

Insurance Essentials For Musicians



Presented by K&K INSURANCE and PERFORMER MAGAZINE

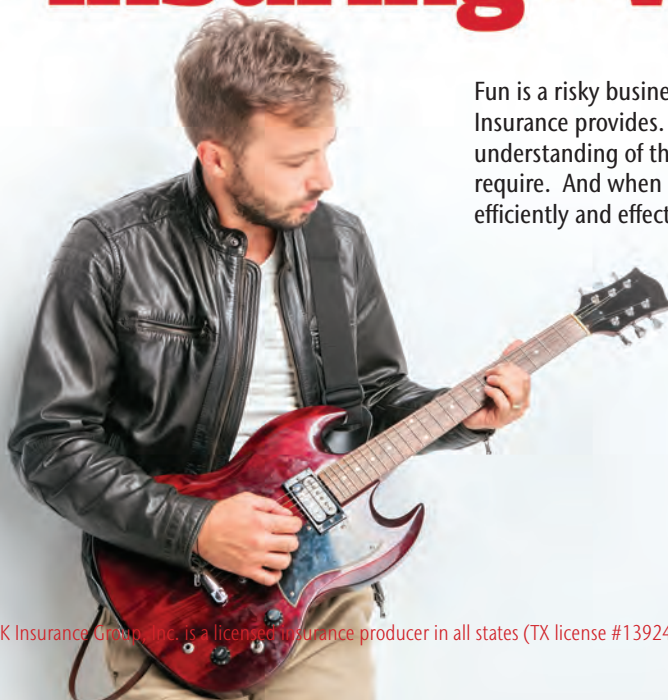
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5 Things Your Band Needs to Know About Liability Insurance

As a musician, practicing and scheduling performances can be time consuming – and business decisions such as purchasing liability insurance can sometimes fall off the radar. Whether you're an amateur band playing at a few events for fun or a professional musician growing your career, insurance coverage requires careful consideration and should never be a last-minute decision. Choosing a reliable insurance provider, deciding on the amount of coverage you'll need and completing the insurance applications are all steps in a process that will ultimately protect you should an incident occur.

Q: Why should I buy insurance?

A: Defending yourself against and paying for a liability claim is expensive and purchasing liability coverage is the best way to protect your band from expensive claims and legal defense costs. For example, if a venue claims you damaged their floor loading in, your liability coverage will cover claims within the limits of the policy. Liability insurance not only pays damages for which you are held legally liable, it also covers the cost of investigation and defense of claims (even if they are groundless), which can quickly add up to thousands of dollars in legal fees.

Additionally, some events or facilities may require artists to purchase liability coverage that adds the venue as an "additional insured." An additional insured is an entity (the facility or event), which has an insurable interest for claims arising out of your negligence as the named insured. By providing the venue additional insured status, they are now sharing your coverage and are entitled to defense and indemnity (up to the policy limits) under your policy. This is very common request and, unfortunately, can sometimes be a source of added costs from insurance organiza-

tions who charge an extra fee for certificates of insurance – sometimes as much as \$25-\$50 for each certificate you request. This is an important financial consideration when choosing your insurance provider, especially for musicians participating in a number of shows.

Q: What kind of insurance should I buy?

A: Commercial general liability insurance. Often referred to as simply liability coverage, it protects the insured against liability lawsuits or claims, from a third party, for bodily injury and property damage arising out of the performer's premises and operations.

Q: How much should I buy?

A: The policy "limit" is the dollar amount of protection you purchase to cover future claims. For example, you may choose to buy a policy that offers a \$2 million occurrence limit with a \$5 million aggregate limit. This means that your limit for an individual incident is \$2 million with a total limit of \$5 million for all incidents occurring while the policy is in effect. Some venues mandate minimum limits for performers, so before purchasing coverage be sure to check with the venue for any specific limits or coverage requirements. If there is a performance contract or agreement, it will often contain any insurance requirements. This is an especially important item to note on your contract when booking festival or special event appearances.

Q: How long does the coverage last?

A: The "term" or length that an insurance policy is in effect can vary so that you may select a policy term that is right for your needs. For example,

you may have decided to perform at a local music festival. In this case, the most cost-effective choice would be to purchase a single-event policy designed to provide insurance for the duration of just one event. On the other hand, perhaps you are planning to perform at several different locations over the course of a season. In this case, you may want to look for an annual policy that covers all performances on a yearly basis.

Q: What should I look for when I buy insurance?

A: When choosing an insurance provider, always ask about the financial stability of the carrier; a high rating (A or better) by an independent rating company such as A.M. Best Company is the safest choice. Also, choosing a carrier that is “admitted” (licensed) is preferable because choosing an insurance company that is non-admitted (called surplus lines) may require you to pay extra fees or taxes.

Of course, experience is also a factor. Organizations familiar with the unique risks associated with the entertainment industry will be able to accurately price

coverage and more importantly, provide prompt and reliable claims handling and resolution services. You may also want to look for convenient services such as the ability to apply and purchase coverage online, as opposed to completing a paper application that must be mailed and approved before coverage is in force.

While it may not be the most exciting step you take in preparing for your show, purchasing insurance will ultimately give you peace of mind while performing in public. Choose the right liability coverage for your music business and you’ll be able to focus on a successful music performance, knowing that you’ve got the coverage you need.

ABOUT THE AUTHOR

Lorena Hatfield is Marketing Resources Manager for K&K Insurance, a leading provider of sports and entertainment insurance since 1952. For more information on entertainer coverage, visit www.entertainerinsurance-kk.com.



photo by Rosalyn Lee

5 Ways to Mitigate Risk & Avoid Insurance Claims on the Road



THE TOUR VAN CHECKLIST

You've got the tour van all loaded up for that string of club dates, or perhaps that awesome summer festival gig your agent scored. Let's go through the checklist. Instruments and amps? Check. Food and water? Check. Clean clothes? Check. Gas money? Check. Phone chargers? Check. Insurance? Uh...um...

Yeah, that's what we thought. While commercial general liability insurance typically doesn't appear on most bands' checklist when they hit the road, mitigating risk and being prepared could save you tons of money and headaches down the line. Plus, some events and venues may require your group to have it, so don't get caught unaware and uneducated.

Bottom line: it's best to be prepared, and be aware of risk management before you fill up the tank and pull out of the driveway. Some of this stuff might seem like common sense, but common sense has a funny way of taking a backseat sometimes when

you put the pedal to the metal.

WHAT DOES INSURANCE COVER?

So, what can you do to minimize the risks of being sued? Well, most claims from live performances stem from either bodily injury or property damage, so that's where we'll focus. But before we even get there, we spoke with Lorena Hatfield, Marketing Resource Manager for K&K Insurance. And she emphasizes that purchasing liability insurance ahead of the gig "is the best way to protect your band from expensive claims and legal defense costs." She goes on to explain that, "Liability insurance not only pays damages for which you are held legally liable, it also covers the cost of investigation and defense of claims (even if they are groundless), which can quickly add up to thousands of dollars in legal fees."

If you're performing just a one-off show, or multiple dates, choose your coverage wisely. "You may have decided to perform at a local music festival. In this

case, the most cost-effective choice would be to purchase a single-event policy designed to provide insurance for the duration of just one event. On the other hand, perhaps you are planning to perform at several different locations over the course of a season. In this case, you may want to look for an annual policy that covers all performances on a yearly basis," Hatfield explains.

OK, so we know that liability insurance is something your band should be taking into consideration before you go on tour or play those lucrative festival slots. But accidents happen, right? Of course they do, but that doesn't mean you can't take a few precautions so that you don't have to file a claim with your insurance company.

HOW TO MITIGATE RISK ON THE ROAD

1. Be energetic on stage, sure, but don't take foolish risks. That means your lead singer should probably not be swinging from the rafters like it's a 1991 Pearl Jam video, even though that's totally rock n roll and badass. Injuries mean dollars, and the venue is probably going to be furious if you hurt yourselves on their stage. You'll be in for nothing but trouble trying to land future gigs, and don't be surprised if word travels and other gigs you've already booked get cancelled on you.

Hatfield explains, "Some venues mandate minimum limits for performers, so before purchasing coverage be sure to check with the venue for any specific limits or coverage requirements. If there is a performance contract or agreement, it will often contain any insurance requirements. This is an especially important item to note on your contract when booking festival or special event appearances."

2. Be even more careful with those you invite on stage, and especially crowd interactions. Worse than hurting yourself is hurting others. So think twice about inviting any non-band members or non-venue personnel on stage during your performance. If they slip and fall because of your negligence and/or your encouragement to stage dive leads to injury, guess who's going to have the finger of blame pointed at them? That's not only a terrible blow for

you legally and financially, but think of the public image hit you take if you're associated with contributing to a fan's injury. No one wants that, so be smart up there. Interact with the crowd, but maybe keep it to a verbal thing, yeah? [To further clarify, K&K states "the general liability policy is to protect [entertainers] from injuries and damage to 'other people and/or their property.' Any reference we (Performer) make to injury to the performer wouldn't be covered by a typical policy. Something to be aware of]

3. Casters, casters, casters! To put it bluntly, venues don't like damage. So if you or your road crew has, how shall we say, pre-gamed with a few adult beverages? You might be setting yourself up for a property damage claim. Load in safely (and soberly), and that might mean investing in some casters or dollies for amps, wedge monitors, PA speakers, drums and large cabs that might otherwise be awkward to carry. New York Case Company is our go-to recommendation for high-quality, road-worthy cases that will not only keep your gear intact, but also help your crew load it in without banging up walls, floors and entranceways. Hatfield notes, "If a venue claims you damaged their floor loading in, your liability coverage will cover claims within the limits of the policy." But let's not allow it to get to that point, shall we?

4. Keep an eye on your stuff. If you're playing a show with multiple bands, make sure you or someone associated with your act keeps a good eye on your gear, both while you're on stage and while you're off. The last thing you want is a dangerous, loose cable tripping someone up and causing them harm while you play. Or a poorly leaned/stacked amp, speakers or drums tipping over and crushing some poor concertgoer's foot. Set up your gear safely, store unused gear backstage or securely in your tour vehicle (with someone guarding it while you're performing), and keep all cables tightly run, coiled and/or out of common footpaths. The venue or festival stage manager should be able and very willing to help with cable management. [Further clarification from our friends at K&K reminds us that "the Liability policy doesn't cover damage to the entertainer's stuff...only other people's stuff that isn't in their care, custody or control. An important distinction to keep in mind out there.]

5. Keep your gear, especially electrical components, in tip-top shape. You may want proverbial sparks to fly when that audience member in the front row makes eye contact with you on stage, and is totally engrossed in your performance. But you don't want literal sparks to fly when you're playing your next gig. So be sure all electrical connections are safe, secure, and free of any fraying or poorly patched cabling. The last thing anyone wants is an avoidable, and potentially hazardous, accident because you decided to duct tape together some wires in your rig instead of having damaged equipment professionally repaired.

All right, enough of the "don'ts" – it's getting to be a bummer, and that's not very rock n roll, is it? But you get the point, and hopefully you'll double-check your new risk management checklist before you hit the open road, and will look more seriously into carrying an insurance policy. Which leads us to...

WHAT SHOULD I LOOK FOR WHEN I'M READY FOR INSURANCE?

We asked Hatfield again, and she recommends this:

"When choosing an insurance provider, always ask about the financial stability of the carrier; a high rating (A or better) by an independent rating company such as A.M. Best Company is the safest choice. Also, choosing a carrier that is 'admitted' (licensed) is preferable because choosing an insurance company that is non-admitted (called surplus lines) may require you to pay extra fees or taxes."

She concludes:

"Of course, experience is also a factor. Organizations familiar with the unique risks associated with the entertainment industry will be able to accurately price coverage and more importantly, provide prompt and reliable claims handling and resolution services. You may also want to look for convenient services such as the ability to apply and purchase coverage online, as opposed to completing a paper application that must be mailed and approved before coverage is in force."

So there you have it. What to look for in an insurance provider, and how to avoid claims in the first place by taking a little extra care both on and off stage.

The Difference Between Liability Insurance and Property Insurance

One of the main questions we've received recently is a pretty basic one. And that deals with the exact nature of liability insurance, and how it differs from property insurance you might already have.

So, let's break down the basics. As always, for more detailed information, please consult an insurance professional in your area – we recommend the good folks at K&K Insurance, who've helped out countless artists on the road.

THE KEY DIFFERENCE BETWEEN LIABILITY INSURANCE AND PROPERTY INSURANCE

What it boils down to is (in the most basic terms) stuff vs. actions. With property insurance, whether it's a variant of a homeowner's policy, a renter's policy, or other supplemental insurance products, the goal is to protect your possessions (in the case of musicians, your gear), so that you can be made whole again (i.e. get replacement stuff) if the unthinkable happens.

Depending on your policy, which we recommend you go over with your provider so you know exactly what's covered, the unthinkable here would hopefully be a "coverable event" like, perhaps, a fire, or theft, or someone else vandalizing your gear. But the thing to remember is that these coverable events are likely not caused by you, but rather outside forces.

With a liability insurance policy, the main difference is that it's based on actions YOU take that could result in a lawsuit filed against you. Here, we're talking about things like damages you or your party caused to a venue through negligent or reckless (no, not you, right?) behaviors. So, let's say you've landed a cool gig and your roadies are less-than-careful during load-in and cause damages to the walls in the hallway leading to the stage. Or perhaps you've caused bodily injury to someone during the course of the show. Well, now you've entered the arena of liability insurance, because the venue or injured party may come after you (in the form of a lawsuit) for damages.

So again, it's stuff vs. actions, or possessions vs. lawsuits. Liability means you could be "liable" or responsible for actions (or non-actions) on your part that led to damages occurring. Property insurance covers your stuff, not someone or some entity trying to sue you for something you did.

WHAT TO LOOK FOR IN AN INSURANCE PROVIDER

We asked Lorena Hatfield, Marketing Resources Manager for K&K Insurance, what artists should look for in an insurance provider when it comes to liability coverage, and she had this to say:

"When choosing an insurance provider, always ask about the financial stability of the carrier; a high rating (A or better) by an independent rating company such as A.M. Best Company is the safest choice. Also, choosing a carrier that is "admitted" (licensed) is preferable because choosing an insurance company that is non-admitted (called surplus lines) may require you to pay extra fees or taxes.

Of course, experience is also a factor. Organizations familiar with the unique risks associated with the entertainment industry will be able to accurately price coverage and more importantly, provide prompt and reliable claims handling and resolution services. You may also want to look for convenient services such as the ability to apply and purchase coverage online, as opposed to completing a paper application that must be mailed and approved before coverage is in force."

WHAT YOUR EXISTING POLICY MIGHT NOT COVER

Rob Tavaglione, owner of Catalyst Recording in Charlotte NC, offered up this piece of information in his article "Protect Your Home Studio With These Insurance Tips":

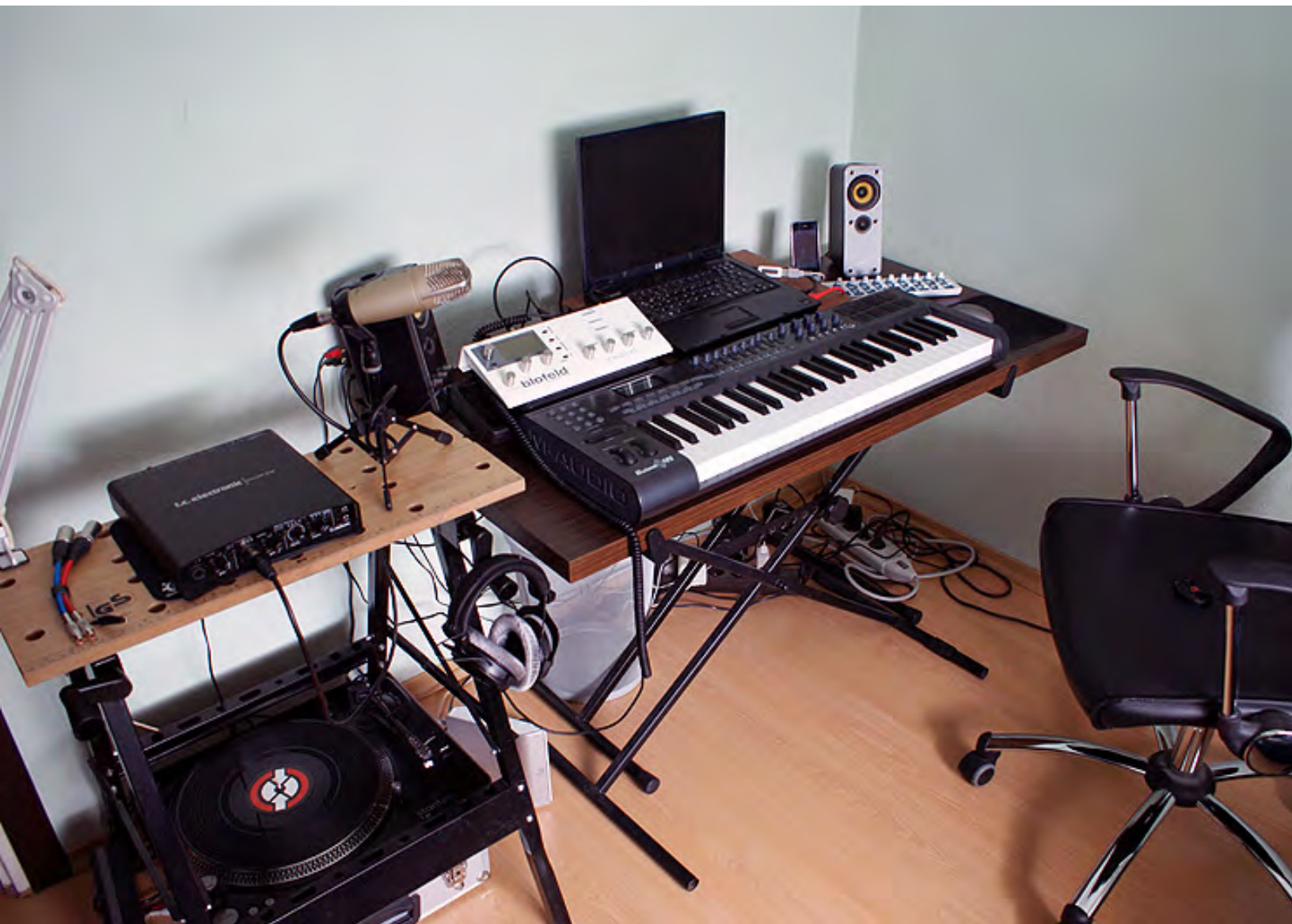
"Most of us can wrap a particular instrument into our homeowner's or renter's insurance policies with-

out much difficulty. But musical instruments (and valuable electronics) are typically covered only up to a certain moderate value and particularly valuable pieces require itemization – such costs are not terribly attractive (and can easily cost as much as the rest of the entire policy). Sometimes our property coverage extends in part to our cars and vehicles, but an oddly named (and typically expensive) “inland marine policy” is needed for complete coverage while belongings are in-transit or away from home. Most importantly, homeowner’s or renter’s property coverage does not cover business property or professional usage..

A once sparse field of insurers has grown considerably and I now found ample insurance choices for studios of all sizes, including equipment property coverage, actual property coverage and liability coverage. Most policies covered gear and

instruments, although some required itemizing of instruments valued over \$5k. Some insurers wanted exacting lists of items, serial numbers, their replacement value and insisted on covering the value of the entire collection (no partial coverage). Some insurers offered liability and property together, while others allowed one or the other. Only a few rare instrument policies covered flooding, which is a completely separate issue (typically) in the world of insurance.”

In the end, the type of policy you require will be based on your specific needs, so we urge you to consult professionals with any questions when it comes time for you to buy coverage. Stay safe out there!



What Happens When a Claim is Filed Against You as a Performer



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In this piece, we want to go over the procedures and practices that occur when the unthinkable happens: a claim is filed. If it gets to this point, then something has gone off-script. Perhaps your band has caused damage to the physical structure of a venue during your performance (either purposefully or accidentally), and the venue has decided to take action. What do you do?

What if someone was physically injured at your show and, similarly, they've decided to take action, as well?

These scenarios can be scary, especially for artists who are typically focused on making music, and not

the intricacies of the insurance process or dealing with damages caused by their actions (or inactions). Look, no one ever thinks that awful things are gonna happen when out on tour, or playing that killer festival. But the truth is, they can, and do. And we want to make sure you know what happens during the process both in instances when you are covered by an insurance policy, and even in the instances when (unfortunately), you decided to not to purchase coverage.

K&K's Chief Claims Officer, [Dean Reed](#), was kind enough to answer some of our questions about the process:

What is the first step an artist should take if a claim is made against them?

Dean Reed: *The most important thing to do is to take down the information of the accusing party and advise the party that you will notify your insurance company so that they can investigate the matter. If the performer is still on site they can take photos of the damage and obtain the name and contact information of any witnesses. If they are no longer at the location of the damage, simply take down the information of the reporting person at the venue and immediately report the matter to their agent or insurance company. I would recommend writing down as much information as possible about what you remember and what is being alleged because memories fade over the course of time. Never assume any obligations or make any admissions of guilt or liability.*

How does that process differ for an artist who has insurance compared to an artist with no insurance?

Dean Reed: *Instead of contacting your insurance company the artist may want to contact their legal counsel for advice. The need to gather and preserve as much documentation as possible still remains important. Again, never assume any obligation or make any admissions of guilt or liability.*

Who are the people an artist will typically deal with during this process, and what will those people do for an artist who has a policy? Again, what can an artist without insurance expect?

Dean Reed: *The artist with insurance will deal with a claims examiner and possibly an attorney defending their interests. They will handle the investigation and advise the artist of the next steps and deal with the adverse party [on behalf of the artist]. An artist without insurance is on their own to figure out what to do, who to contact, and how to respond. [ed note – that sounds like a solid case for investigating insurance options before your play any more live shows, doesn't it?]*

And finally, if possible, is there any sort of time/cost difference an artist can expect with and without insurance when it comes time to deal with a claim against them?

Dean Reed: *The most glaring difference is the artist without insurance incurs the financial costs and time to investigate, defend and possibly compensate another party for the claim against them. The artist with insurance has a company*

behind them that will do that for them so that they can focus on their art.

We also received some helpful input from [Mark A. Beck](#), Senior Vice President of K&K's Merchandising Division.

"I completely agree with the advice Dean has already provided. And just for reference, I've included a section from a standard policy (usually found in all general liability policies in some form or another) that outlines the duties of the insured when something happens. To me, some of the more important points include; reporting the occurrence or suit as soon as practicable, documenting the details of what happened, cooperate with the insurance company completely, and don't attempt to settle the matter themselves.

One additional item that hasn't been mentioned yet is the importance of carefully reviewing and understanding any written agreements the artist/performer signs. It is always recommended they seek legal advice before signing a contract. In many cases a written agreement will include specific insurance requirements, so the performer should make sure they share those details with their insurance agent or company. Many times, the contract will require the performer to add the venue to their policy as an additional insured on their policy (essentially sharing their policy with the venue at that point). While this is a standard request and practice in the insurance world, some companies will charge additional premium to add an additional insured, so the performer should ask how that is handled when purchasing their coverage (in our case, we do not charge extra premium to add a venue or someone else as an additional insured). Also with respect to contracts, they often include a clause wherein the performer is agreeing to 'hold harmless' the venue for any loss or damage that occurs. And if a loss occurs, be sure to share any written agreements with the insurance company during the claims process."

We hope this provided some helpful information, and might make you think twice about neglecting to opt for some insurance coverage the next time you hit the stage. We wish to thank K&K Insurance for their great assistance with this article, especially Dean Reed, Mark Beck and Marketing Manager Lorena Hatfield. For more information, to purchase coverage online or to simply to speak with an entertainment insurance expert about your needs, we encourage you to head to

<https://www.kandkinsurance.com/Entertainment/Pages/Entertainers-Performers.aspx>