
Insuring the World Cup: The Cup Runneth Over for Insurers

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Insurance costs are not the first thing to spring to mind for football fans when they think of the World Cup. However, figures released recently by some of the world's largest insurers including Beazley, give an indication as to the hidden costs of staging such a large global set piece.

Some of the headline figures from Beazley are eye-watering. The largest loss covered is estimated to be in the area of construction of stadia, accommodation and other structures, with an insured value of \$2billion. The next largest loss is the cost of the event cancellation cover which is estimated at \$1.5 billion. Another high profile area is coverage for terrorism-related physical damage which is estimated to be approximately \$1billion. While these are very large figures, Lloyd's of London have estimated that premiums against terror attacks were approximately \$5,000 for every \$1million insured. While not as large as one might have thought, it still amounts to \$5million in premium payments.

In relation to the sport itself, ticketing agents, broadcasters and teams do not escape the costs of being part of the competition. It is estimated that an insurable loss to the value of \$200 million would be needed for each ticketing agency to cover a cyber attack and data breach, while each broadcaster would require a value of approximately \$100 million to cover losses arising from similar circumstances. For the stars of the competition, an insurable value of \$200million would be necessary for each high profile player with a value of \$25million cover needed to cover for kidnap and/or extortion. An estimate by Lloyd's of London recently placed an insurable value of ST£19million on the legs of forwards alone.

It has also been reported that FIFA has paid \$134million in insurance for clubs whose players are appearing at the World Cup to cover any injury that may befall them.

While "the beautiful game" will no doubt provide fans with thrills and spills during the summer months what is certain is that the growth in popularity of the sport and its emergence as one of the world's big businesses makes it an attractive proposition for any insurer seeking to expand their scope in large loss cover.

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