



# EUROPEAN SPORTS AND EVENTS RISK AND INSURANCE BENCHMARKING REPORT

1ST EDITION, DECEMBER 2014



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# INTRODUCTION

Marsh is pleased to present you with the first *European Sports and Events Risk and Insurance Benchmarking Report*. The report is based on responses received from sports and events organizations that participated in the online European Sports and Events Risk and Insurance Benchmarking Survey.

Our analysis enables us to present sports and events organizations with:

- An overview of some of the current key risks in the sector.
- An overview of risk management strategies across the European landscape.
- An indication of insurance-buying behaviors, including coverage and limits.
- A breakdown of claims in terms of severity and financial impact.
- An indication of the total cost of risk (TCOR) by type of organization.

Based on the figures presented in the report, we notice that risk awareness and management cultures vary widely based on organization types and geographies. While more than 70% of surveyed risk managers rate financial exposure as a key risk to their organizations, risk management measures remain focused on operational exposures. These results point towards a growing need for risk and insurance solutions for financial liabilities and loss of profit.

On a positive note, most organizations note a stagnation or even decrease in premium levels, together with low claims figures, both in terms of value and frequency. The average TCOR for the insurance lines reviewed varies widely: Event venues report the highest costs (in the range of EUR1.5 million) and national governing bodies the lowest (in the range of EUR150,000).

We hope this report will help sports and events organizations to make better-informed decisions in terms of risk management and insurance buying.

Richard N. Tolley  
EMEA Sports & Events Practice Leader

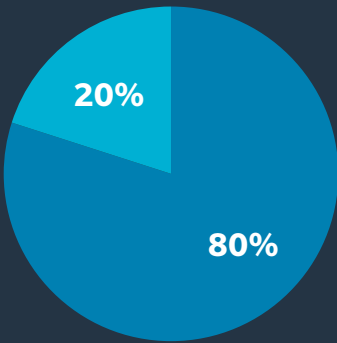
*Disclaimer:*  
*The present report focuses on recommendations based on key trends and should therefore not be viewed as an in-depth overview of the market, nor as risk advice that in any way takes into account or is based on the specifics of your organization.*

# ORGANIZATIONAL PROFILES

This report is based on data collected from four key types of sports and events organizations that responded to the online European Sports and Events Risk and Insurance Benchmarking Survey: national governing bodies, international federations, sports and events venues, and event organizing committees.

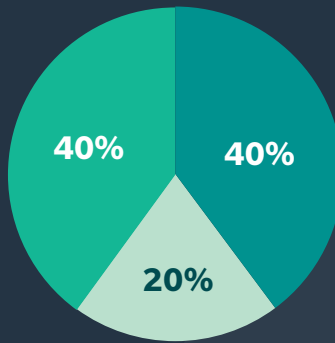
## NATIONAL GOVERNING BODIES - 22% OF RESPONDENTS

ANNUAL REVENUE



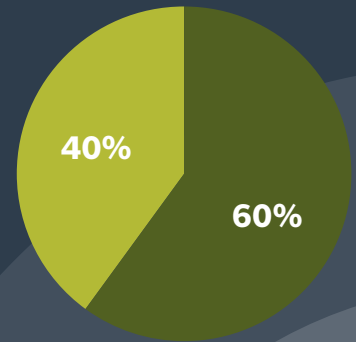
- < EUR5 million
- EUR5 million - EUR15 million

NUMBER OF EMPLOYEES



- < 25
- 25-50
- 51-100

NUMBER OF MEMBER ASSOCIATIONS

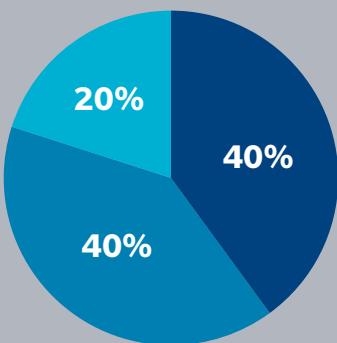


- < 25
- > 150

22%  
37%

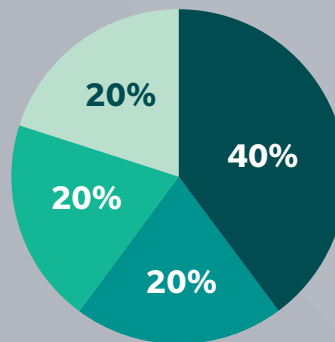
## INTERNATIONAL FEDERATIONS - 37% OF RESPONDENTS

ANNUAL REVENUE



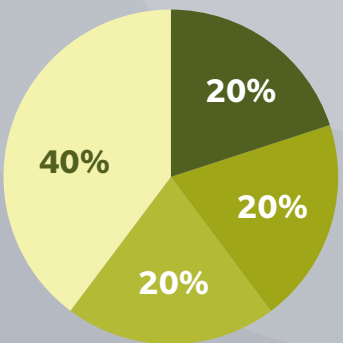
- < EUR5 million
- EUR15 million - EUR50 million
- > EUR50 million

NUMBER OF EMPLOYEES



- < 25
- 25-50
- 51-100
- > 100

NUMBER OF MEMBER ASSOCIATIONS



- < 25
- 25-75
- 76-150
- > 150

# EVENT ORGANIZING COMMITTEES - 22% OF RESPONDENTS

The average event organizing committee responding to this survey has the following features:

**2-10**  
**SPORTS**

**2-10**  
**VENUES**

**< 500**  
**ATHLETES**

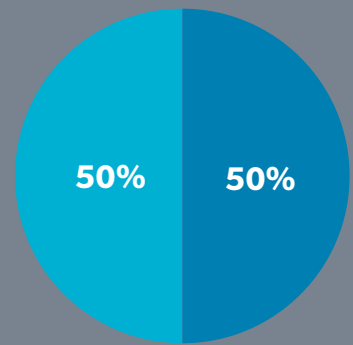
**< EUR**  
**1 MILLION**  
**BUDGET**

**< 1,000**  
**VOLUNTEERS**  
**USED PER**  
**EVENT**

22%  
19%

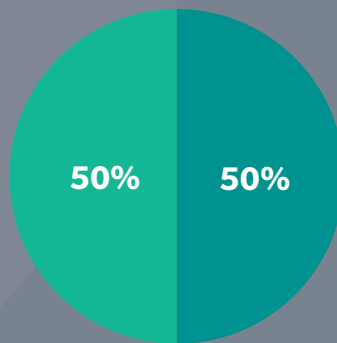
SPORTS AND  
EVENTS VENUES -  
19% OF RESPONDENTS

SEATING CAPACITY



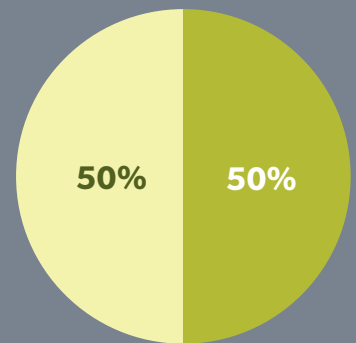
■ 10,000 - 25,000  
■ 25,001 - 65,000

TYPE OF VENUE



■ Indoor  
■ Outdoor

TYPE OF EVENTS



■ Sports only  
■ Sports and other events

# SPORTS AND EVENTS RISK LANDSCAPE

## TOP RISKS

European-based sports and events organizations face a wide variety of risks. Financial factors, such as loss of funding, TV rights, prize money increases, and investment devaluation risk, have been identified by more than 70% of risk managers as key exposures to their organizations.

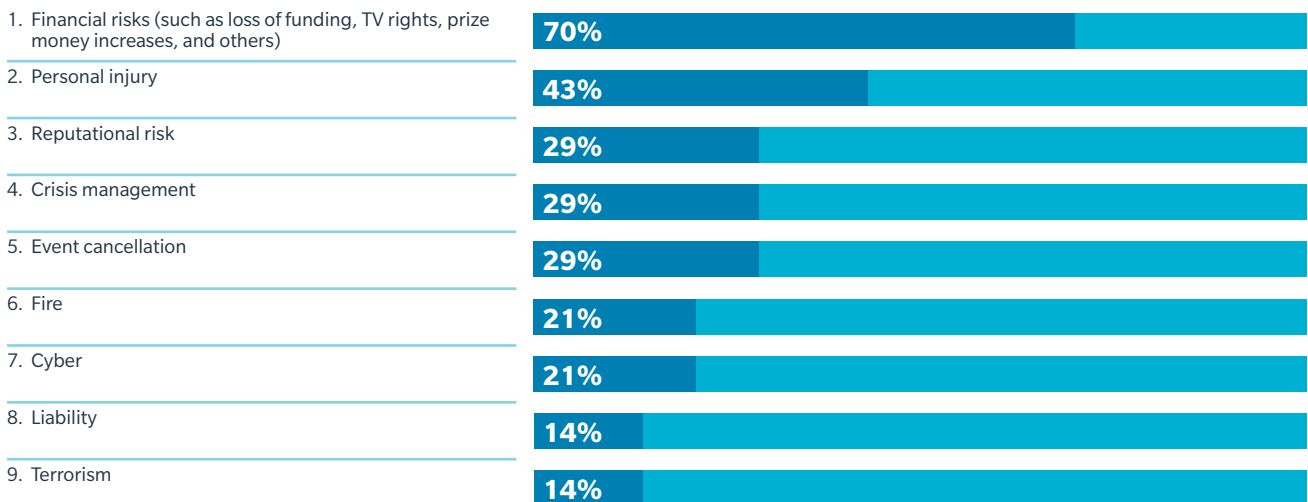
Personal injury is identified as a top five risk; it appears, however, to be one of the best-mitigated ones, with 80% of national governing bodies and 71% of international federations, respectively, purchasing personal accident and travel and medical coverage.

Respondents rate reputational risk as high as event cancellation and crisis management. While reputational risk is not immediately transferrable to the insurance market, internal mitigation measures can make a difference for organizations, particularly in the sports and events industry.

A crisis situation is deemed to be a key risk by 29% of respondents; a figure that is in line with the 43% whose organizations already have a crisis management plan in place, and the 36% which have established a training program on the topic in their teams.

Fire, a traditional risk, is considered to be as high a priority as cyber, an emerging one. One out of five risk managers surveyed included these risks among the top five that face their organizations. A total of 71% of organizations surveyed have property damage and business interruption (PD/BI) insurance, with the percentage reaching 100% for event venues. However, with only certain exposures included under PD/BI, third party liability, and crime policies, cyber risk remains underinsured.

Terrorism and liability are considered to be the lowest risks by respondents, with each listed as a key risk by 14% of respondents. However, terrorism is one of the best-insured risks, with 71% of organizations having a specific terrorism cover under their PD/BI policy.

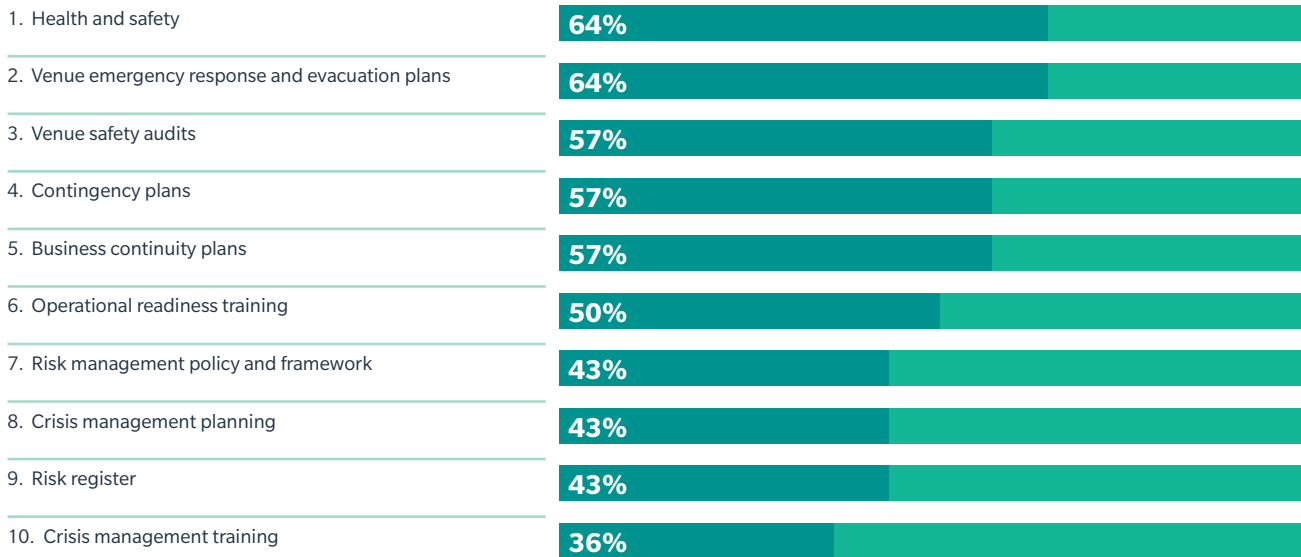


\*Results displayed above illustrate the percentage of respondents, not the percentage of responses.

## RISK MANAGEMENT CULTURE

Overall, 50% of surveyed organizations have conducted a written strategic risk assessment of their operations in the past two years, with national governing bodies rating slightly higher at 60%. With strategic risk assessment a key tool in identifying key exposures and designing an adequate risk management strategy, it is surprising that only one out of two of respondents' organizations have undertaken this process in the past two years.

In terms of the risk management measures already in place, European sports and events organizations appear largely focused on mitigating operational risks rather than strategic ones.



\*Results displayed above illustrate the percentage of respondents, not the percentage of responses.

## DAY-TO-DAY RISK AND INSURANCE MANAGEMENT

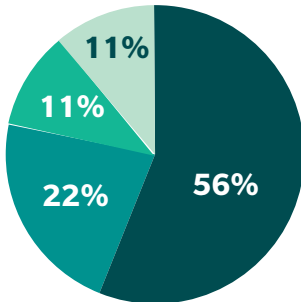
When it comes to day-to-day risk and insurance management, including claims handling, only 29% of risk managers benefit from dedicated IT software. While our experience suggests that most organizations across Europe have a risk and insurance

management platform with certain claims handling and reporting capabilities in place, it would appear that the sports and events industry is less advanced from this perspective.

## PREMIUM EVOLUTION AND CLAIMS DATA

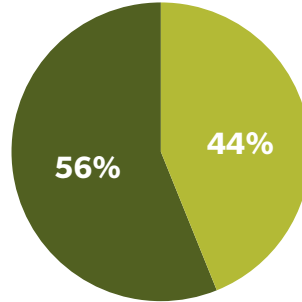
There is good news in terms of premium evolution: More than half of respondents (56%) report stable premium costs over the past three years, with only 33% having experienced increases.

### CLAIMS FREQUENCY



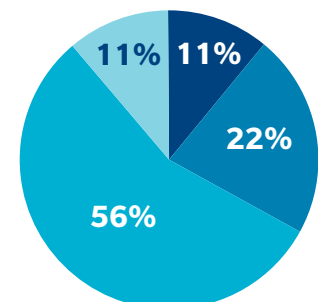
- <10 per annum
- 10-50 per annum
- 51-100 per annum
- 101-500 per annum

### LARGEST LOSSES



- <EUR50,000
- EUR50,000 – EUR250,000

### PREMIUM EVOLUTION

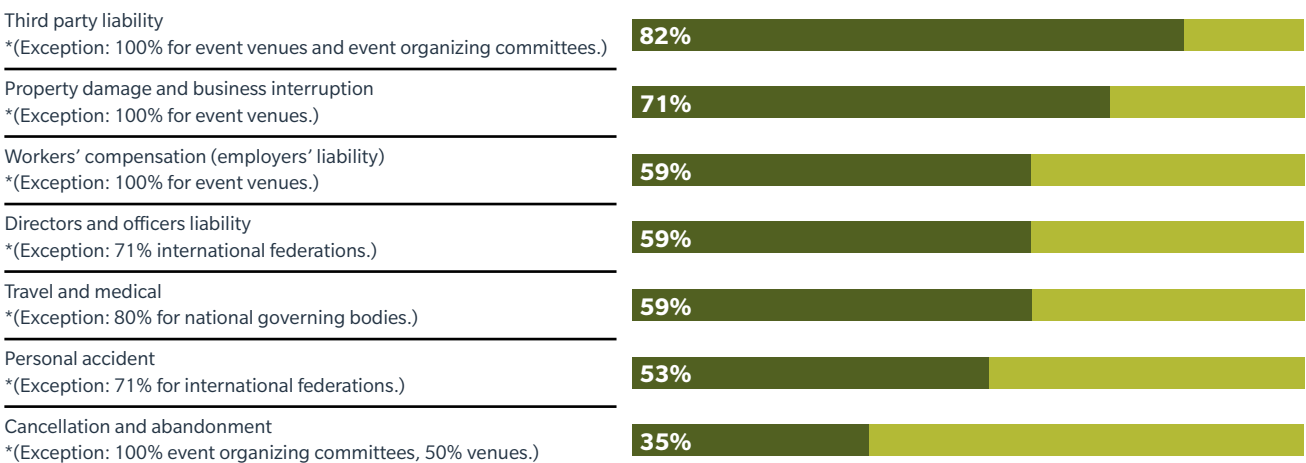


- Significant increase
- Increase
- Remained the same
- Decrease

National governing bodies appear to have experienced the highest premium cost fluctuations, with 67% of respondents reporting increases. A potential reason for this situation may be the claims frequency reported by national governing bodies – 60% of which average more than 50 claims per year, compared to a European average of fewer than 10. In terms of claims, frequency appears to be generally low: 78% of organizations report fewer than 50 claims per year. Claims costs are equally low, with no claim of more than EUR250,000 having been reported by respondents over the past 10 years.

## SPORTS AND EVENTS INSURANCE COVERAGE

Sports and events risk managers were surveyed with regards to their insurance buying strategies. Seven main insurance lines relevant to the industry were included in the analysis. Out of these, third party liability, personal accident, property damage, and business interruption have the highest coverage rates, with cancellation and abandonment cover mainly being bought by event organizing committees and venues.



\*Results displayed above illustrate the percentage of respondents, not the percentage of responses.



# TOTAL COST OF RISK (TCOR)

We have computed, based on the information collected, sports and events organizations' average total cost of risk for property damage and business interruption, third party liability, workers' compensation (employers' liability), and directors and officers (D&O) liability. Overall, national governing bodies appear to have the lowest average total cost of risk, with venues topping the list in terms of insurance-related expenditure.

## AVERAGE TCOR

### SPORTS AND EVENTS VENUES



### EVENT ORGANIZING COMMITTEES



### INTERNATIONAL FEDERATIONS



### NATIONAL GOVERNING BODIES

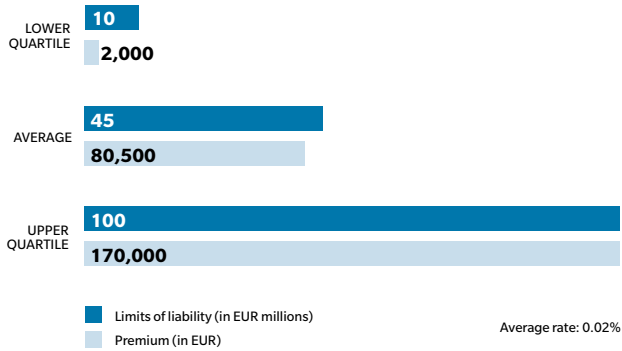


The following pages include an analysis of existing coverages and premium expenditure per type of organization.

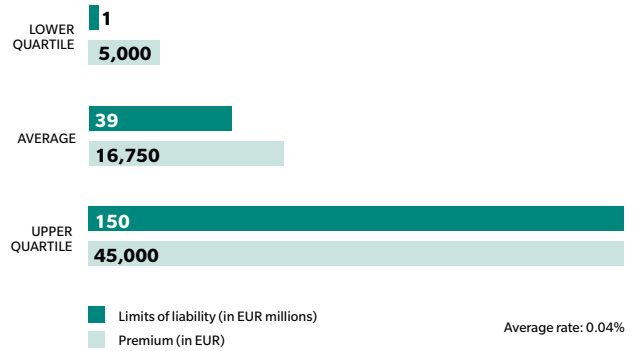
# NATIONAL GOVERNING BODIES

National governing bodies report the lowest average total cost of risk (estimated at EUR114,250), with third party liability counting for the largest expenditure.

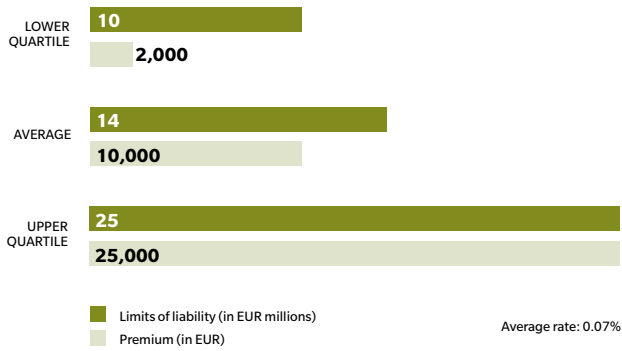
## THIRD PARTY LIABILITY



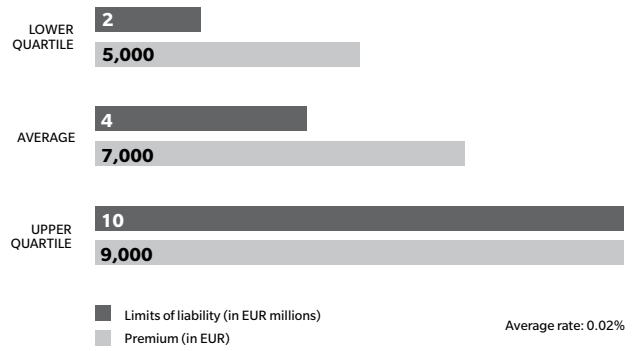
## PROPERTY DAMAGE/BUSINESS INTERRUPTION



## WORKERS' COMPENSATION



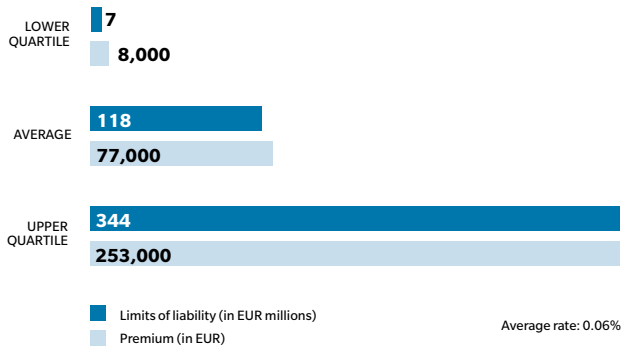
## DIRECTORS AND OFFICERS



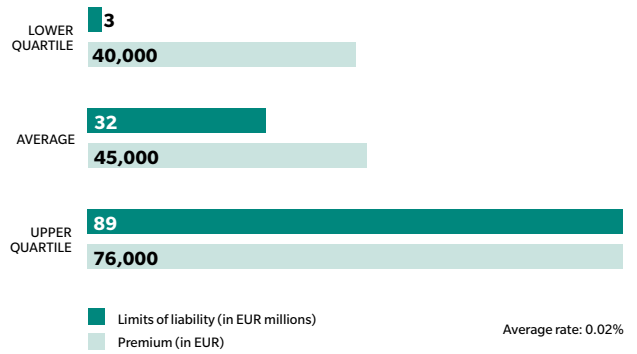
# INTERNATIONAL FEDERATIONS

International federations, with an average TCOR of EUR227,667, divide the bulk of their expenditure between third party liability and directors and officers liability.

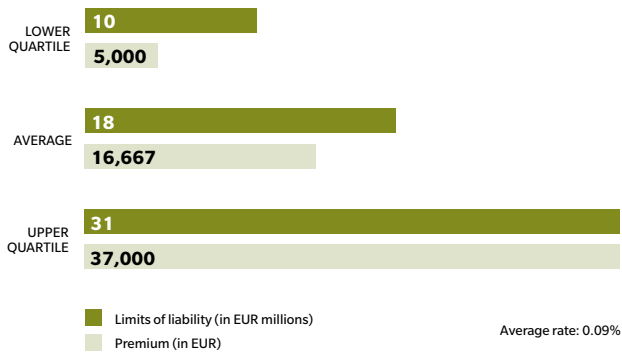
## THIRD PARTY LIABILITY



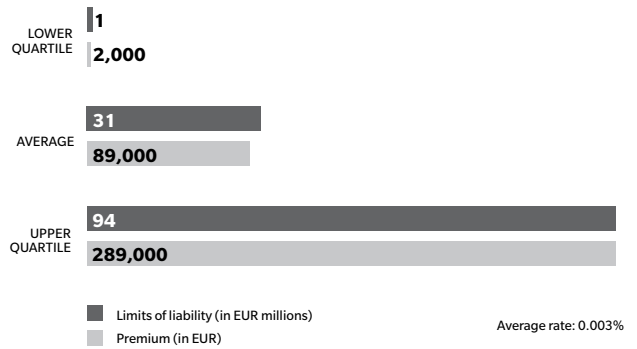
## PROPERTY DAMAGE/BUSINESS INTERRUPTION



## WORKERS' COMPENSATION



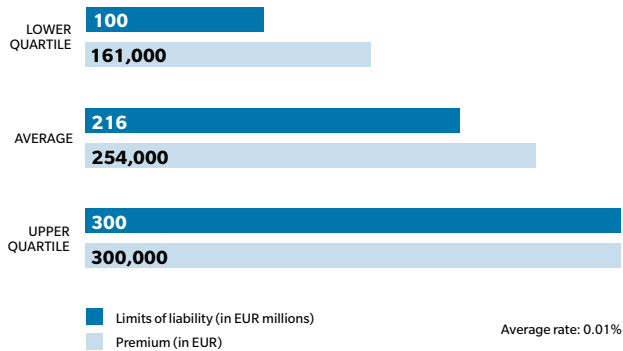
## DIRECTORS AND OFFICERS



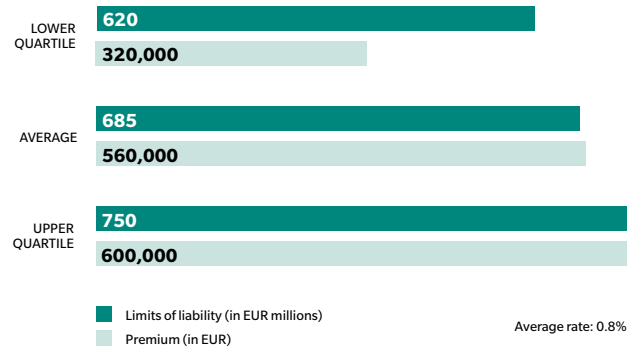
# SPORTS AND EVENTS VENUES

Sports and events venues report the highest average TCOR, with insurance-related spending exceeding EUR1 million. This high average total cost of risk is explained by the organizational profile and high exposures in terms of property damage, business interruption, and third party liability.

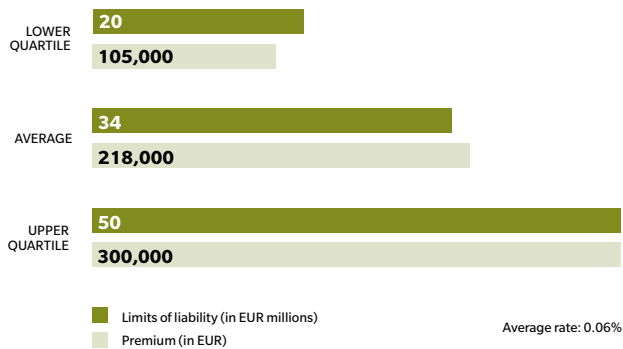
## THIRD PARTY LIABILITY



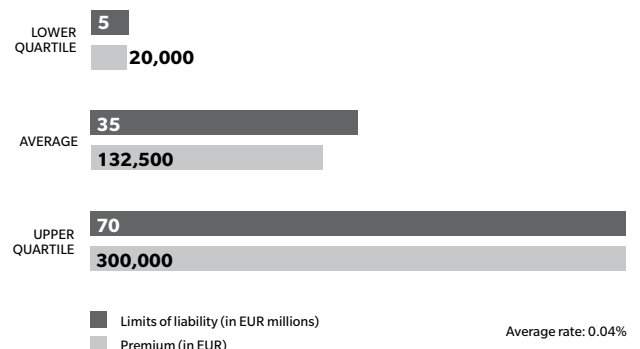
## PROPERTY DAMAGE/BUSINESS INTERRUPTION



## WORKERS' COMPENSATION



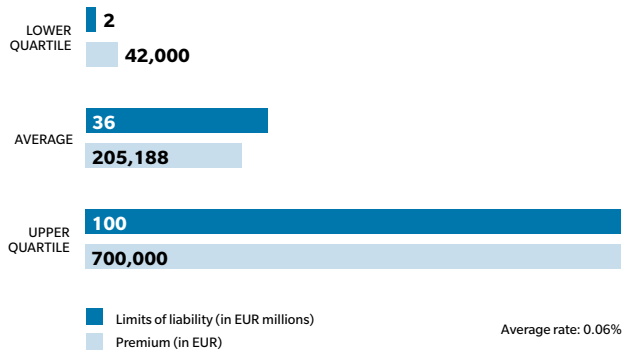
## DIRECTORS AND OFFICERS



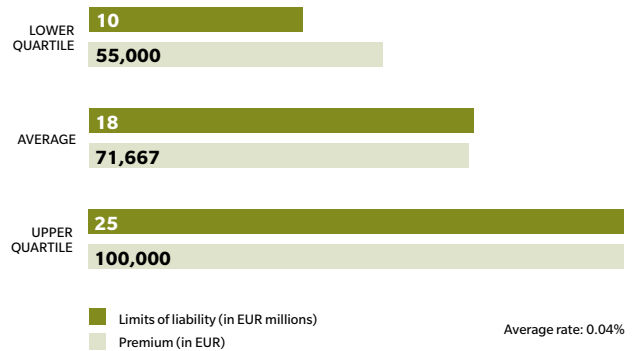
# EVENT ORGANIZING COMMITTEES

Reporting an average TCOR of EUR301,088, in line with to international federations, event organizing committees direct the majority of their spending to third party liability and workers' compensation.

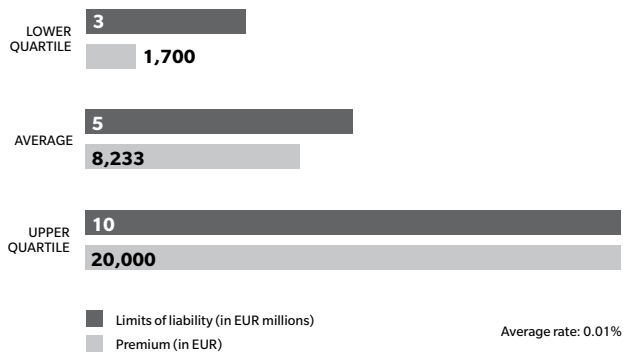
## THIRD PARTY LIABILITY



## WORKERS' COMPENSATION



## DIRECTORS AND OFFICERS









For further information, please contact your local Marsh office or visit our website at [uk.marsh.com](http://uk.marsh.com)

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