

Coronavirus Update for Event Coverage

The Coronavirus is significantly impacting scheduled events—music festivals, corporate conferences, and sports tournaments. As an example, the NCAA March Madness basketball tournament was completely cancelled, the Summer Olympics in Japan has been postponed, as has the “Greatest Spectacle in Racing”, the Indianapolis 500.

Insurance coverage for event cancellation or contingency can be through a stand-alone policy or part of broader coverage (e.g. Commercial General Liability Policy). This type of coverage is generally designed to compensate the insured for losses arising out of cancellation, abandonment, disruption, and/or rescheduling of an event which is beyond the control of the insured.

The specific terms of these policies vary widely. For example, many event cancellation policies include an “adverse weather” exclusion, limiting coverage caused by rain, snow, etc. Other policies cover adverse weather if it makes it physically impossible to hold the event or too dangerous for those attending the event. This coverage is, however, necessary for many businesses whose main purpose or stream of income comes from events (e.g. trade show organizers, sports leagues).

The Coronavirus would likely be deemed a “communicable disease” under most policies. However, many policies contain a communicable disease exclusion applicable to event cancellation policies. This exclusion would generally negate coverage for losses from communicable diseases or the threat or fear of communicable diseases, whether it be actual (real) or just perceived. It is important to note that the exclusion of coverage for losses incurred as a result of communicable disease, may be subject to the argument that a communicable disease may still be covered if the event is made physically impossible (e.g. the venue is closed) by an order or directive of a governmental authority.