will also continue, with larger production companies continuing to absorb smaller firms.

In sports, abuse and molestation insurance remains problematic after several nuclear verdicts were handed down in recent years over abuse and molestation charges. These payouts have 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 carriers to reach that limit.



In addition to these challenges, insurers are demanding additional and more detailed information from policyholders before they agree to write a policy. Carriers 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 your 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.

12. CNN, "[More than 70,000 Burning Man festival attendees remain stuck in Nevada desert after rain.](#)" September 3, 2023.

13. Pitchfork, "[Music Festivals in the Time of Extreme Weather.](#)" September 13, 2023.

## Companies will focus on new technologies to improve crisis response, but shouldn'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 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 left the industry for other work or retired.

However, increasingly sophisticated weather modeling 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 40% of HUB survey respondents said they are using modeling 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, and leveraging facial authentication software to enhance security. Venues and production firms are also going back to the basics: Designating a point person empowered to cancel an event or evacuate a facility, and routinely running tabletop exercises to prepare for any exposures that come their way.

**CASE STUDY:** One HUB client tapped its CFO as the sole decisionmaker to cancel an event if a situation merited it. When radar showed a severe storm approaching its outdoor concert venue the night of a performance, the CFO considered the risks and potential losses and ultimately cancelled the show and evacuated 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 and sports insurance, risk management and employee benefits specialists will work with you to develop a tailored strategy that will protect the bottom line, support your workforce and build resiliency for 2024. Here are some initial considerations:



## **Develop a comprehensive risk plan.**

Making risk management the centerpiece of your organization's culture can help you identify exposures and devise the right response in the 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 labor shortage, but those with a benefits strategy based on personalization and fostering a **quality employee experience (QEX)** will boost engagement, have an advantage in recruiting and retaining talent and lower risk. Work with your broker to identify the needs of your employees to create a personalized benefits strategy.



## **Rely on your partners in a crisis.**

An incident can devastate your organization's reputation. Use your broker to reduce risks and develop strategies to mitigate exposures. And take advantage of your carrier'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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# Entertainment & Sports Industry Rate Guide – U.S.

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 Report to know what to expect in advance of your next renewal.

Coverage	2024 Entertainment & Sports Rate Outlook	Insights
<b>Commercial Auto</b>	+5% to 25%	Rates will increase to offset insurer losses from increased vehicle replacement costs, production backlogs on part replacements, labor costs and higher medical costs. Companies with favorable claims history are likely to see lower rates.
<b>General Liability</b>	+5% to 25% or higher (varies by genre and location)	<p>GL rates vary by class, performer, location and other factors, with terms, conditions and deductibles varying significantly by risk. Theatrical venues can expect to see flat or slightly elevated renewals depending on loss history and location, although large-scale outdoor festivals could face double-digit increases at renewal.</p> <p>Underwriters are increasing their scrutiny of safety protocols and security measures, along with analyzing contracts and vendor relationships to evaluate risk transfers, which slows the time required to receive a quote.</p> <p>Policyholders will need to ensure their contracts are solid (i.e., additional insureds and vendors are properly identified to transfer risk to those contributing to a loss).</p>
<b>Workers' Compensation</b>	Flat	<p>Rates continue to remain stable. However, inflation may affect future loss costs through higher wages, increased costs for healthcare and elevated prescription drug prices.</p> <p>The strikes by writers and actors may lead to additional labor shortages, as less qualified and experienced workers replace those who retired or left the industry, increasing the frequency and severity of workers' comp claims.</p> <p>Policyholders should pay attention to the quality of workers and adopt best practices for onboarding and training.</p>
<b>Umbrella &amp; Excess Liability</b>	+5% to 25% or higher	<p>Social inflation and nuclear verdicts have led to reduced capacity and limits, forcing more policyholders into the Excess &amp; Surplus (E&amp;S) marketplace for coverage. Risks involving children and abuse and molestation face the toughest challenges.</p> <p>Motorsports will see the biggest rate increases, with rates rising 25% to 50% at renewal.</p>
<b>General Liability &amp; Excess Liability: National Governing Body &amp; Athletic Associations</b>	+5% to 7% General Liability +10% to 25% Excess Liability	<p>Policyholders with no claims activity will see modest rate increases for general liability insurance.</p> <p>Some carriers have implemented new minimum premiums for excess liability coverage, and underwriters continue to maintain stringent guidelines for sexual abuse and molestation, concussion, chronic traumatic encephalopathy (CTE) and traumatic brain injury (TBI) coverages.</p>

**Commercial  
Property**+10% to 30%  
or higher

The property market is facing unprecedented challenges. Expect additional underwriter scrutiny of properties with unfavorable brush mapping and/or protection classes. Carriers are decreasing capacity on total insurable value (TIV) per location, while increasing deductibles and loss limits and paying attention to engineering and loss control strategies for high-value properties.

The market remains focused on property value, and carriers will continue to add restrictive clauses (coinsurance, margin, loss limits, etc.).

**Catastrophic  
Perils**+20% to 30%  
for lesser Tiers/  
Zones+30% to 50%  
or higher  
for High Hazard  
Tiers/Zones

While traditional CAT perils (flood, earthquake and windstorm) remain a concern, insurers are increasingly focused on exposures to convective storms, wildfires and winter storms.

Challenging occupancies will see larger rate increases of 50% to 100% or more. Single peril placements are becoming essential for isolating the CAT exposure or supplementing the reduced CAT capacity offered within "all risk."

**D&O Private**

-10% to +10%

Directors and officers (D&O) insurance rates continue to improve after years of difficult market conditions.

With more competition in the marketplace, carriers have lessened restrictive classes and raised limits.

**D&O Public**

-20% to +5%

The D&O market for public companies continues to improve as capacity and competition have increased. Most insureds with good claims history will see favorable renewal terms, though those with difficult risk profiles will see price increases.

**Cyber**

Flat to +10%

While cybercrime claims have risen, strong competition has muted rate hikes.

However, increased ransomware activity and cybercrime could change the landscape in 2024, though not to the extent as in previous years.

**Event  
Cancellation  
Contingency &  
Non-Appearance**

Flat to +15%

Capacity in the space has increased, slowing the increase in rates substantially. However, rates remain high, and policyholders can expect to see higher deductibles at renewal.

**Production & Film  
Package**Flat to +5%  
<\$5M budget+10% to 25%  
>\$5M budget

Rates vary depending on size of production.

Recent years of carrier losses have led to reduced capacity and increased rates. However, new capacity is expected to enter the market, softening rates over the next 12 to 24 months. Expect increased underwriter scrutiny of overall risk and safety protocols.



Coverage	2024 Entertainment & Sports Rate Outlook	Insights
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**Media Error & Omissions**

Flat to +10%

The market will remain stable, but expect more caution from underwriters.

**Health Insurance**

Student Health Insurance Rates Vary

Rates vary depending on utilization, but schools can expect rising rates due to carrier loss experience from high-dollar claims and the increased frequency and severity of behavioral health claims.

+5%  
Intercollegiate Athletic Insurance

Rates remain relatively flat for blanket accident insurance due to increased competition in the market. Expect underwriters to carefully review loss history.

**NOTE:** *Rate* is typically defined as the amount of money necessary to cover losses and 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 HUB, you're at the center 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 and sports advisor. We're here to help.

**\$270M**

in commercial insurance premium brokered by HUB

**8,000**

entertainment & sports clients

**20,000**

insurance policies managed

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