

PROPERTY & CASUALTY

Business Interruption, Terrorism & Swiftonomics

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Taylor Swift's impact on the local economy due to her Eras Tour is well documented in the global media. The tour has grossed over \$1B since it began in 2023, becoming the highest-grossing tour on record. This economic influence, commonly called Swiftonomics¹, is credited with boosting local economies in the U.S. and globally as fans flock to book hotels, eat at restaurants, use ridesharing and purchase Swift merchandise. According to one study, the average attendee spends an average of \$1,300.² Swift is seen by many as the figurehead of Western culture, both to supporters and opponents, and attracts global attention wherever she lands.

Around August 7, 2024, Austrian authorities arrested two men affiliated with a terrorist group who planned to attack the thousands of people attending a series of Taylor Swift concerts in Vienna. Due to these threats, and out of an abundance of caution, all three of the Taylor Swift concerts in Vienna were canceled by Austrian authorities. Ticket sellers, venues and Swift's touring company were all forced to refund tickets and cancel contracts with local businesses, creating concentric ripples of economic impact from local, provincial and national levels. This impact is felt by insurance carriers, as their policyholders have sought coverage for lost business income due to a terror threat. For many policyholders, however, they will find little reprieve

in their policies as terrorism, especially when only a threat versus a completed act, is an often excluded or limited cause of loss.

Swift and those directly connected with the tour will likely seek indemnification of lost profits and canceled contracts through event cancellation insurance. While most event cancellation policies have exclusions or limitations due to terrorist or political violence attacks, many have options to purchase the coverage for an additional premium. Currently, per Insurance Insider, the estimate of loss to insurers from Swift's tour company is around \$12M, with Brit Insurance and their Lloyds of London syndicate carrying most of that cover.³ The overall impact on these companies is estimated

1. <https://www.investopedia.com/swiftonomics-definition-8601178#citation-10>

2. <https://www.globenewswire.com/en/news-release/2023/06/08/2684710/0/en/Generating-5-billion-the-Taylor-Swift-The-Eras-Tour-has-an-Economic-Impact-Greater-than-50-Countries.html>

3. <https://www.insuranceinsider.com/article/2dneg4hqdu4lmmakp1vr4/london-market/brit-leads-event-cancellation-cover-for-12mn-taylor-swift-vienna-loss>



to be minimal, since these concerts can be rescheduled, minimizing the possibility of a complete cancellation of the tour.

If the cancellation had happened within the U.S., cover for terrorism, whether a threat or an actual event, can be limited to none depending on the type of coverage and policies the business has in place. The standard Insurance Service Office (ISO) general liability and property provide little cover for business interruption in the case of certified (or non-certified) terrorist attack, and no cover for the threat of a terrorist event. Payment on either liability or property coverage through the optional U.S. government-backed Terrorism Risk Insurance Act (TRIA) program requires a minimum of \$5M in loss and U.S. government certification of the event as an act of terrorism before a loan can be made to insurers to cover their losses. Since 2002, the government has certified no events as official acts of terrorism, including the 2012 Boston Marathon bombing, the 2015 San Bernardino attack or the 2016 Pulse Nightclub shooting, which all had connections to foreign-backed terrorism organizations. For non-certified terrorism or political violence attacks, cover on standard general liability and property policies is limited to both the actual attack, and the attack occurring directly at the company's location. There is no cover for the threat or act of terrorism occurring within a radius of the business itself. Essentially, unless there is a special coverage or policy purchased by a business, there would be no coverage for business income losses for

an event cancellation due to a threat or attack, such as a Taylor Swift concert.

However, with the purchase of a malicious or hostile acts policy, there could be cover for an actual or, sometimes, the threat of a terroristic event causing direct physical loss to the company and, in some cases, cover income loss due to government action, lack of ability to access the facility or loss of attraction. Such an example of coverage could be in Samphire Risk's⁴ active assailant policy, which can provide first-dollar crisis management and response cover if terroristic, political violence or any kind of armed assailant attack occurs at or near the business. Additionally, it could provide loss of income indemnification, if elected, if a malicious event happens within a five-mile radius of the location or event. Other insurers, like Hiscox⁵ and Hamilton⁶, also have coverage available, including event cancellation coverage due to terroristic threats, through their malicious acts policies.

Most businesses in the U.S. would find coverage gaps in the event of a completed terrorist event causing business income loss at one of their locations, and many more would find significant gaps due to a threat or a completed event at a separate within a two to five-mile radius of their business. However, coverage can be purchased to help provide affirmative coverage for such malicious acts or threats, for reasonable premiums and rates through several insurers or MGAs.

4. <https://samphirerisk.com/>

5. <https://www.hiscox.com/brokers/terrorism>

3. <https://www.hamiltongroup.com/global-specialty/products/insurance/war-terrorism/>



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