Insuring the World Cup – looking back

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In June 2008, after a suggestion by the IISA's Theo Vels, I went to SAFA House to be part of the World Cup 2010 insurance tender evaluation team. I was offered the job as Insurance Manager to the 2010 World Cup and, being an eternal optimist (my teams are Blackpool and Bloemfontein Celtic), I accepted the challenge.

It came as something of a surprise to discover I would have from 25 July until 15 November to complete a Risk Evaluation, design an insurance programme, quote it and get it signed off by FIFA. Without a risk officer, it became something of a challenge and I owe great thanks to Steve Levitt and Dani Ettridge from AON, ably assisted by Yussef Seth from the Organising Committee, for their help. The purchase of a Risk Management system from ART did make the task easier from the point of ensuring internal compliance.

The evaluation was relatively easy, with the aid of some experts from AON, the OC's Finance team and my vague memories of past events at Sun City, plus a lot of internet searches.

We met the deadline!

Identifying and classifying the risks - It only took about a week to identify and classify by impact and cost hundreds of 'risks' (we missed all the things that really bit us, more on that subject later). The risks we faced were arbitrarily divided into two parts.

- **Physical risks**, being mainly damage to the infrastructure and equipment, most of which did not exist at that time and contracts had yet to be issued.
- **Political/Catastrophic risks**, such delightful things as mentioned in the graph below:

In reality, we could insure most of the things that could threaten the Event, and those that we could not were handled by us lighting more of the candles, as well I did.

We then passed the list to the Operational Teams and gave advice where we could and fine-tuned the insurance programme as we learnt more. We were lucky or blessed. So far, we are collecting the claims and, the risks that we missed have not hurt us ... yet.

Arranging the cover - To get over the multitudes of possible owners of assets and activities, the decision was taken that all insurances would be on a joint insured basis (FIFA, SAFA, HOST Cities and Stadium Owners and Operators). All assets would be centrally insured and Contractors All Risks covers would be principal-controlled. Only such items as staff covers were OC specific.

In addition, we would, because of the widespread nature of the risk, buy much of the cover on a first-loss basis. Given that we could never calculate the erection and dismantling costs or the transit values, we agreed that we would not make declarations, we would give as accurate (as possible) budget figures.

Thanks to the support of the South African insurance industry, we were able to achieve a simple set of covers which met all our needs, (candle burning may have helped). Actually, credit lies with Aon and, particularly, Steve. Fortunately, Lloyd's also misunderstood the risk and came in with cover at good prices. They provided cancellation and losses occurring liability cover. I was appalled to see that some brokers offered claims-made cover for clients buying event-specific insurance.

What is perhaps not understood by many is that the OC has to manage relationships with FIFA, Government, Host Cities and owners of property such as training grounds and Stadia. We would not know what we needed until teams qualified, the Draw was completed and teams chose their base camps.

Host Cities were faced with serious expenditure, limited direct revenue from the Event, just as the World went firmly into recession (we missed that risk).

Some statistics:

- 10 stadia

Terrorists	high risk, high cost
Epidemics	low risk, high cost
Civil Unrest	low risk, high cost
Weather/Earthquakes	low risk, low cost
Teams not arriving	forget it (see epidemics)
Cancellation by FIFA	There was no Plan B.
Biological Attack	low risk, high cost, but the cover is too expensive anyway!
Failure to Deliver	We had complete faith in Dr Jordaan and South Africa (though we had no idea how good we would be).
The possible illness or death of any prominent person...	All one could do was hope it did not happen ... I reverted to lighting candles.

- 32 training grounds
- 2,000 vehicles
- 15,000 volunteers
- R5, 000,000,000 of installed overlay (hospitality tents, media tents, communication equipment, signage, etc.). Every stadium had to be equipped to run independently of mains electricity and one did for one game. Did anyone notice?
- Thousands of security guards and spectator stewards
- 3,000,000 spectators
- 35,000,000,000 viewers who wanted to watch all games live
- 5,000 or so laptops, communication devices, large TV's and other attractive items

Add thousands of dignitaries who need fancy cars and guards and a large number of team personnel, the job got quite interesting at times. Traffic created its own headaches, we needed full stadia.

What were the challenges?

Early on, it became apparent that we were late with the risk and insurance appointments and that we would be thin on the ground. The Risk Officer joined us in late 2009 and Chris Step only joined the Insurance Team just at the time of the Confederations Cup, another person without whose help I would have sunk without a trace. Despite his late arrival, Warren Harper, the Chief Risk Officer, was invaluable in his handling of the Health and Safety matters. His experience with major events and his contacts saved us much needed time.

The major challenges were:

- Nobody in our team, or at the Host Cities, had ever had to handle such an influx of potentially litigation-conscious people. Did you know the biggest foreign contingent was Americans (much fear and trepidation, so far unjustified)?
- The Event would involve National, Provincial and Municipal assets and activities. None of the aforesaid had experience with such an event, or of the types of risks that we faced. In most cases, it was impossible to clearly identify who was 'responsible' for what, notwithstanding a substantial number of vague and often contradictory contracts.
- The activities, in no particular order, included:
- The Confederations Cup
- Football For Hope
- The Initial Draw
- The Final Draw
- Open to Public Training
- The Opening Ceremony
- 64 Matches
- Fan Parks (not Public or Commercial Viewing Areas)
- The Final Ceremony
- A multitude of upgrades to training fields
- Building artificial turf pitches in every Province as part of the Legacy Programme
- An International Broadcast centre
- Oh yes, and a pop concert, too!

All project delivery plans are works in progress until they are over. The best laid plans were rewritten at the last minute as we spotted something, upgraded something or had a strike. At one point, most of our containers with generators and tents were in a queue in various oceans. The challenges around the provision of security guards took care of the last of my non-grey hair.

- Changes in Technology - we had to upgrade the lighting well into the construction phase for High Definition broadcasts and the electricity demand grew daily.
- The danger of losing a stadium post-completion-pre event
- Communication within the team.

To obviate, or, at least, reduce the risks, we put in a multi-pronged information gathering and control mechanism.

- Claims operating procedures. We had a system that ensured that claims were reported to everyone in the team, including our broker, and that there were pre-agreed towing operators, repairers and assessors for all classes. System instructions and the appointed contractors were disseminated to everyone. It is unclear how many people read these documents.
- Incident reporting - this was a simple form that would be filled in during the last two years. It was used to report anything that had gone wrong or looked as if it would go wrong. It also covered Health and Safety issues.
- The Host Cities were trained in its use as were all of the staff, volunteers, security guards and stewards and contractors (well, not all of them because they kept changing).
- Incident officers - these were arbitrarily appointed members of the OC staff, taken from each operational venue and were required to ensure that the reporting system was complied with.
- A team provided by Marsh South Africa, under an Occupational Health and Safety Act (OHSA) compliance contract, was there to vet, rewrite and monitor what was going on and to ensure that we complied with this Act. They would also conduct post-event surveys to make sure we left the places safe. Additionally, they provided volunteers from their staff to assist on Match days.
- We were allocated a team of volunteers from the Volunteer programme that was provided with special training.
- Host City Insurance Staff, brokers and Host City volunteers - we endeavoured to ensure that they were also trained in the systems or were aware of them.
- Insurance support personnel - we recruited geriatrics from ex-policemen, ex-insurance people plus some awesome university students to act as advisors and chasers at each

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venue. Mike Morgan of Zurich provided us with an invaluable list of names.

- Aon volunteers - under the able leadership of Dani Ettridge of Aon, staff gave up their time to be available, mainly on match days, to provide us with support at the Stadia.

Net result about 5,000 incident reports and some 1,500 possible claims at the time of writing.

Where did we go wrong/lessons to be learned?

- We started late. The Risk and Insurance team struggled with understanding the plans because much of the ground work took place before we arrived.
- We spent too little time with the Host Cities, Stadium managers and owners, partly because we were late in getting started.

But also ...

Inadequate resources, we needed a trained insurance member of staff with Risk Management experience at each venue. We needed better, on the ground, liaison with the other participants in the Host Cities.

- We underestimated the number of claims that would arrive in the two weeks after the last whistle.
- Did I mention that we had to read and evaluate the risks involved in every contract? I should have - there were hundreds.
- We paid insufficient attention to asset security; we should have fitted some form of tracking device to the laptops, TV sets, hand held radios and security devices. In our experience, the latest technology includes being genetically modified to grow legs and walk when no one is looking. They also hide (missed risk).
- We underestimated the difficulty in controlling and monitoring two thousand or so cars and minibuses working all hours and driven, mainly by volunteers. I must add that the volunteers did an awesome job; without them we would have been lost. Basically, we failed to monitor this area effectively (missed risk).
- We underestimated the challenge that providing sufficient security guards and stewards would create (missed risk).

The biggest challenge was the very nature of the event. A small number of people slowly expanded over a period of three years to a team, in excess of 30,000 people, for a limited period of time; whilst the late-comers were willing and able, they did not have knowledge of the many systems and processes involved and would not have time to learn.

Assets utilised rose from perhaps R50,000,000 to over R5,000,000,000 and disappeared in weeks (all too often, literally). We had hundreds of contractors and subcontractors.

Accountability for assets and understanding of the larger picture is a challenge, both to generate and maintain. The influx of people tends to be job-focused personnel and, as a result, it is difficult to create an interest in such mundane matters as asset management and control. Equally the team shrinks very quickly which adds to the problem (missed risk).

Reference to other events shows this to be a common problem which requires further consideration if it is to be resolved or at least controlled, perhaps by the earlier appointment of the Risk and Insurance team.

Internal communication was and always will be a challenge. Project teams (we were a project team) tend to operate in silos with each area having a specific deliverable. The staff is, quite correctly, entirely focused on that deliverable.

Cross department communication is often neglected and, for

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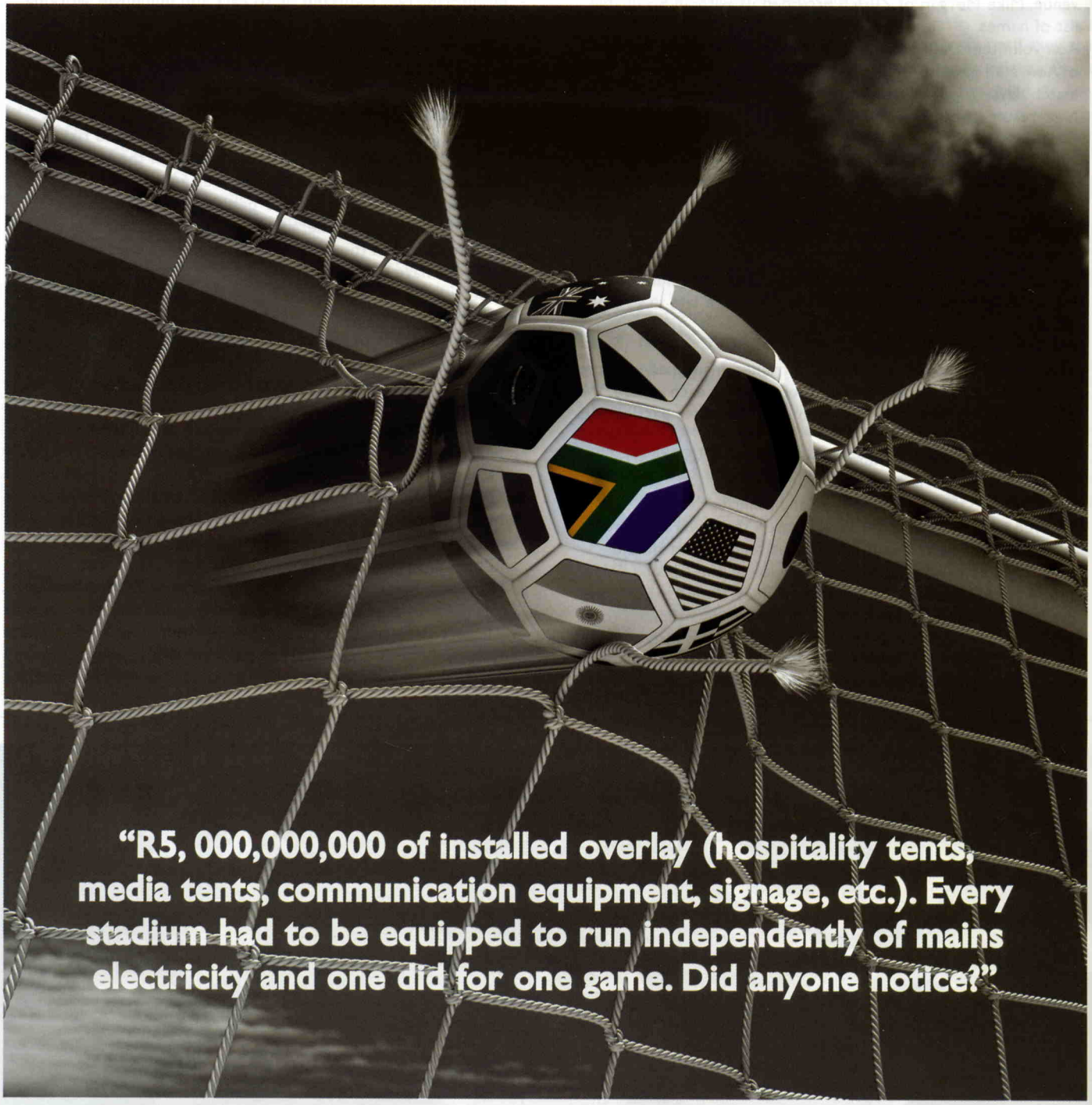

the insurance team, this presents a major challenge. The ability to listen and dig for information is critical. It becomes imperative to understand the budget and procurement process and any alterations to the budget. Every contract must be scrutinised and contact with contractors will mean the difference between success and failure in one's role. Information must be actively sought after and relationships built. It is amazing what can be learnt in the canteen and by site visits.

Vuvuzelas, which fortunately were greater generators of hot air and damage in the media than in real life, made an awesome noise in the stadium. They do, however, pose an interesting set of questions regarding noise levels for events.

Occupational Health and Safety, a sadly misunderstood piece of legislation, imposes huge responsibility on those involved in business or projects at all levels. We were fortunate that we had the cooperation of the Host Cities and the major contractor, most of whom were well aware of the requirements. It proved a major challenge to implement as we were late in moving on this aspect.

Generally, we learnt that South Africa CAN, and that its Risk and Insurance Service Providers - both intermediaries and insurers - are awesome in their skills and service delivery. Lloyd's is included in this category. I exclude documentation and paperwork delivery from that compliment. However, if we are to handle events of this size, we must lift the profile of our industry. We cannot be left as an afterthought; we must be involved from the beginning.