Safety Nets for Fallen Stars

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February 2, 2015

One of the most-negotiated provisions in endorsement agreements is the morals clause. While celebrities want those clauses to be as narrow and specific as possible, companies need to ensure they have enough flexibility to terminate an agreement if a celebrity is likely to damage their brand. But although termination can help curtail future losses, it won't help the companies recoup the money they've already invested in the relationship.

To help companies deal with those losses, AIG recently announced Celebrity Product RecallResponse, a new insurance product "designed to help customers respond to risks from a celebrity endorser's public fall from grace, scandal, or unexpected death." Our friends a Drye Wit have more information here.