



2021
Partner
Member



RAISING THE CURTAIN ON 2021

A SPOTLIGHT ON INSURANCE

As UK Theatre’s sponsor and broker partner Tysers offers insurance support, guidance and advice to UK Theatre’s members.

Over the past ten months the theatre industry has had to respond to a myriad of challenges.

One such challenge was the exclusion from insurers’ policies of communicable diseases which left many venues and shows without cover during the pandemic.

This article outlines what has happened in the insurance market, why certain covers are now more difficult to purchase and more expensive, and advise UK Theatre members on how to obtain the best terms in the current hard market conditions, as the sector moves towards raising the curtain during 2021.

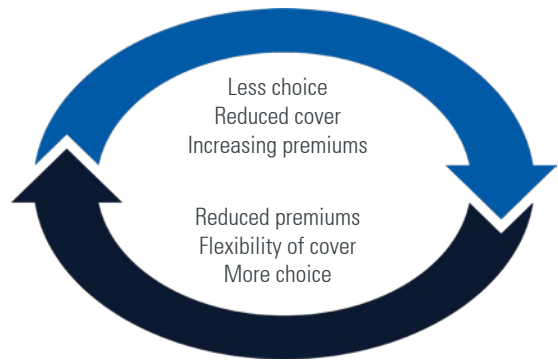
WHAT IS A HARD MARKET?

Insurers operate in a cyclical market that runs from ‘soft’ to ‘hard’.

Soft markets are characterised by lower premium rates, better levels of coverage, flexibility of terms, more availability and stiffer competition among insurers. All these factors present favourable procurement conditions for theatres and the performing arts.

In contrast, in a hard market there is less desire for growth, insurers lose their appetite, competition reduces, premiums increase, and terms and conditions of coverage are more restrictive. This environment is challenging to (re)insurers, brokers and venues and productions alike.

Hard Market Characteristics



Soft Market Characteristics

A hard market occurs when positive financial results are difficult to achieve for (re)insurers. Several elements may combine to cause a hardening market including (but not limited to):

- Falling investment returns for insurers;
- Insurers paying out more in losses and expenses than they are collecting in premium;
- Changes in the frequency and severity of insured catastrophes;
- Regulatory intervention;
- Increasing reinsurance costs; and
- An increase in fraud

COVID-19 COMPOUNDS A HARDENING MARKET

Prior to the pandemic market conditions were hardening, but the impact of the pandemic will simply serve to make the situation more acute and prolonged.

In April John Neal, CEO of Lloyd's of London, observed that the pandemic was "no doubt the largest insurance challenge the industry has ever faced".

The Association of British Insurers (ABI) has predicted that the UK insurance industry will incur £900million of cost for COVID-connected claims, as well as £275million for travellers required to cancel trips.

HOW LONG WILL THE HARD MARKET LAST?

It is difficult to predict, usually market fluctuations indicate each insurance 'season' lasting anywhere between two to ten plus years but the economic impact of COVID will be unprecedented.

WHAT CHANGES HAVE WE SEEN?

During 2020 Tysers have, unfortunately, seen premiums increase on some types of insurance by as much as 100%. They have also observed increases in excess amounts and several markets declining to quote for risks, which previously, they would have covered.

So, it is now more important than ever that your risks are effectively presented to insurers to ensure you secure the most competitive terms and premiums.

HINTS & TIPS TO SUPPORT THE ACHIEVEMENT OF BETTER RENEWAL RATES

1. Engage early

The first signs of trouble for an insured is at renewal when they receive a request for an increased premium for the same or more limited cover than previously enjoyed, leaving no time to consider alternatives.

Engaging early with a specialist broker like Tysers will help highlight any potential issues and perhaps provide access to different insurance markets offering you more options. Starting between 6-8 weeks prior to renewal should now become a minimum. A rushed insurer is likely to decline a risk but leaving them good time may generate a more favourable response.

2. Prepare your case

Gather the necessary data and work with your broker to complete any required forms in detail and accurately. Your presentation is often the first insight insurers will have of your risk profile. In a hardening market the time underwriters spend considering each case reduces significantly. Having a well prepared and detailed presentation can help ensure your portfolio is the one they select to insure.

3. Don't hide your challenges

If you have a declining claims experience, for example an issue with water damage claims, or a trend of trips and slips, this

can be problematic. Address these high-risk areas head on and provide insurers with your plan and actions for remediation. Insurers take a more positive approach to proactive risk management. Tysers can provide support with your presentation.

4. Volunteer information

Don't stop at providing the basic information requested on forms or by your broker. Insurers appreciate the details and desire quality. If you have positive risk management measures in place, quality assurance and training procedures etc. then highlight these and include evidence. This will demonstrate your superior approach to risk mitigation, this isn't often seen during an insurance exercise and will attract increased competition and lower premiums.

THE SECURITY OF A FIXED RATE

As UK Theatre's partner broker Tysers has worked together with them and Ecclesiastical Insurance to provide a bespoke policy for venues. This policy not only provides you with enhanced cover and benefits but can also provide a 3-year fixed rate agreement.

At this time of great uncertainty fixing your rates could be an advantage, as it will ensure (subject to loss ratio), that your rates are agreed through uncertain times over the next 3 years.

BENEFITS OF THE FACILITY

Our exclusive facility, underwritten by Ecclesiastical, provides the following benefits:

- Buildings Valuation at no additional cost*
- Interest Free Instalment Facility (12 months)
- Fixed Rate Agreements**
- Low Claims Rebate**
- Low or no excess under Business Interruption
- All Risks' property cover including Full Theft
- Automatic cover for theatrical property away from Premises+
- Worldwide Liability
- Contract Works+
- Archaeological costs+
- Planning costs (listed buildings)+
- Machinery and computer breakdown including the failure of a safety curtain
- Reputational risk

* Subject to qualifying criteria | + Limit applies | ** Terms and Conditions apply

Should you have any concerns about the potential impact to any of your existing insurance policies or would just like to know more about the UK Theatre Insurance facility please contact:

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