

EVENTS MANAGEMENT

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DISCLAIMER

The materials contained within this report constitute general information only and should only be used as a guide. It is highly recommended that you speak to an insurance professional when setting your insurance program as each policy should be tailored to your specific needs.

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ABOUT LMI GROUP

LMI Group is an independent company specialising in risk assessment for the general insurance and wider business communities. The LMI RiskCoach research team has over 1,000 years combined experience in assisting businesses following losses and using this enormous bank of knowledge the team has developed RiskCoach to assist businesses and their insurance advisers understand the specific risks in up to 12 classes of general insurance for their industry / occupation before a claim occurs. LMI believe that insurance should be considered as protection and not a cost. The cost of insurance, called a premium, is the cost of transferring the risk from the shareholders and their families to an insurer.

Should you have any questions about this report please discuss them with your insurance adviser or email expert@LMIGroup.com enclosing a copy of your report. If you need claims assistance, please email claims@LMIGroup.com for expert assistance.

WARNING: THE PENALTY FOR BEING UNDER INSURED

It is important to understand that two of the key coverages available in your business insurance, namely; Material Damage & Business Interruption operate differently than many other policies such as your home and contents policy for example. The most notable difference is due to what is called the Average clause sometime referred to as the Co-Insurance clause. This clause effectively works out the proportion of the risk you have insured for and will pay **only that** proportion of any valid claim considering you to personally be the insurer of the other portion 'the co-insurer', even in a partial loss. It is vitally important that you understand this, as being under insured even in very large businesses can quickly lead to business failure or, at best, financial stress.

The following example shows the full impact of being under-insured on a partial loss. The formula on a Material Damage or Business Interruption policy with 80% co-insurance/average (most insurance policies will give you a 20% buffer so as not to penalise you for an accidentally underestimating the true value at risk, they understand that it is not an easy task and have provided this tolerance because of this.)

Please note: *This is not the hard and fast rule however and you should always do your best to insure fully*

$\text{Amount payable per Insurer} = \left(\frac{\text{Sum Insured}}{80\% \text{ of Value at Risk}} \times \text{Loss Amount} \right) - \text{Policy Excess}$	$\text{Amount borne by Insured} = \text{Gross Loss} - \text{Insurer's Pay-out} + \text{Policy Excess}$
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If you selected \$1,000,000 as the Sum Insured under either your Material Damage or Business Interruption Insurance Policy, but the value at risk (that is what you should have insured for to be fully protected) was say \$2,000,000 with a loss of \$250,000, the claim would be adjusted as follows.

CLAIM CALCULATION - INSURER	CLAIM CALCULATION - INSURED
$\text{Formula with claim figures: } \frac{\$1,000,000}{80\% \text{ of } \$2,000,000} \times \$250,000$ $\text{i.e. } \frac{\$1,000,000}{\$1,600,000} \times \$250,000 \quad \text{i.e. } 62.5\% \times \$250,000$	$\text{Formula with claim figures: } \$250,000 - \$156,250 + \text{Policy Excess}$
Amount payable per Insurer = \$156,256,250 less any Policy Excess	Amount borne by (YOU) the Insured = \$93,750 plus any Policy Excess

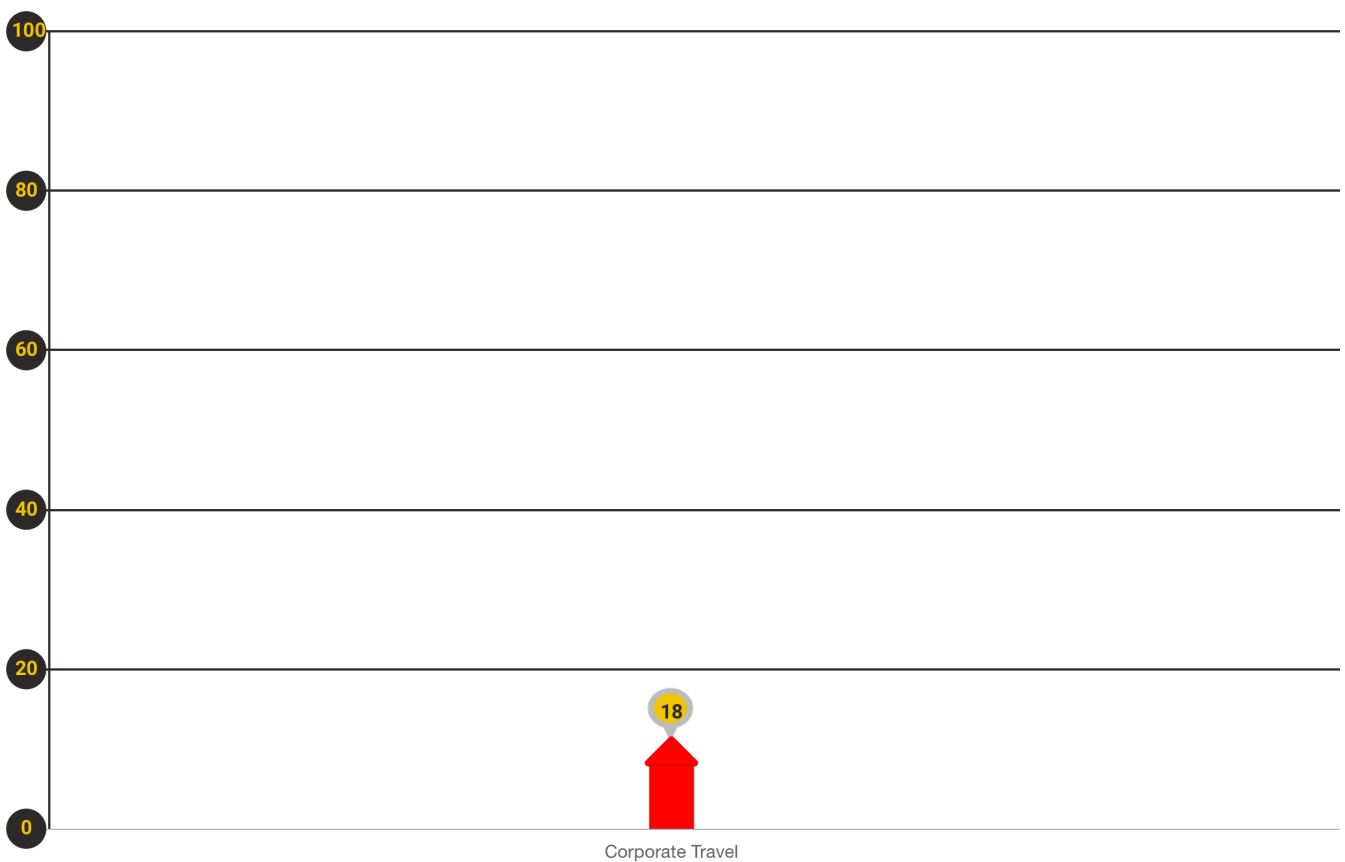
You can test the actual penalty you may suffer by using the Free LMI Group app -LMi Mobile, which has a calculator or speak to your Insurance Broker.

PURPOSE OF THIS REPORT

The Insurance Risk Report has been designed to assist you in identifying significant exposures to a business operating in your industry. Contained within this report is a Hazard Index graph which considers both the likelihood and severity of losses over 12 insurable classes of insurance for your industry and rates them accordingly, this graph is complemented with a number of explanations giving rise to the factors considered when providing the rating. If it is not already included in this report, you may request your Insurance Professional to provide you with a list of significant exposures relevant to your industry. These exposures are useful to highlight the most likely and severe risks to your industry and potentially your business and to get you thinking about other areas that may be at risk.

Please note: *These ratings have been developed using historical claims and loss data for a general business operating in this field. It is recommended that additional factors specific to your business be taken into account when assessing this information such as location and crime rates.*

HAZARD INDEX



Exposure will vary considerably depending on the various factors including - number of persons travelling in any given year, the frequency of travel, staff designations, the numbers travelling together (accumulation), destinations (local/overseas), reasons for travel / nature of work undertaken, issues/risks/hazards, that can affect an employee's health, safety and security whilst travelling, transport mode, staff's fitness to travel /work abroad, previous travel experience, specific health risks at the destination, availability of reliable emergency services etc. Therefore, given hazard rating to be further assessed, considering the above factors in mind. Other main risks for this industry category may include:

- Travel staff are unlikely to be involved in worksite activity and will usually be visiting offices or attending conferences, training or trade events etc.
- Increase risk due to political, social and economic volatility/instability in many parts of the world
- Developing countries/remote locations - non-availability of appropriate medical services, transport challenges with access during a medical emergency / evacuation difficulty / reduced access to adequate infrastructure for medical attention.
- Inadequate pre-trip risk assessment, education and preparation
- Security related issues/concerns in some locations/countries – terrorist attacks, civil unrest/war, kidnap and ransom, harassment etc.
- Traveller falling ill while abroad, delayed flights, losing passport, accommodation mix-ups, local language barriers, as well as exposure to disease, natural disasters and technology failings
- Travelling with company owned equipment; risk to data carrying equipment/loss of baggage /passport
- Poor or inadequate travel risk management strategy for travelling staff
- Legal Risks/Risks to reputation/Illegal activity by travellers - Breaching local laws and customs, misbehaviour by travelling employees/ unethical conduct by employees, non-compliance with regulation.
- Transport and related issues / concerns – flight/tour cancellation, flight delay, miss of a connecting flight, traffic accidents, poor safety standards of transport/public transport / self-driving immediately after long-haul flights
- Business travellers usually stand out from the local population as different, making them a target for criminals and terrorists
- Also refer to Employer Liability/Worker's compensation.

SIGNIFICANT EXPOSURES

- Business Interruption - A loss during a peak season/cancellation of a major event may substantially affect the business
- Business Interruption - High Competition - direct and indirect competition – will affect the recovery time;
- Business Interruption - Loss of data and records (client data, contracts, plans and specifications)
- Business Interruption - Low to moderate exposure
- Business Interruption - Most event management businesses operate from office buildings which are non-specialised. Therefore alternative premises are likely to be easily located (most companies lease office space);
- Business Interruption - Non-specialised equipment - replacement will not be difficult or time consuming;
- Business Interruption - Possible Dependency on - one or few large corporate businesses, Music and Theatre Production Company/ies, Ticketing Agency, Sport Venue etc.,
- Crime - Cash exposure - petty cash, employee salaries, cash from ticket sales;
- Crime - Fidelity exposure - casual employees, lack of internal control, seasonal staff;
- Crime - Lack of security at the premises/especially for small owner operated businesses;
- Crime - Low to moderate exposure;
- Crime - Theft of camera/audio/video equipment (if applicable) off site - also can be covered under general property cover.
- Crime - Theft of equipment - possible presence of expensive camera/audio/video equipment;
- Crime - Theft of office equipment (computers etc.);
- Cyber - Breach of personal/corporate information;
- Cyber - Business interruption following a cyber-attack;
- Cyber - Cost of replacement of equipment following a cyber-attack;
- Cyber - Crisis management cost following a cyber-attack
- Cyber - Data breach - e.g. improper discarding of computers/hardware, theft/misplacement of computers, laptops, USB sticks etc.;
- Cyber - Data or network sabotage, virus and Trojan infection;
- Cyber - Electronic data/information loss following a cyber-attack;
- Cyber - Exposure varies depending on the nature of the events managed, nature of the activities performed and size and scale of business operation;
- Cyber - Identity theft (e.g. hacking/malware attack) of customer's personally identifiable information);

- Cyber - Issuing of tickets for various events – customer’s credit/debit card information;
 - Cyber - Lack of security measures including a combination of technology (IT security technology), security procedures and physical security at the premises; and
 - Cyber - Possible target of key electronic records (e.g. Event plans, customer’s key documents, financial reports, budgets, estimates etc.) by hackers;
 - Cyber - Theft of devices and hard drives (event organisers regularly take laptop computers to locations where events are held);
 - Machinery Breakdown - Also refer event related risks/hazards and specialised insurance protection available for event management businesses (as highlighted in previous sections).
 - Machinery Breakdown - Equipment such as camera/audio/video equipment will be taken to various events/sites and this will increase the exposure (e.g. accidental damage, theft etc.)
 - Machinery Breakdown - Expensive camera/audio/video equipment – high exposure to accidental damage;
 - Machinery Breakdown - Inadequate service, repair and maintenance of machinery and equipment (where applicable) – especially for smaller operations;
 - Machinery Breakdown - Loss of data or records/customised software etc.
 - Machinery Breakdown - Low to moderate exposure depending on the size, nature of the operation and ownership of the building;
 - Machinery Breakdown - The risk of breakdown of office machinery and computer equipment;
- Management Liability - Typical risks of an office based company in relation to Employment Practices, Recruitment, OH&S, Tax and other Corporate Returns, Statutory Returns and many other elements of Corporate Governance, making these product lines an important consideration. Refer to Professional Indemnity in relation to Errors and Omissions cover.
- Marine - Also refer to event related risks/hazards and specialised insurance protection available for event management businesses (as highlighted in previous sections).
 - Marine - If the insured moves numerous event equipment to various locations using their own vehicles, this will increase the marine risk and exposure;
- Marine - Marine exposures are usually limited to incoming shipments of office consumables and occasionally large shipments of new computer equipment/furniture and fittings, where the insured is responsible under sale terms and are not likely to be frequent or substantial. Occasional office relocations will usually be handled under a single transit policy.
- Motor - Also refer event related risks/hazards and specialised insurance protection available for event management businesses (as highlighted in previous sections).
 - Motor - Frequency of travel will be high - event managers and planners frequently travel to event locations to organise and manage various events;
 - Motor - Lack of service, repair and maintenance of vehicles (if applicable).
 - Motor - Large businesses may have one or few vehicles (vans, trucks, utes) to transport various event related equipment to various locations;
 - Motor - Moderate exposure depending on the size and nature of the operation;

- Motor - Pool vehicles (if applicable) and related exposure;
- Motor - Possible use of employee vehicles for business work – vicarious liability exposure;
- Product Liability - Also refer event related risks/hazards and specialised insurance protection available for event management businesses (as highlighted in previous sections)
- Product Liability - Low to moderate exposure.
- Product Liability - Possible provision of corporate giftware or similar items;
- Product Liability - Responsibility for food and drink provided at functions (where applicable);
- Product Liability - Whether the food services are run by concessionaires, the stability and reputation of concessionaires and the contractual relationship, including the use of disclaimers in the contract and requirements for concessionaires to hold their own insurance is important;
- Professional Indemnity - Advertising liability exposure;
- Professional Indemnity - Also refer event related risks/hazards and specialised insurance protection available for event management businesses (as highlighted in previous sections)
- Professional Indemnity - Breach of contract;
- Professional Indemnity - Breach of professional duty of care (e.g. failure to correctly establish client needs, time management, event safety management etc.);
- Professional Indemnity - Breaches of Data Protection/Privacy legislation;
- Professional Indemnity - Failure to give proper/adequate advice/instructions in line with professional capacity of the job;
- Professional Indemnity - Non-compliance or breach of consumer protection laws whilst performing event management tasks;
- Professional Indemnity - Non-compliance with statutory obligations (non-compliance with relevant Municipal by-laws), during the process of event management;
- Professional Indemnity - Plagiarism;
- Professional Indemnity - Possible damage to clients brand due to mistakes/errors on events management work.
- Professional Indemnity - Provision of first-aid (by employees or volunteers);
- Professional Indemnity - Technical and or financial service advice to third party operators (e.g. concessionaires/showmen);
- Professional Indemnity - The insured's Professional Liability exposure varies depending on the nature of the service and type of clientele;
- Professional Indemnity - Training and coaching for event participants and related exposure;
- Professional Indemnity - Unintentional breach of confidence, privacy legislation or misuse of information/Loss of documents or data entrusted to the insured;
- Professional Indemnity - Unintentional infringement of intellectual property rights;

- Property Damage - Expensive audio/video equipment (if applicable);
- Property Damage - Fire Load - function equipment storage facilities;
- Property Damage - Fire Load - Furniture, paper materials, cleaning chemicals;
- Property Damage - Ignition sources - Electrical equipment, personal portable heaters or desktop fans, faulty wiring and kitchen appliances;
- Property Damage - Loss of data/records and cost of reinstating such data/records;
- Property Damage - Malicious damage/vandalism exposure;
- Property Damage - Moral Hazard - high competition on the industry; and
- Property Damage - Operate from multiple occupancy buildings and exposure from adjacent occupants;
- Property Damage - Poor housekeeping at the premises (if applicable);
- Property Damage - Poor housekeeping practice (if applicable);
- Property Damage - Various equipment (camera/audio/video) may be taken off site. A general property cover, or extension to cover such equipment will be required.
- Public Liability - Advertising Liability - false or misleading information provided on brochures and other advertisements;
- Public Liability - Car park incidents/poor condition of the car park/s;
- Public Liability - Contractual Liability – sub contracts, service contracts, casual labor etc.;
- Public Liability - Environment Liability issues arising out of various event management tasks;
- Public Liability - Event management companies undertake the overall event management tasks for various customers and provide the necessary support required to run an event. They also manage and deal with various contractors from security management to the set-up of facilities. For such off the premises work, specialised cover such as Event Organiser's.
- Public Liability - Kitchen incidents – hot water, electric shocks, burns, slip and trip hazard.
- Public Liability - Liability for damage to venues;
- Public Liability - Liability Insurance is available in the market. Also refer event related risks/hazards and specialised insurance protection available for event management businesses (as highlighted in previous sections).
- Public Liability - Liquor Liability - serving of alcohol for various events;
- Public Liability - Moderate to high exposure depending on the nature of work undertaken by the business;
- Public Liability - Occupier's Liability - The premises may be either owned or leased, the responsibility for common areas such as lobbies, lifts, stairwells etc., as well as any responsibility under tenancy agreements as owner or occupier must be clearly established in determining liability exposure;
- Public Liability - Poor condition or maintenance of furniture/equipment;

- Public Liability - Serving of hot food and beverages – chance of burns and scalds;
- Public Liability - Slips, trips and falls exposure;
- Public Liability - Vulnerable customers/visitors – e.g. elderly
- Public Liability - Work away from the premises, present a considerable exposure depending on the nature and type of work perform by the event management business;
- Workers Compensation - Employees may work long hours and suffer exposure to stress related sicknesses;
- Workers Compensation - In addition to typical office based risks, work away from the office including various event organising work, travelling, co-ordination tasks etc., and risks/hazards face by staff whilst performing such activities must be considered.
- Workers Compensation - Low to moderate exposure depending on the size, nature of the operation and nature of tasks undertaken by the company employees;
- Workers Compensation - Manual handling injuries;
- Workers Compensation - Motor vehicle accidents; and
- Workers Compensation - The industry is heavily reliant on labor (permanent, temporary/casual employees);
- Workers Compensation - Typical office risk may include - eye fatigue, back injuries, stress related sicknesses, slips, trips and falls, repetitive motion injuries, shocks from poorly maintained machinery and equipment etc.;
- Workers Compensation - Working with ladders;