



by Jason Klein

Insurance

For Musicians



Like any other business, the business of being a musical entertainer has its risks and potential liabilities. Your first step in protecting your business should, of course, be at the office of an experienced music industry lawyer, who can ensure that you set up with the right business structure, that your paperwork with third parties is in order, that your intellectual assets are protected, and that all of your other proverbial Is and Ts are dotted and crossed, respectively.

Many of the typical pitfalls of the music business can be deflected through education, proper advice, and preparation, but there are risks and liabilities that may not be anticipated in advance (like your gear being stolen at a gig), and others that could not be eliminated even if foreseeable (like a fan being injured at a live show). Proper insurance is essential to protecting against these contingencies.

Gear Insurance

The most basic form of insurance for musicians is gear insurance. Often secured through the AFM as a union membership benefit but also available through private insurers, this insurance covers replacement and/or repair of equipment that may be lost, stolen, or damaged on the road. Some policies cover borrowed equipment, computer equipment, and rental costs incurred to replace covered gear. Premiums are inexpensive and deductibles are significantly lower than the cost of replacing your stuff, making gear insurance essential coverage, particularly for touring musicians.

Tour & Event Liability Insurance

Possibly the greatest opportunity for unanticipated liability is in the area of live shows. The combination of crowded

venue, loud music, alcohol, low light, and the occasional projectile sets the perfect stage for someone to get hurt (or at least claim that they did). Moshing, strobes, and pyrotechnics don't help matters.

When someone does get hurt at your show, you will likely be at the wrong end of a lawsuit, even if the injury had nothing to do with you. An injured concertgoer will typically sue everyone involved in the show, from the promoter and agent to the band and management, and let the various defendants and the litigation process determine who is ultimately liable. In addition to covering the damages at the end of the day (subject to your coverage limits and terms), an important advantage of being properly insured is that when a lawsuit arises, your insurer and its lawyers will handle your defense.

You may not ultimately be liable at all for the relevant property damage or injury, but having to defend a legal action without insurance will set you back thousands of dollars. You'll be glad you paid those premiums when you get to simply hand the defense over to your insurer's lawyers at no extra cost to you. Of course, insurance will not protect you from any criminal liability arising from your shows, and will contain other exclusions that you should be familiar with. Your business manager can advise you on the right type of coverage based on your touring plans.

Workers' Compensation

If you hire workers, either as employees or independent contractors, it is important to consider the need for workers' compensation insurance. Note that each province has different rules on when and whether this coverage is required, and failure to obtain coverage where required can lead to significant costs. An injured worker may be entitled to benefits under the applicable provincial workers' compensation law, which would be covered if the employer (i.e. you) is properly registered for coverage; however, where you have failed to register as an employer, the cost of injured worker benefits may be chargeable back

to you in certain circumstances.

This is a complex area that requires professional business and legal advice. Speak with your lawyer and business manager before hiring tour workers to ensure that you are protected.

Errors & Omissions Insurance

Errors and omissions insurance (E&O) is primarily relevant for audio-visual productions, most particularly for television broadcast, but is often required in merchandising or other licensing agreements where you allow others to use your intellectual property. If you've shot a live concert video, for example, and are negotiating with a broadcaster to air it, the broadcast may insist that you have E&O coverage. Essentially, this is insurance that protects against third party claims for things like invasion of privacy, copyright infringement, trademark infringement, defamation, unauthorized use of performances, etc.

E&O insurance premiums are relatively expensive, and securing coverage may also involve a detailed review and analysis of the relevant property by legal counsel, which costs money too. That said, as with the other types of insurance discussed above, the cost of securing proper E&O coverage will be significantly less than the cost of defending a lawsuit and possibly paying a damages award if it turns out certain rights weren't properly cleared.

Getting Covered

Insurance coverage for musicians is not generally available through the same insurers that provide home, auto, life, or other consumer policies. There are a few specialized brokers/insurers who deal with music industry-specific insurance products. Generally, once your career is at the point where you have a business manager, working with a broker to secure proper coverage is something that would fall within his/her role.

If you do not have a business manager, your manager or lawyer will be able to connect you with a broker/insurer who can address to your needs. Speak with a professional to help you ascertain your needs, and re-evaluate that need from time to time as your career develops.