

CLIENT ADVISORY

Broadcasters Face New Exposures from Legislative and Industry Changes

Broadcasters face a myriad of new exposures as a result of legislative changes and industry trends. More than ever, insureds need an advisor that understands the changes taking place in the industry and in legislation related to it; offers the coverage advice and can provide the options needed to address emerging exposures specific to broadcasters; and has the expertise to advise on establishing risk management protocols to mitigate losses and control the total cost of risk.

LEGISLATIVE ISSUES

With the FCC mandated conversion to digital television complete, there are a number of new considerations:

- Small and midsize broadcasters are realizing large increases in insurable values due to the conversion. Are you using the correct values and an appropriate form when placing coverage?
- Reduced tower stability, which results from the redistribution of digital equipment, has led to increased frequency and severity of tower losses. Are you aware of the changes in your client's exposure and advising them appropriately?

INDUSTRY ISSUES

Consolidation – The industry continues to consolidate due to competitive pressures, and FCC changes have led to increased activities in station swaps, licensed management agreements (LMA), and divestitures. Recent FCC rulings regarding newspaper and television ownership along with the digital conversion and competition from satellite providers makes this a dynamic class. Do you know the carriers, terms and conditions, and endorsements necessary to protect your client as the industry evolves?

Reality TV – With an increase in competition from cable and satellite providers, network affiliates have turned to reality TV to differentiate their offerings. As a result of this shift, these broadcasters have drastically increased their liability and professional exposures. Recent cases include suits claiming personal injury, use of hidden cameras, breach of contract, and property damage at filming venues.

Competition – As the competition for advertising revenue increases, cost containment is as important as ever. Is your client's insurance program structured in a way that will allow them to meet both their short-term (fixed cost of their program) and long-term (variable costs of their losses) objectives? Your carrier should have consultative loss control services and ample capacity, which will reduce the need for costly reinsurance. By coupling an effective risk transfer program with loss control programs such as defensive driver training, you can help your insureds manage both short-term and long-term costs.

Tower Leasing – In today's competitive environment maximizing "vertical real estate" has become a leading source for non-broadcast revenue. Tower owners regularly lease space on their tower to others or are leasing space from another tower owner. Your insured should be properly protected by their contracts and insurance program; this means verifying that any lessee carries appropriate limits of insurance for workers' compensation and employer liability coverage, automobile liability, and coverage for environmental contamination. In addition, the landowner should be named as an additional insured on lessee's policies and the lease should contain broad indemnification of the landowner by the lessee for any claims, losses, damages, litigation costs and attorneys' fees arising out of the use of the tower site or the access easement by lessee and its sublessees, and by their respective agents, employees and contractors.

SOLUTION

Broadcasters face unique exposures that can evolve quickly. To best retain their business, their insurance professional must understand how emerging industry issues and legislative changes may impact the insured, and they will need to offer the proper advice on establishing an effective risk management plan.

AmWINS, in affiliation with the National Association of Broadcasters (NAB), offers clients a comprehensive package of industry knowledge, market access and know how, and risk management tools and resources.

To learn more about our unique broadcasters insurance capabilities, reach out to your AmWINS contact or:

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