

# Gallagher's Entertainment Practice Responds to Coronavirus (COVID-19)



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“The insurance industry has long been an essential part of doing business in Hollywood, providing policies that protect studios from unforeseen circumstances that cause production delays or cancellations, such as fires, drug overdoses, equipment damage and accidents on set. But the massive shutdown of businesses caused by the COVID-19 pandemic is unlike anything the industry has dealt with before.”

-L.A. Times, March 27, 2020

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The entertainment industry is facing production shutdowns, release delays, theater and amusement park closures and many more disruptions as the nation shelters in place to help slow the spread of COVID-19.

In fact, a recent [LA Times article](#) provides an in-depth look at the current impact of COVID-19 on the entertainment industry and how insurance is responding. Most critical to the coverage conversation is business interruption, typically covered in a property policy.

Standard property policies require the occurrence of physical loss or damage to covered property by an insured peril to trigger coverage. Many traditional property policies may exclude contamination altogether, especially those written for an insured who has no apparent exposure to contamination loss in the ordinary course of their business.

Unlike standard market policies, insurance policies for Hollywood may have broader coverage terms in their specialty products that could be triggered and do not always require actual physical damage.

An entertainment package policy acts like a property floater and is typically in effect worldwide. It insures the making of the film or TV show. Historically, there have not been exclusions for communicable disease on this particular policy. Currently, exclusions are being added for COVID-19 on new business, and some of the entertainment insurance markets have stopped writing all new business as a result of COVID-19.

The policy provides coverage for physical damage and extra expense.

- It covers physical damage to personal property being used on a film or TV show such as equipment, props, sets, wardrobe and vehicles. It also provides coverage for physical damage to real property that's being used at a filming location or a production office.
- The extra expense component covers extra production expenses incurred and contractually committed as a result of physical damage to property, but there are also extensions of coverage that do not require a physical damage trigger.

The following is a summary of the coverage sections of the production package policy that may respond in the event of a claim arising from COVID-19. As all claim circumstances are different, the insurance company may not be willing to definitively confirm coverage for a claim until all necessary information has been obtained and reviewed. We encourage you to speak with your broker as soon as possible about the specific terms and coverages within your policy.

#### **CAST**

Cast coverage pays for the extra production expenses incurred as a direct result of the death, injury or sickness of a covered person, which results in the covered person being unable to work and a delay to the production schedule. In the event of a claim, a diagnosis and prognosis from a licensed medical doctor is required in order to verify a sickness. A quarantine without a sickness diagnosis will not trigger cast coverage.



### **CIVIL AUTHORITY**

Civil authority coverage pays for the extra production expenses incurred as a direct result of the action of a civil authority that revokes your permission to use or prevents access to property or facilities used in connection with a production, which results in a delay to the production schedule. There are exclusions under civil and military authority for things like your failure to obtain a permit, your failure to comply with a permit, and revocation of a permit due to the violation of a civil or criminal code.

### **TRAVEL DELAY**

Some policies may include coverage for travel delay due to the actions of a civil authority or the closure of an airport. This extension may apply to persons and property or property alone, depending on the policy wording.

### **IMMINENT PERIL**

Imminent peril coverage pays for the extra production expenses incurred as a direct result of “certain impending danger of such probability and severity to persons or property that it would be unreasonable or unconscionable to ignore,” and which results in a delay to the production schedule. An example would be a production that is filming in an area that becomes a COVID-19 hot spot and has to relocate or shut down.

### **INGRESS AND EGRESS**

Ingress and egress coverage pays for the extra production expenses incurred as a direct result of your inability to access or leave a filming location, which results in a delay to the production schedule.

While the standard production package policy may cover production losses, it will not cover revenue losses. Many of our clients not only produce film and TV content but they distribute it as well, and their revenue is being disrupted by the closure of movie theaters and the cancellation of sports and other live events that are broadcast and streamed.

### **SUBMITTING A CLAIM**

As the impacts on businesses across the country increase because of COVID-19, many businesses will inevitably experience a claim or loss. Because this is such an unprecedented event, there are still many questions regarding whether certain policies will respond to these losses. While there may be limitations in available coverages, you should review your policies with your insurance broker should you feel that you will or may be experiencing a loss.

Our recommendation to all of our clients is that if you are experiencing a loss or claim, you should report that loss or claim in a timely manner to the appropriate insurance company for a determination on coverage.



This is an evolving risk that Gallagher continues to monitor through the CDC and the WHO. Please visit [ajg.com/us/pandemic-preparedness](https://ajg.com/us/pandemic-preparedness) for the latest information, or contact:

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