

MARSH INSIGHTS: MARSH SPORTS FORUM NEWSLETTER

Issue 5 • 2015

INTRODUCTION

The 2015 summer season brought along a broad set of sports events: from the French Open to Wimbledon, through to the UEFA Champions League and the Rugby World Cup finals. This year, two large competitions were added to the agenda: the European and the Pan-American Games.

The 5th edition of the Sports Forum Newsletter is dedicated to event risks. In addition to the usual event calendar update and news focus, this present edition brings you more information on:

- Geopolitical risk: Its increasing impact on sports and events organizations worldwide, with a special focus on kidnap and ransom insurance.
- Event risk management: The building blocks of a successful event.
- Event risk issues: Some recent incidents.

RECOGNIZING PATRICK VAJDA, SENIOR MEMBER OF MARSH'S SPORTS AND EVENTS PRACTICE

Patrick Vajda, one of Marsh's senior contributors in the field of sports and event risk management, was recently rewarded for his lifetime dedication to sport by the French President François Hollande. Patrick, a former Olympic fencing referee was awarded the Légion d'Honneur, one of France's highest distinctions.

Join us in congratulating Patrick for this accomplishment, and in thanking him for his contributions to Marsh's Global Sports and Events Practice.



GLOBAL SPORTS EVENTS 2015

SCOTTISH CUP SEMI-FINAL MARKED BY REFEREE MISTAKE

Celtic failed to qualify to the Scottish Football Cup Final, losing 1-0 to Inverness Caledonian Thistle. The final score was partly attributed to the referee's mistake, which led to strong complaints from Celtic's players, coach, and management ¹.

6 June - 5 July Women's World Cup Canada

June 2015 NBA Finals USA/Canada

10-26 July Panamerican Games Toronto, Canada

July 2015 Wimbledon London, England

August 2015 US Open New York, USA

February 2015 Super Bowl Arizona, USA

24 May - 7 June 2015 French Open Paris, France

April 2015 Kentucky Derby Louisville, Kentucky, USA

6 June 2015 UEFA Champions League final Berlin, Germany

June 2015 Tour de France

RIO 2016 THREATENED BY SOCIAL PROTESTS AND WATER POLLUTION

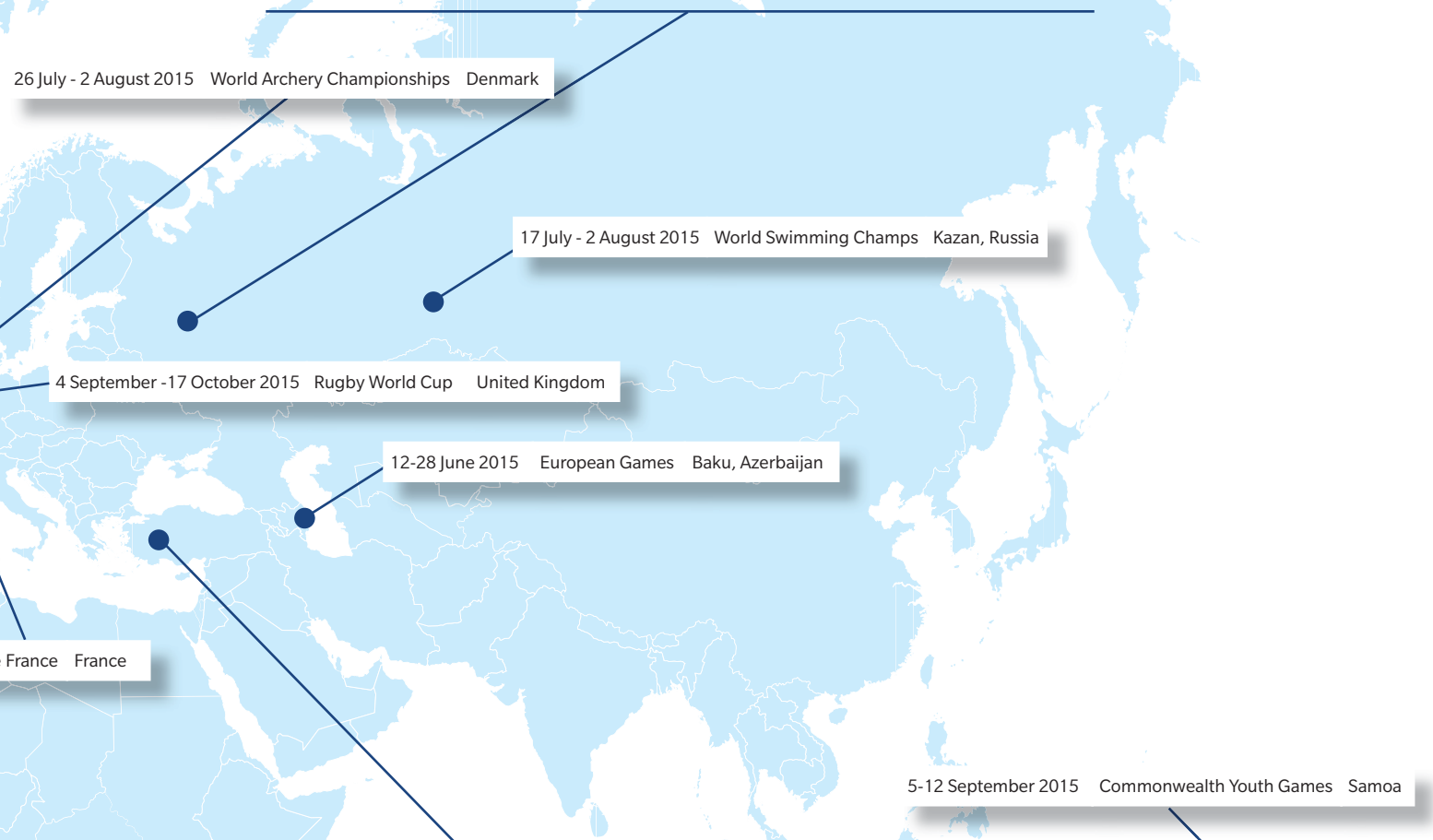
The organizers of Rio 2016 have quite a bit on their plate: from corruption scandals to water pollution, and from social protests to ambitious infrastructure investments. The clock is ticking, and less than 15 months are left to finalize preparations ².

¹ 'Celtic demand SFA explanation for Cup semi-final handball ruling,' available at www.theguardian.com, 20 April 2015.

² 'Rio 2016: Sailing water pollution a concern but golf "on course",' available at www.bbc.com, 5 February 2015.

RUSSIA WORLD CUP: POLITICAL TROUBLE THREATENING THE EVENT

In late March, *The Guardian* featured Ukrainian President Petro Poroshenko's request for his country's allies to boycott the 2018 World Cup in Russia. In addition to international sanctions and a weakened economy, this attack clouds the scenery for the upcoming World Cup hosted by Russia in 2018³.



TERRORIST ALERTS THREATEN SPORTS EVENTS AROUND THE WORLD

On 7 April, the BBC reported the suspension of the Turkish Football League for a week, following a terrorist attack on league champion Fenerbahçe's bus. Government and sports authorities alike are concerned with the security of players and fans. Meanwhile, the Australian Formula 1 Grand Prix took place for the first time under a Level 3 (High) Terrorist Alert⁴.



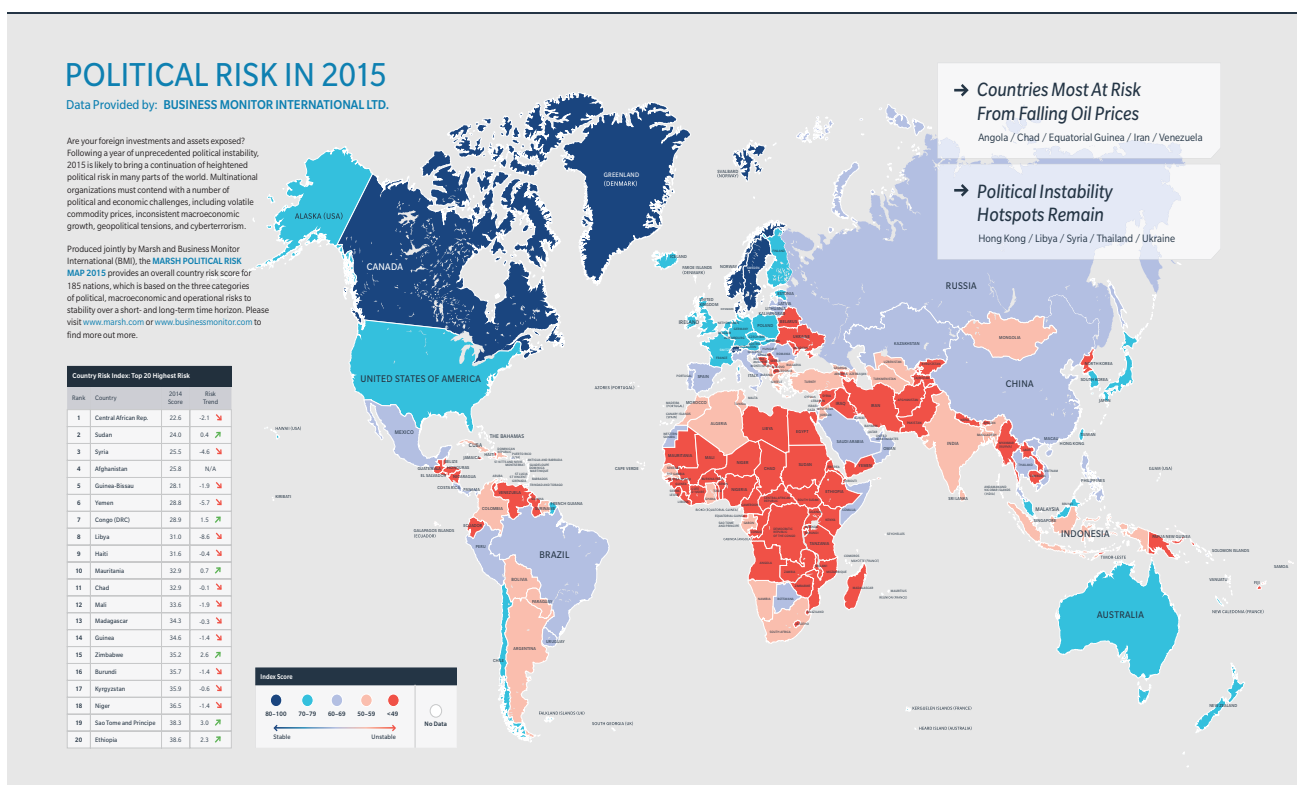
³ 'Ukraine president Petro Poroshenko against Russia boycott, say IOC,' available at www.theguardian.com, 22 April 2015.

⁴ 'Fenerbahçe bus gun attack: Turkish SuperLig suspended,' available at www.bbc.com, 6 April 2015.

GEOPOLITICAL RISK: INCREASINGLY IMPACTING SPORTS AND EVENTS ORGANIZATIONS WORLDWIDE

GEOPOLITICAL RISK IS BECOMING OMNIPRESENT AROUND THE WORLD.

Whether due to terror attacks, social uprisings, or coups d'état, once-safe countries see their safety being increasingly threatened. As a result, there has been a predictable effect upon sports events organized in concerned territories, including a drop in attendance and by uncertainty on behalf of sponsors and teams alike. Nevertheless, organizers can take several measures to minimize the financial and reputational impact upon their events.



ANALYZING THE EXACT SITUATION OF THE COUNTRY HOSTING THE EVENT

Marsh, in collaboration with Business Monitor International (BMI), issues an annual report analyzing geopolitical risk. The map above emphasizes the developments of geopolitical risk in 2015, and can provide useful information for event organizers, associations, and teams travelling to these territories.

PROTECTING YOUR KEY ATHLETES AND CONTRIBUTORS: A SPECIAL FOCUS ON KIDNAP AND RANSOM INSURANCE

Every year, thousands of people are kidnapped worldwide and an unquantifiable number of individuals receive threats, suffer from extortion, or disappear without explanation. Sports and events organizations with a worldwide footprint and intense travel schedules are particularly vulnerable to hostile incidents and events.

Often travelling to remote areas of territories that are suffering political instability and socio-economic hardships, athletes become a target for organized criminal gangs, opportunistic kidnappers/extortionists, and/or terrorist groups.

The trauma this inflicts on victims and their families is extreme. For a sports or events organization, this can also have devastating consequences for its assets and reputation. Games and competitions may suffer delay, or be forced to terminate, and the negative impact on a company's finances can be vast.

THE VALUE OF MARSH'S KIDNAP AND RANSOM PROTECTION PLAN

The real value of using our team lies in the creation of your tailored insurance policy. Our team works with you to look at the territories in which you operate, the appropriate coverage extensions, and the most suitable response. We also analyze your existing insurance policies to determine where you have gaps in cover. We combine this service with Marsh's pre-incident capability, which works with you to coordinate a central crisis management approach. This means that, if an incident occurs, you are in the best position possible to deal with that threat.

MARSH'S KIDNAP AND RANSOM PROTECTION PLAN OFFERS:

- Unlimited 24-hour access to experienced, specialist response consultants.
- Reimbursement of ransom paid and ransom lost in transit.
- Legal liability and defence costs.
- Support to continue operations and indemnify lost income. This includes the cost of lost income resulting from extortion, salary payments for replacement staff, and the cost of temporary security measures that have been made on the recommendation of response consultants.
- Additional expenses, including victims' salary costs, public relations consultant costs, psychiatric care, and rest and rehabilitation expenses.
- Central crisis management coordination, helping you to manage the media, families, local authorities, etc.

KEY BENEFITS OF THIS COVER:

- Broad and bespoke coverage from Marsh's wording.
- Pre-incident work: An expert works with you to look at your key risks and help you to coordinate a central crisis management approach. A total of 10% of all premiums may be put towards this crisis prevention work.
- Claim settlement: Strong market influence and the ability to ensure claims are settled promptly, securing the most suitable solution for you.
- Competitive pricing: Our market influence and multiple-market approach allows negotiation for the broadest cover and optimal pricing levels.

EVENT RISK MANAGEMENT: THE BUILDING BLOCKS OF A SUCCESSFUL EVENT

From a large sporting event or music festival to a small indoor competition, an event brings together a unique combination of factors, including performers, organizers, suppliers, spectators, and sponsors. Inherently, organizing and hosting an event involves a high degree of uncertainty and potential risk.

With an increase in the number of events being held, along with a continuing focus on risk management and controls for safety and emergencies, effective event management is becoming a top priority and a significant concern for event owners and organizers.

Marsh's Global Sports and Events Practice acts as an extension of your staff, with a focus on risk and insurance issues, allowing you to focus on your primary task – producing outstanding events.

EVENT RISK ANALYSIS

Every event comes with a variety of risk issues that could potentially impact normal operations and cause an interruption and/or a financial loss, of both an insurable and non-insurable nature. To assist event owners, Marsh has developed an event risk analysis (ERA) tool that evaluates the effectiveness of risk management controls for any event.

Marsh's ERA tool looks at risk management under the following key areas:

	Security
	Information technology
	Environmental
	Financial and management
	Contracts
	Site services
	Loss control (health and safety, fire, medical)
	Emergency response planning

The ERA tool examines the current risk management controls in place and evaluates them using a categorized risk rating. The risk rating is based upon an evaluation of the effectiveness of the existing controls that are currently in place, such as policies, procedures, transfer mechanisms, or physical measures that are designed to reduce the magnitude of the risk's impact and/or the likelihood of it occurring.

Risk ratings are derived from a benchmark of the reviews of risk controls used by other major events and venues. This benchmark experience includes the Summer and Winter Olympics, Commonwealth Games, international sport stadiums, sports tournaments and championships, and music concerts.

BENEFITS OF AN EVENT RISK ANALYSIS:

- Affords confirmation as to whether or not existing risk management controls will be effective.
- Provides a benchmark of risk management controls against similar major events and venues.
- Outlines risk improvement recommendations that will assist in the operational planning of an event.
- Is an effective risk management tool to control and reduce insurance premiums.
- Demonstrates that a robust risk management programme/ approach is in place.

SPORTS AND EVENT RISK ISSUES

SPORTS EVENT CANCELLED DUE TO “THREAT” OF TERRORISM

30 APRIL 2015

German police reported foiling an attempted terror attack at the 2015 Eschborn-Frankfurt City Loop cycling race in Frankfurt, Germany. Reports stated that a 35-year-old man and a 34-year-old woman had been arrested in a “Boston Marathon style” terrorist plot to the famed cycling race, at which thousands of fans were expected to attend. The pair were suspected to be Islamic extremists.

A press release issued by the State Office of Criminal Investigation in Hesse stated: “Due to the currently still unclear threat situation and the respect for tomorrow’s cycling, this event had to be cancelled for safety reasons. Many people are looking forward, as many years, to tomorrow’s tradition event. But with all sporting attractions – because of the risk evaluation and the fact that at the moment still too many questions remain open - the security is essential at this time!”⁵

SWISS LAWMAKERS APPROVE MORE FINANCIAL SCRUTINY OF SPORTS OFFICIALS

Swiss lawmakers have passed a bill that would subject sports officials to more financial scrutiny by banks in Switzerland.

Switzerland is responding to years of corruption allegations with a set of laws that have become known as “Lex FIFA”, which aim to tighten oversight of the approximately 60 sporting bodies based there.

The bill is designed to fight money laundering and is based on guidelines set up by the inter-governmental Financial Action Task Force (FATF).

The bill now includes wording saying that FIFA head Sepp Blatter and other sports executives, such as International Olympic Committee President Thomas Bach, should be treated as “politically exposed persons” – a term justice officials use to define those in positions that could be abused to launder money.⁶

CHANGES TO THE WORLD ANTI-DOPING CODE (WADC) 2015

An amended version of the WADC was introduced on 1 January, 2015 and now includes the following significant changes.

WHEREABOUTS PERIOD SHORTENED

The period for a whereabouts missed test and/or filing failure has been shortened from 18 to 12 months. Any combination of three missed tests and/or filing failures, as defined in the International Standard for Testing and Investigations, within a 12-month period by an athlete in a Registered Testing Pool.

PROHIBITED ASSOCIATIONS

A new section – Article 2.10 “Prohibited Associations” – prohibits an athlete from associating with another athlete or athlete support person who has previously committed an anti-doping rules violation. This provision is uncharted territory. An athlete has never before been charged with an anti-doping rules violation for merely associating with someone else.

TESTING METHODOLOGIES NOW “SCIENTIFICALLY VALID”

Analytical methods or decision limits approved by the WADA are now presumed to be “scientifically valid.” This new standard will make it more challenging for athletes to successfully demonstrate that testing procedures are unreliable (such as Estonian cross-country skier Andrus Veerpalu did in 2013 when a Court of Arbitration for Sport (CAS) Panel exonerated him and found that the WADA’s decision limits for testing hGH were scientifically unreliable).

STRAIGHT TO COURT OF ARBITRATION FOR SPORT (CAS)

The 2015 Code allows for a first instance hearing before a national anti-doping organization or international federation to be bypassed for a single hearing before CAS. All parties must consent.

FOUR YEAR SANCTION FOR “CHEATERS”

“Intentional dopers” who “cheat” will be sanctioned for four years under the new 2015 Code.

LESSER SANCTIONS FOR “UNINTENTIONAL DOPERS”

“Unintentional dopers” (not “cheaters”) who unknowingly take a banned substance by, most commonly, ingesting an undisclosed substance in a dietary supplement, have greater opportunity for a reduced sanction under the new Code.⁷

⁵ ‘BREAKING NEWS: Eschborn-Frankfurt cycling race is cancelled due to terror threat,’ available at www.universalsports.com, April 30 2015.

⁶ ‘Swiss lawmakers approve more financial scrutiny of sports officials,’ available at www.reuters.com, December 12 2014.

⁷ ‘A short guide to the changes under the World Anti-Doping Code 2015,’ available at www.lawinsport.com, February 4 2015.

FOSTERING DIALOGUE: THE MARSH SPORTS AND EVENTS COMMUNITY

Marsh's global Sports and Events Practice serves a multitude of clients worldwide. In order to share best practices, and find out more about our activities and customized risk and insurance solutions, we'd like to invite you to join our Marsh Sports Forum on LinkedIn.

Join our LinkedIn group [here](#).

CONTACTS

For further information, please contact:

RICHARD TOLLEY
EMEA Sports and Events Practice Leader
T: +44 (0) 121 623 1389
M: +44 (0) 7774 985 580
richard.n.tolley@marsh.com

LENNOX BATTEN
Managing Director, Personal Accident,
Contingency and Events Practice
T: +44 (0) 207 357 3054
M: +44 (0) 7775 674 534
lennox.batten@marsh.com

WARREN HARPER
Global Sports and Events Practice Leader
T: +1 404 995 3556
M: +1 404 200 7878
warren.h.harper@marsh.com

The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such.

In the United Kingdom, Marsh Ltd is authorised and regulated by the Financial Conduct Authority.

Copyright © 2015 Marsh Ltd All rights reserved.