

Covering the Whole Campaign



On almost every day of the year some where around the world there is a major advertising campaign underway.

So what do these campaigns have in common?

An extensive amount of research & development, creative magic, intellectual property, production & planning, expectation and investment are poured into them.

All of which can result in an advertising agency having to identify a plethora of risks in order to manage the creative process and deliver to clients what they expect from their campaign.

Not all campaigns attract unmanageable 'risks', nor are they necessarily on a large scale or complex.

Nevertheless, whatever the size or make-up of a campaign, challenges and risks are present for both the advertising agency and the client.

Many campaigns will face similar risks which are usually easily identified – such as the non-appearance of the artist during filming, poor photographic conditions on an exterior shoot day or the interruption of a campaign due to the death or disgrace of a celebrity paid to endorse the product and campaign.

A number of risks may be mitigated through good production execution and sound contracts; however there will always be those risks which lurk just out of sight.

How often have we heard, "I never thought that would have happened in a million years?"

Risks in some parts of the world include disruption from headline chasing activists. The threat from extremists is a common occurrence, so often targeted at the product or the artist.

Here in New Zealand advertising agencies need to prepare for the threat of earthquakes, tsunamis, volcanic eruption, adverse weather and the impact this will have on photographic filming conditions on the shoot day.

Many advertising agencies focus on the impact of catastrophes. However, experience would tell us that the so called lesser risks can equally cause disruption, embarrassment and financial loss to a campaign of any size.

Identifying the risks

Generally advertising agencies risks are categorised as the product, the talent and the photographic conditions on exterior shoots. Each in its own way will have a direct impact on the production and potentially the campaign.

Whilst the advertising agencies own experience will assist in the identification of many risks, identifying those flying just below the radar is often the job for an additional set of eyes.

In most cases the creatives and producers will be supported by the client and have access to knowledge and tools which will lessen the burden.

For those campaigns which are larger, more complex or contain unusual elements, there will always be the potential for an unplanned or unexpected disruption.

Complex can mean any number of things. How often are a production and / or campaign subject to a robust risk evaluation?

A simple task that simulates situations to assess what the financial impact will be on the brand and the client if the unplanned or unexpected did occur.

Not forgetting, the risks associated with the fall out from the interruption of a campaign and the effect an event of this nature could have on the reputation of an advertising agency.

Cover options

There are an increasing number of insurance solutions available in the global insurance market.

While the insurance market has a number of standard offerings, generally speaking it is the speciality Advertising Agency Indemnity, Death, Disablement & Disgrace and Weather Day policies that will cover the multitude of risks faced by an Advertising Agency for their production and campaign exposures.

Understanding the risks associated with a campaign and how to buy back key insurance coverage is critical.

It is important to understand that not all financial risks are insurable - some will simply need to be managed. The standard market wordings exclude losses resulting from terrorism, war, civil commotion, national mourning and communicable disease.

However, our experience and speciality broking skills within JLT have enabled us over the years to design campaign protection removing these exclusions. The price of buying back cover will depend on the nature and location of a campaign.

For example terrorism cover for a campaign on air in New Zealand will more than likely be included without charge whereas a campaign airing globally will inevitably come at a cost.

Available capacity

A major campaign, involving a global brand, celebrity artists and on air for six months across a number of media networks will require considerable underwriting capacity.

The global contingency market which underwrites Advertising Agency Indemnity and Death, Disablement & Disgrace policies has underwritten coverage up to US\$1 billion in total.

There is more capacity available if needed.

Generally speaking, advertising agencies will look to secure insurance cover as soon as their campaign is signed off by the client.

This will ensure any circumstance that manifests itself after the date of inception of the policy and which subsequently impacts the campaign at a later date will be covered.

Arranging cover on a campaign which contains a high risk element has to be a priority. Tailor making an Advertising Agencies Indemnity and Death, Disablement & Disgrace policy to the specific exposures of the campaign is a must.

The failure of a campaign will be damaging for an advertising agency. The speciality policies advertising agencies are able to buy through JLT have been constructed with this in mind.

The client contracts an advertising agency and charges them with delivering a successful campaign. It is therefore important that they are jointly able to recoup their costs in the event of unforeseen circumstance.

Risk management is fundamentally about ensuring excellent delivery. Prior to production of any campaign of a significant size commencing, a risk assessment should be carried out to ascertain the volatility of the campaign.

Economies of scale

Policies can be arranged on an annual basis so as to maximise economies of scale. This can be achieved on a client by client basis, brand by brand basis or campaign by campaign basis.

Policies can also be structured so they provide an automatic level of cover across all campaigns regardless of their nature. Top up cover can then be purchased on those that carry a higher risk (whether artiste, brand or subject related), as and when the advertising agency deem it necessary.

The key is all about tailoring these specialty policies to reflect the buying criteria, risk appetite, nature and profile of the campaign.

Insurance is a key factor when managing risk. Agencies have an obligation to themselves and their client to ensure that a campaign is as robustly protected as it can be. It is also important to ensure the insurance arranged is the best solution available and applied correctly.

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