

THE NEW BUSINESS ESSENTIALS

FOR MEETINGS

COVID-19 changed pretty much every aspect of meetings, including the business side. As associations make plans for future meetings, it's more important than ever to get fundamentals like event insurance, contracts, and safety guidelines right. **by Rasheeda Childress**

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It's often said that the only constant in life is change. And nothing has illustrated that more than COVID-19, which has upended business as usual for associations. While organizations had come to rely on event-related insurance coverage, contract language, and venue costs remaining relatively consistent, the pandemic has put all those things in flux.

"I don't think we're going to see a clear picture of what this is going to look like at least until the end of the year," says Beth Mauro, senior director of client services at Association Headquarters.

In order to mitigate risk, experts say organizations need to understand and navigate the changes that COVID-19 has brought to event insurance, contracts, and safety guidelines.



Insurance

As the number of coronavirus cases around the world was rapidly increasing, many associations began to take a closer look at their event cancellation insurance coverage. Typically, associations purchased event cancellation insurance to reduce losses if their meeting were to be canceled due to an "act of God," damage at the venue,

or something beyond their control. And before COVID-19, most associations could easily add a rider to cover communicable disease. However, the increase in pandemic-related claims is having an impact on the availability of this additional coverage.

"The big difference is, previously, you had the option to add communicable disease coverage to the policy," says Seth Fleischer, a business development professional at Aon Affinity. Now, "no carrier in the market is offering communicable disease coverage. Not just COVID-19, but no communicable disease."

Meanwhile, the price of event cancellation insurance has gone up significantly. However, even with those higher rates, insuring future meetings is still important.

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Top Takeaways

“Should they wait for rates to level off? I don’t think that’s a wise decision,” says Lou Novick, national director, associations, in the nonprofit practice at Gallagher. “The value an association has in obtaining event cancellation early on is that it is not at risk that new causes of loss will be excluded. The classic example is an organization that bound coverage including communicable disease in 2019 for 2020, 2021, and 2022 would not have coronavirus excluded from coverage for those meetings.”

When purchasing insurance, ask your carrier if any other provisions have changed, and read the fine print. “The challenge is to make certain they know what they’re not getting,” Novick says. “Some carriers have decided to remove what is known as ‘enforced reduced attendance,’ or ERA. ERA is the feature of coverage that refunds to the insured association those amounts that are requested as refunds by exhibitors and attendees who would not make it to the meeting for reasons beyond their control—and for reasons that aren’t otherwise excluded.”

Another change is that some carriers now offer virtual meetings cancellation insurance, which is much less expensive than its in-person counterpart. “The registration fee is so much less than an in-person fee. Or someone is putting on a virtual event at no charge to the attendees,” says Fleischer. “That’s going to have an effect on premium.”

Coverage for hybrid meetings is also expected, but Fleischer says the

industry is still working out the pricing model on that. “A hybrid meeting could be 20 percent in person and 80 percent virtual,” he says. “I think the split of in-person versus virtual would guide what the policy is expected to look like.”

An additional important step, especially with virtual meetings as the current norm, is ensuring that third-party vendors are insured. “We had to make sure they were carrying cyber liability insurance,” Mauro says. “We are responsible for protecting the data of our members, so any partners we work with have to protect that data the same way.”



Contracts

Government-imposed restrictions on mass gatherings meant many associations were unable to hold their meetings. Under “force majeure” clauses, some associations were able to cancel venue contracts without penalty. As associations plan future meetings, the right contract language will be extremely important.

Mauro says when closures began, her team spent a lot of time looking at contracts. “We went back to look at our force majeure clauses, timing, and when notifications had to be made, so we understood the climate and when things had to be done,” she says. “Going forward, it will become the norm for associations to assess meeting risk on a more granular level—looking at what is happening in

the world, in the industry you serve, and in the location where you will be producing your meeting.”

Jeffrey Tenenbaum, managing partner at Tenenbaum Law Group PLLC, says venues are trying to change the force majeure language to place more limits on when groups can use it.

“The hotels and big chains have come up with new language and new twists on how to write force majeure,” Tenenbaum says. “The hotels are pushing hard for it to say [the contract can only be canceled if it is] ‘illegal or impossible’ to hold an event. Their lawyers are telling them to not agree to ‘inadvisable, or commercially impracticable.’”

Another change is that venues are asking for large deposits upon signing the contract. “Of all the hundreds of association hotel contracts we’ve reviewed in the past, I’d say at least half, if not more, did not have any deposit required,” Tenenbaum says. “Now, I’m seeing there is a greater push from the hotel and convention center for deposits. If the hotel has a big deposit, they will have more leverage.”

Both Tenenbaum and Mauro note that even with good contract language in place, circumstances are not always favorable to making changes without penalty.

“It’s difficult to make anything ironclad,” Mauro says. “That is where good relationships with your partners are mission-critical. We all know that everyone is taking a hit in these difficult times, and we try to be really respectful of everyone’s situation.”

Speaker contracts are also evolving. As meetings pivot to virtual, Tenenbaum recommends that associations get permission for recording rights.

In addition, paid-speaker contracts should be reviewed thoroughly to ensure they can easily transition to a virtual event. “You may not need as many speakers; you’re not going to pay for travel fees,” Tenenbaum says. “Ideally, you want those agreements

with the speaker to also have a force majeure clause. Otherwise, you have to negotiate to amend.”



Safety Compliance

Another area where meetings will change drastically, and in ways that are still unclear, is how to ensure that they comply with local and federal safety guidelines. The main problem is these rules can vary greatly by jurisdiction.

As jurisdictions began to shut down in March, Mauro was constantly monitoring cities where meetings were scheduled. “You’re tracking where your facilities are, to find out what the rules are in that particular county,” she says. “Sometimes counties are out of sync with the state. In every part of the country, there are different rules.”

The rules are also in flux, as scientists learn more about how COVID-19 is spread and ways to prevent transmission. “It is changing so fast right now; you can draft a policy, and it wouldn’t be relevant in six months,” Mauro says.

Tenenbaum says associations need to follow national and local standards of care when hosting future in-person events. “You need to do at least the bare minimum if you want to mitigate your liability,” he says. “You also want to shift obligations as much as you can to the venue. They all have a part to play to keep people safe.”

For example, if venues have a mask requirement, they would be in charge of enforcing it. “Don’t ever have a rule or a policy if you’re not going to enforce it,” Tenenbaum says. “That can [result in] a claim for negligence. If you have a rule, you need to generally enforce it.”

While some associations are considering having meeting attendees sign liability waivers, Tenenbaum cautions they are not a panacea. “It’s not going to solve all of your liability concerns,” he says. “Does it help? Yes.

Insurance

Continue to purchase event cancellation insurance, even though you can’t get communicable disease coverage. Also look at the fine print on your policies to ensure you haven’t lost any coverage. Consider cyber liability coverage for your event and the vendors servicing it.

Contracts

Be sure you have a strong force majeure clause in your contract to help mitigate losses from canceled events. Also, note that hotels are looking to change force majeure contract language and asking for bigger deposits.

Safety compliance

The safety rules are changing often as scientists learn more about COVID-19, so it’s important to keep up and recognize that your policies may need to evolve. Some associations are considering asking attendees to sign liability waivers, but those are far from foolproof. Having attendees agree to follow rules ahead of time is helpful.

Does it protect you? If the association was found to be grossly negligent, a waiver is going to do no good.”

If associations do decide to use a waiver, they must make sure it’s not buried in the fine print. “I would strongly recommend you have it jump off the page, affirmatively have [attendees] click that they accept that waiver, and make it clear and in plain language,” Tenenbaum says. “You want to be able to show that people understood it and went in with their eyes wide open.”

Also consider if asking attendees to sign a liability waiver could negatively affect attendance. Another tactic is to have attendees agree to follow meeting rules—from the association and venue—in advance. Registrants are typically more willing to do that than sign a liability waiver, Tenenbaum says.

As cities start allowing groups to gather again, associations will have to stay nimble. “Everybody wants to get back to live meetings,” Mauro says. “We are all seeking answers right now. We have to be patient and prepared while we keep the lines of communications open.”

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Everybody wants to get back to live meetings. We are all seeking answers right now. We have to be patient and prepared while we keep the lines of communications open. —Beth Mauro, Association Headquarters