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**From:**

John Silcock

**Sent:**

20 March 2009 05:44

**To:**

'Paul Gongaware'

**Cc:**

TimmWoolley  
Deniz Dervish;  
'Shawn Trell';  
Bob Taylor

**Subject:**  
RE: Tour Insurance

**Sensitivity:**  
Confidential

Sorry for delay, have just got to NY.

We've got some indicative terms, but there will be more information required before we are able to firm these up. This will however give you some idea of likely costs, subject to the additional information. We are also working on some other options, such as Death / Disability only, but I will come on to these later.

As I am sure you will appreciate, this is a far from straightforward and somewhat more complicated placement, almost entirely due to how this particular artist is portrayed in the media. Consequently there are a lot of pre-conceived ideas about him, some of which have been very difficult to overcome, simply due the overwhelming amount of negative publicity, despite the good medical report.

To insure 30 shows with a sum insured of \$14.5M (per Timm's email) on the basis of insuring only those shows cancelled and not rescheduled. Subject to a 3 show deductible (shows lost). There will be no cover for the costs to reschedule any shows.

Based on

No back-to-back shows.

Every attempt made to reschedule.

Premium: \$797,500 (Rate: 5.50%)

As I have said, this is an indication only and is subject to more detailed information – for example:

- 1.
1. Due to the specific nature of this risk, insurers will require a further medical examination to be carried out by their nominated doctor. This will be very similar to the previous examination. They may restrict illness cover or death from illness cover until this

examination has taken place.

- 2.
2. Full review of past 5 year medical history by nominated doctor.
  
- 3.
3. No catastrophe non-appearance coverage of bands, dancers or backing singers will be granted until all names and ages of performers seen and agreed by underwriters.
  
- 4.
4. Full details of the stage to be provided. No cover for losses arising from the staging will be covered until information seen and accepted by underwriters.

- 5.
5. Full details of weekly fitness programme.
  
- 6.
6. Full details of any pre-existing conditions or illnesses suffered by the children along with a signed release granting access to their full medical records in the event of a related loss hereunder.
  
- 7.
7. Journey details (time allowed for travel + number of vehicles, etc.) to the venue to be advised to underwriters.
  
- 8.
8. Full details of any promotional work that will be undertaken during the policy period.

9.  
9. Limit of Indemnity of \$14.5M (or final figure) is amortised over the 30 shows.

10.  
10. A full budget showing anticipated revenues and costs  
10.

11.  
11. How many songs will be performed (is there a contractual minimum or maximum)? The show not to be longer than 90 minutes (we may be able to negotiate on this, but will need to know how long the show will be including any encores).

**Additional Information which will be required prior to binding:**

1. Comprehensive list of ALL proposed shows not already announced up to the end of 2010.

2. Confirmation of when cover will be purchased for the 2010 shows (up to February) and an estimation of the level of cover that will be required.



3. Details of any coverage that artistco will require on the 30 shows to be covered hereunder.

4. Will the artist have a medical practitioner travelling with the tour party or will one be retained in London? If so, (either scenario) please provide their names.

5. Confirmation from the mother's doctor as to her current state of health and any medical conditions from which she suffers (or has suffered).

6. Details of the mother's living arrangements, e.g. private residence, care home, and is there any retained dedicated care staff?

An alternative indication is for a cancellation policy to cover failure to achieve breakeven. The policy will respond to a failure to achieve breakeven (number of shows / amount to be advised) and the policy will end once the run goes into profit. There will be no cover for individual losses, and no deductible. For example, breakeven achieved after 15 shows have taken place, then policy off risk after 15 shows have played. If 30 show run is over, and only 10 shows played, then policy responds in respect of 5 shows. Premium would be in region of \$362,500 (rate around 2.50%).

We have also obtained indications for Death and/or Disability only. However so far the premium rates indicated have been almost the same as the Non-Appearance indication, although we are discussing with alternative markets and are expecting a response tomorrow, so will update you then.

Finally we have obtained an indication of cost for losses due to Terrorism. We feel this is important to consider given that this involves a fixed location and unavailability of the venue would have serious implications.

Indicated limits and relevant costs are as follows -

\$2,500,000 - premium = \$19,750

\$5,000,000 - premium = \$34,750

\$10,000,000 - premium = \$46,500

We should be able to obtain terms for the full limit of \$14.5m if required.

Perhaps you could give me a call when you've had an opportunity to review the above, and if you have any questions, please do not hesitate to contact us (I will be available on myUS cell , as well as my UK cell

Look forward to hearing from you.

John