



PCMA Survey on Event-Cancellation Insurance Shows Gaps

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Nearly seven out of 10 planners participating in a recent PCMA survey said they have not yet secured event cancellation insurance policies for future face-to-face events.

"I have found the topic of insurance fascinating this year," Bill Reed, FASAE, CMP, chief event strategy officer, American Society of Hematology (ASH), told *Convene*. And with good reason: With COVID-19 toppling in-person events, event-cancellation insurance has become a complicated and hot topic. Last month, PCMA reached out to a group of event organizers to learn whether event-cancellation insurance helped to make their organizations "whole" and how they are looking at insuring their events going forward.

Sixty-two event organizers who are PCMA members, primarily association planners, participated in the survey. Fifty-eight percent of respondents had canceled conferences with trade shows, and 40 percent canceled conferences. Events with 500-1,000 attendees and 1,001-2,500 were the most common events, size-wise, to be canceled (23 percent for each).

The top reason for canceling had to do with travel restrictions — those enforced by organizations and corporate travel policies came first with governmental restrictions a close second. One respondent's top reason? "Wanting to keep our attendees alive."

More participants rebooked a future event with the same venue than those who didn't, but 16 percent said that was still undetermined.

Getting to the heart of the matter, event cancellation insurance: A scant 11 percent of respondents said they had received an insurance payout from their provider — 8 percent received a full payout and 3 percent received a partial payout. Another 8 percent said they are expecting a payout, but the largest majority — 45 percent — are not expecting a payout and nearly one-quarter do not have event cancellation insurance.

"No fees were incurred. Force majeure covered everything," wrote one respondent. Yet that's not the point of having event-cancellation insurance. "Insurance is to make your organization whole for the revenue you would have lost, not to cover expenses," one veteran planner told *Convene*.

Even if no expenses were incurred, said Tonya Almond, PCMA's vice president of knowledge and experience design, "that doesn't mean your organization doesn't need the revenues generated from the program — and that is why you use the policy. To recoup the lost revenue."

Earlier this year, Barbara Dunn, Esq., of Barnes & Thornburg LLP, wrote in *Convene* (<https://www.pcma.org/covid19-coronavirus-is-your-business-event-covered/>), making the distinction that contracts protect expenses and insurance protects the revenues. "Unfortunately, many organizations do not purchase (event cancellation insurance) coverage for their meetings and events — many citing that the policies are too expensive or are not worth it because they no longer cover terrorism (although such coverage is available to some extent with payment for an endorsement)," Dunn wrote.

That still seems to be the case, as only 20 percent of respondents to this survey have secured event cancellation insurance policies for future face-to-face events — nearly seven out of 10 planners said they have not yet. Of those who had purchased insurance, only 11 percent felt they had gotten some or all of the coverage they sought.

"The biggest issue related to insurance is the reality that getting insurance in 2021 is going to be difficult if not impossible," another veteran planner told *Convene*. "Without it, have meeting organizers created a business model for virtual events to be net income positive so that they will contribute to the financial success to the same level as the in-person event historically has created? For many, the answer to that is no. What will happen with these organizations if they do not have these proceeds?"

Event cancellation insurance, Dunn wrote, "can prevent or minimize an organization from going out of business as a result of 1) losses sustained by having to cancel a meeting, or 2) suffering lower revenues as a result of reduced attendance, or 3) having to stop the meeting early or start it late. Event cancellation insurance is essentially a type of business interruption insurance and should be considered for any group meeting or event that makes revenues for the group."

However important insurance may be to an organization's bottom line, it shouldn't drive strategy. Reed said that he has found it curious how some organizations have made their 2020 business decisions based upon their insurance policy content. For example, he said, "one association did not charge participants for their virtual meeting in 2020 because that would have entailed a reduction of the loss claimed on their event insurance. However, in 2021, they can't get insurance and are now in the unenviable position of trying to justify going from free in 2020 to charging a fee in 2021 (out of necessity since there is no insurance to pay them) and that is going to be a huge uphill battle. They let their insurance drive their business decision instead of looking at the longer-term sustainability of their revenue source."

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DOWNLOAD FULL RESULTS (<https://www.pcma.org/wp-content/uploads/2020/10/F2F-Event-Cancellation-Survey.pdf>)



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