

[TWEET](#)[SHARE](#)

AON EXPLORES THE WORLD'S MOST PRESSING BUSINESS ISSUES



RISK & INNOVATION

Seven Things You Might Not Know You Can Insure



OVERVIEW

Noses, teeth, voices, satellites and wedding days are some of the less well-known things which can be insured. The range of insurance coverage available is as wide as the variety of things people value. Beyond physical items, major events – like the World Cup, Super Bowl, Academy Awards and large-scale concerts – require equally unique policies to cover a range of contingencies.

The range of things that can be insured is as various as the risks that can be valued. Aon's Global Risk Management Survey identifies the risks companies face, and tracks how they are changing. As new technologies are adopted, new risks emerge – and the latest Survey paints a picture of an industry which is continuing to adapt. "Body parts and satellites may seem out of the ordinary to some today", says Glenn Dorr, Regional Director, Northeast U.S., Lloyd's of London, "but we're about to see some truly fascinating technologies change the way we think about insurance.

Here are seven things you may be surprised to learn are insurable:



IN DEPTH

1) Major Sporting Events

Major sporting events such as the World Cup and the Super Bowl are massive operations, generating billions of dollars across team franchises, sponsors and ticket sales. They are also bonanzas of risk. There are plenty of things which can go wrong – and there is insurance for most of them.

3.2 billion people watched the 2014 Soccer World Cup and the tournament was insured for an estimated \$2 billion for cancellation due to unforeseen circumstances. Individual ticketing agencies took out insurance worth more than \$100 million, to be paid out in the event of poor ticket sales, cancellations or cyber-attacks. Surprising new kinds of insurance also appeared. Dubbed , fans in China could insure against their team being eliminated prematurely.

The risk of kidnap necessitated valuations of each national team. London insurers Lloyd's used the value of players' contracts, wages, endorsement deals and other indicators to value each player. The winning German team were the highest valued, with an estimated insurable value of \$1.1 billion. The Super Bowl is another multi-billion-dollar event. Associated risks which can be insured "include damage to city property and local businesses, for example from frenzied fans celebrating a little too much", according to Michael Drayer, CEO of Aon Risk Solutions, Global Entertainment Group.

After Minneapolis was chosen to host the 2018 Super Bowl, a local newspaper published a copy of an NFL submission to the city, which offered insight into the extent of these risks. The stadium itself was heavily insured from a property perspective, and there was also insurance against cancellation or postponement because of unexpected external events. One report calculated that the total insurance requirement was "an absolute bare minimum of \$350,000,000".

2) Entertainer No-shows

"Non-Appearance Insurance" is often available as an option when insuring against event cancellation. However some events, such as major music tours, are so dependent on the appearance of one individual that it is a category of insurance in its own right.

In 2013, Lady Gaga called off the remaining dates of her U.S. tour when a tear in her hip muscle left her unable to walk. Her previous year's tour had grossed over \$160 million, so the prospect of issuing refunds was a considerable concern for the Global Touring Company.

The dynamics of today's music industry has exacerbated dependence on live appearances. The value of recorded music has plummeted, due in part to online distribution, while the value of tickets for live concerts has increased. "The performance itself – and the entertainer – is essential", explains Jonathan Thomas, Head of Specialty at Munich Re. Global revenues from recorded music were \$15 billion in 2015, following a long decline – whereas revenue from live music climbed to \$29 billion the same year. As a result, non-appearance coverage has become more common.

Any event dependent on the health of an individual – from celebrity appearances to Papal visits or major sporting events – can be insured.

3) Wedding Days

Weddings are among the largest financial outlays of a person's life. And according to the New York Times, about a quarter of a million engagements in the U.S. do not end in marriage. As unromantic as it may seem, some companies offer wedding insurance.

Wedding insurance is not just about the wedding not going ahead. There are many aspects of the big day that can be insured, because so many things can go wrong. Some wedding insurance companies insure gifts, jewelry, loss of deposits, issues with photographs and video, rented property and attire, and even professional counseling.

Various policies exist dependent on the company and most provide financial reimbursement for covered claims to protect the large financial investment made into the wedding. These programs can offer coverage for cancellations or postponements, if an "I do" turns into an "I can't".

4) Body Parts

The insurance of individual body parts frequently attracts questions regarding the potential payout of certain body parts. Thomas of Munich Re explains that sometimes “the commercial value of the ‘body part’ can exceed other parts of their body”.

For instance, someone with a particularly distinctive physical feature – like British comedian Ken Dodd’s iconic buck teeth – may lose a core part of their revenue-generating ability if that body part is damaged. In the 1930s, actor and singer Jimmy “the Schnozzle” Durante had his nose insured for \$140,000 – about \$2.5 million today – as its extraordinary size was judged to be a key part of his fame. Even the nose of a perfumier, concerned with being unable to work if anything were to damage it, has been insured.

Voices are the subject of policies too. Marlene Dietrich insured hers for \$1 million, and Bruce Springsteen insured his for £3.5 million, both with Lloyd’s.

5) Actors’ Lives

In an era of multi-billion dollar film franchises, how do you complete a film without one of its biggest stars? For some movies, this could sink the production, leading to tens of millions of direct losses and hundreds of millions of lost potential profits.

“People – especially actors – have essentially become *more* valuable as the audience expectation is to see that character in the newest edition of their favorite franchise”, explains Thomas. In this case, the death is treated as a “business interruption”, triggering a payout. This is known as “Contract Protection Indemnity” and has become increasingly common in the film industry, as franchises and sequels have become more popular. For these films, part of the marketability of the film is the familiarity of the themes, characters and actors.

“Contract Protection Indemnity is a great example of non-traditional coverage that’s carefully tailored to the entertainment industry”, Thomas explains. “As the film industry has highly valuable critical assets that live and breathe and have hundreds of millions of dollars of exposure.”

6) Satellites

In 1965, the first insurance policy for an object bound for space was written, covering physical damage to a communications satellite, Intelsat 1. Nicknamed “Early Bird”, it was the first commercial communications satellite to be placed in geosynchronous orbit around the earth. As a new era of utilizing space dawned, so began the era of extra-terrestrial insurance.

In the mid-eighties, satellites belonging to the Indonesian government and the Western Union corporation ran into trouble. Their rockets misfired, pulling them into unintended orbits and activating their insurance policies. The underwriters paid out \$180 million and took ownership of the satellites.

This put Lloyd’s, the largest underwriter, into an interesting position. If it could salvage the satellites, it could sell them second-hand and reduce its losses by \$50 million. Lloyd’s persuaded the U.S. government to let them pay NASA to reroute a mission, to recover the satellites. In November 1984 a space shuttle added two extra space walks to their mission and the satellites were recovered successfully.

This kind of creativity is key when insuring new kinds of risk on which there is no historical data to help price possible losses. Approached innovatively, not only can risk be reduced, but so can the overall losses.

7) Sporting Success

Most insurance is paid out in case of events that policyholders are trying to avoid – but not “hole-in-one insurance”.

It may seem surprising that a golfer would want to insure against such an achievement, but there is an explanation. By Japanese tradition, any golfer who gets a hole-in-one is obliged to buy drinks for everyone playing in the group, and sometimes for everyone present.

There is also a tradition of giving gifts, and buying food and drink for family and friends, which can get expensive. The tradition reached a peak during the 1980s, when golfers were known to pay as much as \$8,800 on parties at upmarket hotels or to plant trees on golf courses. Insurance firms spotted an opportunity and today about four million Japanese golfers pay annual premiums of \$65 for \$3,500 hole-in-one indemnification.

From Brand To Cyber: Addressing Non-Traditional Insurable Risks

4 Shares These examples show that the range of insurable risks is constantly evolving. For all the progress that the insurance industry has made in insuring some of the more out-of-the-ordinary risks, some large-scale business risks remain un or underinsured.

Aon's Global Risk Management Survey reveals that six of the top ten risks businesses currently face are non-traditional. In this environment, business leaders will have to evaluate not just established risks like brand reputation, but a wide range of emerging risks, such as cyber-attacks, as well.

If the range of insurance – from the Super Bowl to satellites – is any guide, organizations will continue to find ways to transfer the risks they face, no matter what they are.

TALKING POINTS



"I always thought a hole-in-one should be avoided because everyone makes such a big fuss – and it costs a lot."
– Ikko Ikeda, Japanese amateur golfer



"Houston, we've got two satellites locked in the bay." – radio message from Rick Hauck, pilot of the STS-7, the NASA shuttle which retrieved satellites Palapa B-2 and Westar for Lloyd's of London

FURTHER READING

- The Business Of Concert Cancellations – The Grammys
- Autonomous Vehicles: Handing Over Control: Risks And Opportunities In Insurance (pdf) – Lloyd's of London
- The Massive Costs Of Insuring The Super Bowl – Insurance Quotes for Agents
- Bought By Many Expands Niche Insurance Role – The Financial Times
- Does The Explainer Have Billion-Dollar Legs? – Slate.com
- The 2014 World Cup And The Business of Insurance – The Hard Tackle