

**BLOG**

# Filmmaking Risks in the Age of Climate Change

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For filmmakers and their investors, extreme weather events can turn a potential blockbuster into a money pit. Severe conditions can derail a shoot that is in Prep or halt filming that's already in progress, racking up huge expenses in delay costs and damages. Over the last decade, global climate change has posed increasing risks to filmmakers, as storms have escalated in frequency, severity, duration and geographic reach, from hurricanes reaching Atlanta for the first time in 2018, to air pollution threatening production in Beijing.



New climate reports from scientists and government agencies warn of the rapidly growing threats almost weekly. Hurricane season now extends from June 1 to November 30. Wildfire zones have expanded beyond California into many western and southwestern states. And flooding from superstorms has stretched into inland areas once immune from the threat of flood.

*Unfortunately, damage and costs of delay caused by hurricanes are excluded from coverage, or given very low sub-limits by insurers of movies and TV shows. Without a separate hurricane policy to fill in for that exclusion or fill-out a low limit offered, financiers of motion pictures have three options: take those financial risks on themselves, shoot their project only in the off-season (which is often impossible due to talent schedules), or move locations somewhere not affected by hurricane season (which is often not financially or creatively viable).*

After Hurricane Katrina in 2005, hurricane coverage for motion pictures became harder to purchase and more expensive. Just as some areas in California have become nearly uninsurable against wildfire, there are now hurricane exclusion zones that reach from all the Gulf Coast states, up the Eastern Seaboard, all the way to New York City. In many of the major production areas of the Pacific Rim and Australia, cyclone season carries the exact same wind exclusions for film production insurance.

## **Insurance Solutions Worldwide**

While it's very difficult to insure films effectively and with adequate limits in a wind zone during hurricane and cyclone season, it is possible to find solutions to mitigate interruption costs and thereby keep premiums down for broad coverage.

For example, we solved for the challenges facing the Louisiana film industry in the wake of Hurricane Katrina by creating a bespoke insurance program that required coverage be taken by a large number of

projects both in and out of season, upstate and downstate, thereby avoiding loading only high (or “adverse”) risks onto insurers. At the time, producers agreed to do so, and to adopt certain standard risk management protocols. The inexpensive, smaller layers of protection needed in safer months and places helped offset the prohibitive costs for insuring downstate and in-season. We wrote the program to include broader coverage than available in one-off policies and expanded that in the relatively quiet years immediately following Katrina which gave the insurance marketplace, and filmmakers, a somewhat false sense of security.

Similarly, we applied the same concepts to a program for the government of Puerto Rico’s Film Commission. This program allowed the government to purchase policies to protect films they had incentivized with tax credits. It helped expand and vitalize the Puerto Rican film and TV community, and it ensured all claims were paid to shows which were exposed to Hurricane Maria. We continue to write bespoke policies and programs for Puerto Rico, the Gulf and the Caribbean using our risk management protocols with which insurers have become comfortable, allowing them to support our clients in the toughest of conditions.

### **More Than Just Hurricanes**

Hurricanes aren’t the only threat posed by climate change. Another climate risk that can impact filming is air quality. Throughout Asia, there are days when the Air Quality Index rises to a level that threatens to shut down exterior filming because of visual impairments and health standards. Tornadoes are a climate risk that threatens shoots in the Mid-West, and river flooding is a constant exposure for shoots near the Mississippi and elsewhere. Sand storms affect shoots in the world’s deserts.

No matter what the threat, it’s important to write effective coverage based on real data, and linked to effective risk protocols and contingency plans. The same model we developed for coverage for the Gulf of Mexico and Caribbean zones has been applied to work in China, Singapore and Australia.

Did they insure against sand storm while filming the original *Lawrence of Arabia*? Probably not, but today, with state-of-the-art insurance programs, they could.

*Want to learn more?*

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This is one in a series of posts looking at the risk and insurance implications of the changing climate. To see the other posts in this series, [click here](#).

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