

Entertainment Contingency Claims

There's no business like show business



In the highly specialized field of Entertainment Insurance, adjusters handle unique claims unlike any other area of insurance for an industry that contributes greatly to the Canadian economy.

According to the Canadian Media Producers Association, in 2018 Canadian film and television production generated nearly \$9 billion in production volume and approximately 179,000 full time jobs, contributing \$12.8 billion to Canada's overall Gross Domestic Product.

And adjusters working in this line of business are met with complex claims involving tight television and film production schedules, complex and dangerous stunts, filming with live animals, highly specialized equipment, actors and other key personnel falling ill — and that's not an exhaustive list.

The importance of building trust with stakeholders is near equal to the technical knowledge of how each unique insurance policy responds to the myriad of claims that can arise during a film or TV program production, or organizing live music or sporting events.

Crawford & Company's mentoring process paved the way for Frédéric Amirizian, Claims Adjuster and Subject Matter Expert — Film and Entertainment, to become the company's leading expert in the field of entertainment adjusting in Canada. He was mentored by John Sharoun, and Marcel Lacoste both Executive General Adjusters, with over 40 years' combined experience in this highly specialized field.

Both Amirizian and Sharoun were recruited and mentored by Marcel Lacoste, a Canadian pioneer in entertainment claims. Lacoste, who passed away in 2016, recognized not only Sharoun's and Amirizian's talent as adjusters but also their suitable personality to work in this unique field.

"Generally speaking... Entertainment claims encounter similar issues as many other claims, what are the facts of the loss, how does coverage apply and what are the short and longer term impacts to the Production or Business — the same urgency is there as in other types of businesses," Sharoun said. "You have to be a good fundamental adjuster to begin with and have traits to manage multiple stakeholders and communicate effectively."

Adjusters working in the entertainment field work in a high stress environment, often having to be available around the clock. Film and television production is a twenty-four hour business and claims can arise at any time. Amirizian compares his job to having a baby, because he has to be available to policyholders day and night.

In addition to having expert knowledge of the policy, all of which are tailored to policyholders' unique risk, adjusters must build a high level of trust and credibility.

But there are some significant differences between entertainment claims and other P&C insurance claims.

"You have to be responsive whatever time it is," Amirizian said. "I have been called in the middle of the night because an actress was sick and (production) didn't know what to do. No-one can wait — in this industry every second has a big impact on production so you always have to be available."

Even though policy wording for each insured is unique, prior to the Covid-19 pandemic, adjusters worked on claims that, while complex, were most often of a similar sort, resulting from talent falling ill or faulty equipment.

But when the Covid-19 pandemic hit it brought on a simultaneous wave of claims because all production was halted at once. And even though production halted for the same reason, all pandemic-related claims were different and atypical. Uncertainty around restarting or relocating production loomed and there were limited mitigation measures.

“During that period there was nothing much we could do,” Amirizian said. “All that we could have usually done to make sure production could continue was unavailable to us — all we could do was wait for the shelter in place and restrictions to be lifted.”

He added that even when lockdown restrictions started loosening, production had been shaken up to such an extent that projects that had been restarted were making never-before-seen claims.

“(Insureds) made claims related to being unable to access sets or having to recreate sets elsewhere,” he said. *“There were so many scenarios that haven’t come up before and (adjusters) have to see how or whether it is related to the shutdown.”*

It wasn’t until July that the Quebec government carved out funds allowing filming to resume and production companies that hadn’t been able to access insurance were able to re-start. And in late September, the Federal Government announced further financial support for film and television productions that were financially impacted due to Covid-19 to compensate for the lack of insurance coverage.

But despite production being able to resume, the new physical distancing rules still put a lot of pressure on projects.

“Some productions have resumed but it’s hard to shoot action, comedy or romance scenes keeping appropriate distancing,” Sharoun said. *“There are scenes that have to be reviewed and the logistics of production to be rethought...and the question of how coverage may apply arises because these are unusual scenarios.”*

Amirizian said when Covid-19 hit, he was flooded with claims — the same amount in one month that he typically saw in one year.

One particularly memorable claim involved live animals bred specifically for a TV production.

“That production was forced to shut down because of Covid and they were stuck with animals and unable to return them to their original breeder,” Amirizian said *“They had to feed them, keep someone on location to make sure they were OK...and the production needed cubs but obviously the animals don’t stop growing.”*

He said once filming was allowed to resume, production started working as quickly as possible to make sure they could use the animals, which incurred unexpected and major costs.

He said managing situations that arose due to the Covid-19 shutdown underscored the importance of the well-established relationships.

“It was a good thing that I have been working in this industry for 10 years because I am used to the producers, they already know me,” Amirizian said. *“Having an established relationship with producers helped because they were, understandably, extremely upset.”*

Sharoun said people involved in this Industry and the creative process are typically flexible and very used to last minute changes whether they are insured events or not.

As a result when unconventional and complex claims do arise, the production is well versed in reviewing alternative scenarios and financial impacts with the adjuster to determine possible loss costs.

“The first one I dealt with was production where one particular scene was upside down and producers were working on two sets at once,” Amirizian said. *“The machinery involving the upside down scene malfunctioned cost the production a fortune.”*

Entertainment insurance policies are all tailored to unique production needs and each insurer decides how their policy applies to each situation. And those nuances were heightened in Covid-19 claims.

“It’s a challenging situation right now and every insurer is trying to apply a policy to situations that have never happened before,”

Amirizian said, adding that insurers are carefully reviewing each policy and in some cases engaging legal counsel to evaluate each policyholder’s coverage.

He said despite claims arising because of the same event — Covid-19 — every claim is different.

“The same situation happened to everyone but they all have different challenges because they are not filming the same product.”

Sharoun said while dealing with a pandemic is new to the industry, handling a large influx of claims all at the same time is not.

“From a volume perspective this is not that different from any other catastrophe situation, like the Fort McMurray wildfires or 2013 floods in Calgary and Toronto,” he said. *“These events drive thousands of claims and adjusters know that at some point their job is going to be a twenty-four hour one — that’s the nature of the business.”*

Because Crawford & Company has a large roster of highly experienced adjusters, the entertainment division had expertise to rely on and brought on additional adjusters to handle the inundation of claims.

“Even though an adjuster doesn’t handle entertainment claims on a daily basis, adjusters who are well versed in business interruption time element claims could be re-purposed to review and prepare loss estimates to assist the process as additional much needed resources,” concluded Sharoun.

Contact our Expert

Frédéric Amirizian

General Claims Adjuster,
Subject Matter Expert – Film & Entertainment, Canada

P | (514) 748-7300 x 7644

M | (514) 607-7707

E | Frederick.Amirizian@crawco.ca