

Timing Is Everything When It Comes To Protecting Your Clients

Disability Insurance for Your Sports & Entertainment Clients

By Chris Lack



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When we pick up a newspaper or read online that the Miami Dolphins' second-year defensive tackle Kendrick Norton was in a serious car accident resulting in multiple injuries, including the amputation of his arm, or that Mick Jagger has to put a major tour on hold just months before it is launched due to a heart condition, we pretty much think the same thing...*"Well, that timing sucks."*

Fifty-five years ago, Jagger sang about how "time is on my side," and for the 75-year old singer, and even 42-year old Tom Brady, that is pretty much the case. But time can also be a fickle creature. Jagger was fortunate in that he was still able to tour some months later. Sadly, Norton was not as lucky, as although his injuries are not considered life threatening, it appears to have put an end to his football career and with it his potential earnings.

So, when is the time right to think about disability insurance for your sports and entertainment clients? Why do these clients often delay placing coverage until just before the next big concert tour or

just before the start of the sports season, or just before their next big contract? When something simple as going for a car ride can end a promising career.

For athletes, their ability to play is their greatest asset. It is their ticket to potential future income. By the very nature of the sport, an athlete's body is continuously in harm's way and should be protected from a serious or career-ending injury or illness, particularly if it prevents the next stage in their career from becoming a reality. But that career-ending occurrence doesn't always happen on the playing field.

There often comes a time when a career-threatening situation occurs off the playing field or outside the concert arena, from circumstances that neither the athlete nor performer has control over. Bryan Bickell, the Carolina Hurricanes forward, announced his retirement after being diagnosed with multiple sclerosis. At only 31 years of age, Bickell potentially had in front of him another four or five years worth of paychecks. Putting a permanent disability policy in place prior, which also covers any career interruptions due to a life-threatening illness, would have insured the player a substantial supplement to future paydays that are now gone.

When Foo Fighters' Dave Grohl snapped his fibula during a show last summer at Ullevi Stadium in Sweden, the band was forced to cancel the remainder of its European tour, resulting in as much as \$10 million in lost revenue. But the more excruciating pain would have come if the band were forced to cancel all or part of their North American tour. According to a report in *Billboard* it was going to cost \$200,000 alone to ship the band's equipment back to the United States. But that's just a drop in the bucket compared to the \$55 million in estimated band gross for the 44-date North American tour, and \$5-10 million in estimated



merchandise sales that were about to go up in smoke if the tour were cancelled. Put this on top of the estimated \$10 million in lost performance fees and travel expenses not offset by income due to five cancelled European dates, as well as crew salaries, per diems, hotels bills and expenses incurred for PR and marketing, and you are looking at a major hit. Sure, Grohl suffered his injury on stage, but it could have easily happened on a ski slope, jogging one morning, or, yes, in a car accident.

And sometimes we even have the bizarre merging of both sports and rock music. How else to explain why Detroit Tigers' pitcher Joel Zumaya suffered a deliberating arm and wrist injury while wind milling his arm like Pete Townsend while playing the video game, Guitar Hero. He was never the same player after that, causing his income potential to take a serious dip.

“...once an injury does occur, coverage becomes problematic.”

Very often athletes and entertainers wait too long to put insurance in place to protect their future earnings against bodily harm, which can often happen off the field and off the stage. And once an injury does occur, coverage becomes problematic. The genie is out of the bottle, the horse has left the barn, a day late and a dollar short, pick your analogy, they all fit.

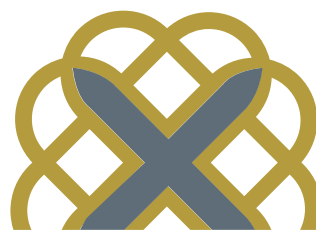
So why do so many of your clients wait? Perhaps it's a sense of invincibility, a god-like persona nurtured by soaking up the adulation that comes from 50,000 fans cheering wildly for you each day. They have to learn the potential for loss is always lurking every time they get out of bed in the morning (even faster if they *fall* out of bed in the morning).

We recently worked with an NFL quarterback who led his team to a Super Bowl victory and had one more year left before his free agency. The market value for his next contract was estimated at over \$150 million. To protect himself during off-season training and travel plans, he needed an insurance policy in place to get him to the next contract. It was apparent that if the player suffered an injury or illness resulting in a permanent total disability, then his future contract money would be lost. We worked with the player's insurance advisor and business manager to develop a \$25 million permanent total disability policy that protected his future income in the event the player became permanently totally disabled. This benefit gave the player peace of mind that if he suffered a serious injury or illness during the off-season and into the new football season, his future multi-million-dollar estate would be protected.

This player had hindsight firmly in his corner—many athletes and musicians don't always possess this attribute. But they need to; life isn't a Ouija board always letting us know what's to come. And unfortunately, what's ahead of us can come from the most unpredictable of directions. Why else would The Rolling Stones have to push back the start of their 2016 tour when Keith Richards was injured falling out of a coconut tree, or Lionel Richie having to postpone a tour after he caught a bug from a fan who kissed him, or Neil Young unable to tour because he cut his hand making a ham sandwich? Or ask Red Sox super-utility player Brock Holt if he ever envisioned that playing with his two-year-old son would result in being placed on the injured list due to a scratched cornea.

The largest asset these people have is their ability to earn an income based on their extraordinary abilities. If they are unable to perform, their income suddenly vanishes, and with it, the lifestyle they have built for themselves. If it's all about time, then now is the time to get them the protection they need, before the cheering stops for good.

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