

Event Cancellation Insurance for Nonprofits

Important decision criteria



Gallagher

Insurance | Risk Management | Consulting



Nonprofit

General points of reference

Your meeting produces revenue, and, from an insurance perspective, that revenue is property. So, it may be helpful to think of your revenue-generating meeting as though it were an item of property, not unlike a coin-operated washing machine or copier. In this context, if the property (i.e., the meeting) is damaged, the revenue stream may be lost. Chances are your organization insures property of far less value than your annual meeting.

Most event cancellation insurance (ECI) policies incorporate some level of coverage for claims involving loss to property or door receipts at the meeting. While this is beneficial, stay focused on the cancellation, postponement and curtailment elements of coverage — that's the real reason you're considering ECI.

Pay careful attention to exclusions and limitations, but recognize that an exclusion may not always be found in the exclusions section of the policy.

Risk assessment questions:

- Does the net financial result of the meeting represent a significant fraction of the organization's gross revenue?
- Would the loss of revenue adversely and significantly affect operations?
- Does your association have a significant prepaid or contractually obligated exposure? This would include things such as room blocks, speaker fees, transportation operators, caterers and food service, and audio-visual vendors.
- In a worst-case scenario, would your organization be expected to refund attendee and exhibitor registration fees?

The principal perils (causes of loss): weather, earthquake, hurricane and fire

It is generally true that there are no small earthquake or hurricane claims. If your meeting destination is located in a region with a higher-than-average probability of earthquake or hurricane activity, ECI, including coverage arising from these risks, should be carefully considered. Earthquake or hurricane damage today can still impact your meeting six months from now.

Adverse weather conditions may or may not be felt at your meeting destination. Keep in mind, however, while the weather at your Phoenix meeting site may be delightful, if your East Coast attendees can't get off the ground or have to come through a snowed-in airport in the Midwest — that winter storm is your winter storm.

Until a few years ago, the idea that wildfires would emerge as a potential cause for reduced attendance or even cancellation of meetings in parts of the western United States would have seemed a fringe concern. Yet the sheer number and ferocity of so many fires over the past five years have not only led to the loss of many small commercial venues (including some connected with the hospitality industry) but also raised health-related concerns for attendees traveling to nearby destinations, where the concern may have less to do with fire than air quality.



Terrorism

Terrorism coverage is a major component of ECI premium expense and an important consideration when selecting among the various terrorism options. Make certain that you understand the extent of terrorism coverage being offered; for instance, limited terrorism coverage usually applies only to claims where the terrorist event occurs within a certain radius of your meeting destination and number of days prior to the opening. A meeting scheduled in a major city such as New York or Washington, DC, may be at greater risk from terrorism than a mid-sized Midwest city. However, you should take into consideration both the origin and destination of travel for staff and attendees. Limited terrorism options in some policies may also cap the insured limit below the total gross revenue of your event.

Some policies highlight their terrorism coverage under the Terrorism Risk Insurance Act (TRIA) of 2002 and its subsequent amendments. However, within the current ECI market, TRIA generally provides a more limited scope of terrorism coverage compared to other available options.

Claims arising from nuclear, biological or chemical attacks are almost always excluded. Organizations whose net event income constitutes much or all gross revenue can extend coverage (in effect buy back the exclusion) for these otherwise excluded perils. Not surprisingly, the additional cost is considerable.

Civil commotion

The civil commotion exclusion, introduced in early 2021, initially offered as a buyback option, has gained importance. Insureds are increasingly prioritizing this option, even for events in locations previously deemed low-risk, reflecting heightened awareness of potential civil unrest. In 2024, civil commotion terrorism coverage underwent a transformation. Previously, all quotes included time and distance restrictions, and depending on the risk appetite of the carrier, most have no such restrictions.

Communicable disease

At the present time, all policies exclude claims arising from communicable diseases (CDs). We believe this will continue for the foreseeable future.

Neither lockdowns nor prohibitions on large group gatherings are currently being discussed, and cities and municipalities that once required certain forms of preventive measures, such as mask mandates for indoor gatherings, have largely lifted those requirements even as guidelines. Employers rarely require employees to provide evidence of vaccination or current negative test results anymore. Cases of COVID-19 persist, although they no longer put scheduled meetings at risk of cancellation. There is some talk of potential future offerings of communicable disease coverage, but they are costly in many cases.

Is now the right time to purchase ECI?

The simple answer is “yes.” If your organization has scheduled a meeting, then, yes, it is time to obtain ECI coverage. We have spoken with several meeting planners that have indicated that their historical revenue projection models aren’t practical and are delaying the placement of ECI until they have more reliable projections of future meeting revenue. Our recommendation is that coverage should be bound based on conservative revenue estimates. If higher revenues are estimated as the event date nears, coverage can be added (in most cases) at then-prevailing rates, with only that recently bound portion of the limit being subject to any newly arising exclusions.





Connect with us

Curtis A. Robertson

Event Cancellation Insurance, Nonprofit Division

(301) 917-6598

curtis_robertson@ajg.com

Chip Branyon

Association Property & Casualty Insurance

(205) 492-0609

chip_branyon@ajg.com

Mickey Herbert

Association/Affinity Member Benefit Programs

(571) 282-2494

mickey_herbert@ajg.com

Tim McNichols

Association Health Program — Non-Dues Revenue &
Member Retention Programs

(216) 487-6152

tim_mcnichols@ajg.com

AJG.com The Gallagher Way. Since 1927.



The information contained herein is offered as insurance industry guidance and provided as an overview of current market risks and available coverages and is intended for discussion purposes only. This publication is not intended to offer financial, tax, legal or client-specific insurance or risk management advice. General insurance descriptions contained herein do not include complete Insurance policy definitions, terms, and/or conditions, and should not be relied on for coverage interpretation. Actual insurance policies must always be consulted for full coverage details and analysis.

Insurance brokerage and related services provided by Arthur J. Gallagher Risk Management Services, LLC License Nos. IL 100292093 / CA 0D69293

© 2025 Arthur J. Gallagher & Co., and affiliates & subsidiaries | GPUS106485