



# PROFESSIONAL ATHLETE

## DISABILITY INSURANCE



**PETERSEN**  
INTERNATIONAL UNDERWRITERS





## Professional Athlete Disability Insurance

Whether participating in a team sport or an individual sport, Professional Athletes' careers expose themselves to countless possible injuries, and illnesses. A minor disability may become career-ending for a professional athlete. With the risk so high, most insurers will not underwrite disability insurance plans for athletes.

Petersen International Underwriters provides high limit coverage for professional athletes to financially protect against temporary and/or permanent disabilities. Each sport has unique underwriting challenges as incomes may come from a variety of sources including team contracts, signing bonuses, endorsements and purse winnings.

Each sport commands unique contract features including guaranteed income to a player. Some contracts are fully guaranteed while others allow the team to waive the contract as they see fit. A variety of flexible solutions are available to protect a professional athlete's.



# Types of Coverage

## Draft Protection

Young athletes have pursued lifelong commitments to reach the big leagues in their respective sports. Before a player is able to sign a professional contract they are at risk of losing everything they have worked to achieve. Should an athlete become disabled due to an injury or a sickness, it is unlikely that they will be drafted or their draft value may decrease which may mean a difference of millions of dollars.

## Temporary Disability Protection

An athlete's body is his/her instrument in making a living. Physical performance and well-being are key factors in a professional athlete's economic survival. Temporary total disability coverage helps mitigate the daily risk to one's body.

## Loss of Value

Not all injuries or sicknesses cause career ending disabilities, but some may certainly cause a diminishment of physical ability. An athlete may insure skill level with the "loss of value" coverage. If a player, projected to be a first round draft pick, suffers a significant injury before the draft and isn't selected until the third round, the athlete stands to lose a sizable contract. This type of coverage may also be used by professionals prior to re-signing contracts.

## Contract Guarantee

Professional football contracts provide the least amount of protection for a player. If a player is not performing as hoped, the team can waive the player at any time, and make much of the multi-million dollar contract worthless. Similarly, if an athlete is disabled and unable to make it through the rigorous training camps, they may also be waived. Contract Guarantee coverage will pay the remaining balance of the contract to the player if waived.

## Future Contract Value

A few sports may offer fully guaranteed contracts, but at the end of a contract there is no guarantee of future protection. If an athlete is an all-star caliber player, they are likely to sign a large, if not record breaking, contract at the end of the existing contract. In order to protect the income of a future contract, a player may insure the future value for which they are estimated to re-sign.

## Temporary vs. Permanent Benefit

### Temporary Disability

Temporary Total Disability provides a monthly or weekly benefit if as a result of an accidental bodily injury (on or off the field) or sickness, an athlete is physically unable to participate in their sport. The policy will begin to pay a benefit following an elimination period, and will continue to pay as long as the person remains disabled or the maximum benefit period of coverage is exhausted.

### Permanent Disability

Permanent Total Disability provides a lump sum benefit if as a result of an accidental bodily injury (on or off the field) or sickness, an athlete is physically unable to participate in their sport. Additionally, the player has no hope of improvement sufficient to ever again commence a career as a professional in their sport. Permanent Total Disability is often referred to as “career ending disability”, and is designed to replace both personal and what would have been future income.





# Common Professional Player Contract Weaknesses

## Football

Professional Football contracts typically guarantee a player's contract only for the current season. At the end of the season or during camp the following year, the player may be waived and their contract ends.

## Hockey

Professional Hockey contracts are usually fully guaranteed only while on the ice if a player becomes disabled outside of a team sanctioned event, it is likely that they will not be covered by their contract.

## Basketball & Baseball

Professional Baseball and Basketball contracts are typically fully guaranteed and usually provide 24 hour coverage. A loss of future earnings or a loss of sponsorships are exposures that concern these athletes.





## Unique Benefits

### Motorsports

The face of motorsports has changed significantly within the last 50 years. Corporate America has a huge investment in the sport that presents their brand. A driver represents their sponsors by winning races and getting television air time.

If a driver is unable to race due to a disability, they are unable to win prize money and may not be paid by their sponsors. With such a gruelling racing schedule, monthly benefits are not frequent enough to properly support a driver. Professional motorsports drivers have the ability to purchase benefits on a weekly basis or per missed race basis.

### Motocross

Many motocross riders have contracts from their sponsors, and they are paid on a per race basis. Nearly every piece of equipment that the rider uses will generate sponsorship money including equipment used in the pit areas.



# Extreme Sports

## Non-Team Sports

In many non-team sports such as horse racing, golf and tennis, incomes are earned during tournaments and events that the player enters. If the player is unable to enter a tournament or event, the player is unable to earn an income.

## Skateboarding, Surfing & Winter Sports

Action sports is a big business in the United States and manufacturers pay a lot of money for top athletes to represent their products. Many of the athletes have their own line of products offered by the manufacturers to appeal to the fans on a direct marketing basis. Disability insurance is available to insure these athletes and to protect their sponsorships.

## Mixed Martial Arts

As the mixed martial arts fan base grows in size, so do the contract values being offered to the top fighters. Mixed martial arts athletes were once considered to be nothing more than back alley fighters, but they are now entering the mainstream, and are regularly featured on prime time network TV.







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