

Special Event Insurance: Hunting for an Event Space? Things to Consider Before Signing on the Dotted Line

If you're trying to find the right space for your event, be sure you know your options if you need to cancel. With many cancelling or postponing their events due to the COVID-19 global pandemic, understanding your coverage is important.

Top Considerations

If you are planning an event such as a wedding, reunion, bar/bat mitzvah or other celebration, you should consider what would happen if you had to cancel the event unexpectedly. There are two types of special event insurance, but only one of these helps protect you in the event of cancellation. The two types are liability insurance and cancellation insurance.

Liability insurance. It's also known as third-party insurance and protects you from being responsible for costs associated with injury or property damage to others as a result of your event. But this does not offer cancellation protection.

Cancellation insurance. This type of insurance provides coverage for expenses arising from delays, rescheduling, or cancellations due to unforeseen covered events.

Things You Should Know

Typically, cancellation insurance can protect you from:

- **Weather** - If your event is postponed because of inclement weather, coverage is available that can reimburse you for the costs of rescheduling.
- **Illness or Injury** - If members of the wedding party or event talent become ill or injured, resulting in the event being postponed, rescheduling costs may be covered by such a policy.
- **Vendor** - If a deposit has been paid to a vendor (e.g. caterer, florist, photographer or other vendor) who fails to deliver service, cancellation insurance may cover the lost deposit as well as any additional expenses incurred due to last minute replacement vendors.

Additional event coverage options can be added. Check with your insurance agent to see what coverage may be necessary that pertains to your special event.

Cancellation insurance during the Coronavirus outbreak.

With the onset of the Coronavirus, many people cancelled their events because of stay-at-home orders enacted by governors across the U.S. Most policies have pandemic or communicable disease exclusions and COVID-19 will likely fall under this exclusion but you should check your policy.

In mid-March, many insurance companies stopped offering communicable disease coverage as part of their event cancellation policies*. This means if you're looking to buy a policy while under a stay-at-home order or while a pandemic is occurring, there would likely be an exclusion.

Following the COVID-19 outbreak, if you purchase event cancellation insurance that includes an “all cause” or “epidemic coverage” cancellation policy, it may possibly include losses resulting from COVID-19 cancellations. However, COVID-19 might fall under a communicable disease policy, which can be purchased as add-on coverage or a rider, though this type of add-on coverage may cost more.

Top Three Things to Remember

- Event cancellation insurance protects you from costs associated with the unexpected delays, rescheduling or cancellation of an event.
- Commonly covered events under event cancellation insurance are weather-related cancellations/postponements, illness or injury of key members of the event, and loss of deposit or extra expenses for vendors.
- Most policies have pandemic or communicable disease exclusions and COVID-19 will likely fall under this exclusion. If you have any questions about your policy, talk with your insurance agent.

More information

If you have questions or are confused about your event insurance options, contact the Nebraska Department of Insurance locally at 402-471-2201 or on its toll-free consumer hotline at 1-877-564-7323. Additional insurance-related information may be obtained from the Department’s website at doi.nebraska.gov.