

Protecting a Brand: Death, Disability & Disgrace Insurance

by **Ryan Petersen**

“Branding” has become such a buzz word lately and many creatives are capitalizing on companies’ needs for building and developing a recognizable, and perhaps more importantly, favorably-viewed public image. With this topic on the top of so many business minds, it is an opportunity for insurance professionals to provide protection for what can be a brand’s very sizable investment: hiring a spokesperson to push their products and/or services to higher levels of public awareness.

This scenario makes it easy to demonstrate to a brand the potential for loss should their spokesperson suffer a death, disability or disgrace. Utilizing Death, Disability and Disgrace (DD&D) Insurance, you can offer protection for a company’s public relations investment against the risk of a hired personality becoming detrimental to a brand name. On the front end, PR managers refer to a preventative practice known as “Brand Preservation” in which strategies are formed to mitigate any potential damages that may be caused by the reaction of consumers to the degradation of a celebrity spokesperson. Business managers are certainly supporters of this practice, as their paycheck is determined by their client’s paycheck. However, all the creative spin in the world cannot stop a public figure from falling from grace, and certainly can do nothing when death or disability befalls the spokesperson. Insuring against these perils is essential to a well-planned advertising and marketing campaign.

For example, the expenses incurred from shooting a television commercial starring a professional athlete can be sizable. There are pre-production expenses, performer fees, production expenses, media fees, and a variety of other expenses associated with a video shoot. Having to trash the resulting materials would mean a large loss for the financing entity. Risk managers have the option to purchase Brand Protection Insurance, which can indemnify the insured, and cost as little as 1% of the sum insured. This would allow them to recoup expenses should they have to pull the campaign due to a death, disability and/or disgrace.

Let’s say this particular commercial is for a breakfast cereal with the athlete’s image printed on the box. This operation also has the incurred expense of specially- designed product packaging, which will be viewed and consumed by people of all ages and families. If it is determined that maintaining this campaign will impair the brand’s image, due to the death, disability and/or disgrace of the celebrity spokesperson, a benefit may be paid to help cover the cost of pulling the boxes off store shelves and repackaging.

Another interesting use of this coverage is to indemnify loans issued to actors, entertainers, and particularly, professional athletes. This practice can hedge a lender’s risk associated with lending to a person whose ability to repay the loan, due to their contractual obligations to a brand or multiple brands, hinges upon their public favor and/or health. Financially underwriting for such cases is simplified by following the guidelines of the loan agreement and the acquisition of the lender’s financial underwriting. This is a nice approach for insurance advisors with these types of lenders as clients. Be sure not to limit your scope of vision when prospecting DD&D insurance. A regional or local campaign may have just as great a need for brand protection. Perhaps the local pageant queen or student athlete does a radio promo spot for a regional restaurant chain, or a hot-shot attorney shoots a commercial for his/her firm. Creative application of this insurance can be quite liberal.

To note, the insured does not always have to be a spokesperson, per se, for a brand to validate the use of this insurance. Many types of contracts can be covered. For instance, a firm may have employment contracts with “termination for cause” clauses, which include disgrace of the company. DD&D benefits would be payable should the clause be enacted due to specified perils. If an employee with such a contract is terminated for such cause, the firm must then hire a replacement and incur costs for public relations cleanup. DD&D benefits would help pay for those expenses.

Another example is a motocross racer that may simply be endorsed by an equipment manufacturer and paid to use the company’s equipment professionally. Although the racer is not hired as a spokesperson, a death, disability and/or disgrace could still mean financial loss for the company.

The idea with DD&D insurance is to keep in mind is that if there is a contractual agreement between a brand and an individual representing that brand, there is most likely an insurable case.

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