

Event cancellation reinsurance support scheme

The Government Actuary's Department (GAD) has played a central role in new measures to support the UK events market. GAD helped develop a government-backed reinsurance scheme worth over £750 million for event cancellation insurance.

We worked with the Department for Digital, Culture, Media & Sport (DCMS) to establish how the government could support the UK's events sector. This includes music festivals, sports and business events.

The government had previously devised a [£500m support programme](#) for the UK's film and TV production industries which were also badly hit by the effects of the pandemic.

Events impacted

Insurers have paused the sale of cover for risks associated with COVID-19 to businesses since the pandemic first hit early last year. Now that we have reached step 4 of the government roadmap, live events are able to go ahead without restrictions. However, uncertainty around the future outlook for COVID-19, and any public health response, is presenting a barrier to investment in live events for the coming year.

This scheme will allow organisers of events open to the general public to buy cost indemnification cover against the risk that UK Civil Authority restrictions prevent events from legally proceeding, giving organisers across the country confidence to plan events over the next year.

GAD developed a model that estimates how much it would cost insurers and the government to pay event cancellation costs covered under the scheme. This looked at the impact across several event sectors, such as festivals, sports and business events.

Modelling scenarios

GAD worked with DCMS to research each event sector to estimate the expected number and size of events that would occur during the period of government support. We also looked at the estimated number and cost of claims that could arise if UK Civil Authority restrictions prevented events from legally proceeding.

Events cancellation

The scheme is a partnership with the insurance industry in which the government has stepped in with a guarantee to make sure insurers can offer

the products events companies need.

Insurers who are members of Lloyd's of London, including 3 of the leading market players, have so far collectively pledged to make around £35 million of capacity available.

The scheme will run until September 2022 with a review point earlier that year.

Actuary Andy van Buiten was the project lead in GAD. He said: "We supported DCMS by modelling outcomes should UK Civil Authority restrictions be introduced which legally prevent events from proceeding. This initiative will help various sectors in the events industry as they build back better following the pandemic."