

## COVID-19 Case Study: Advance Deposit Escrow Protection for Insurance Company's Events

### OVERVIEW

This case study offers an overview of a corporate client's experience with Meeting Escrow's advance deposit protection services during the trying time of meeting cancellations and postponements due to COVID-19. It also gives insights into the functionality of the escrow process for readers seeking a greater level of detail.



### THE CLIENT

The client, an insurance company with multiple divisions, organizes meetings and incentives both domestically and internationally.

To avoid financial risk exposure, the client has been engaged with Meeting Escrow since 2016 to hold advance deposit funds in trust on behalf of both the client and vendor. All parties benefit from visibility of those deposits, and funds are scheduled to be released to the vendor upon program delivery.

### SITUATION

In early 2020, with the outbreak of the COVID-19 pandemic, the client was forced to cancel two North American programs and postpone a European program to 2024.

The reasons for cancellation and postponement were clear: the growing uncertainty around the COVID-19 pandemic and travel restrictions implemented by governments as the situation deteriorated.

What wasn't clear throughout the early phases of the pandemic was the applicability of Force Majeure clauses.

Despite the obvious, negative impacts on travel and accommodation throughout the world, Force Majeure could not be invoked in many cases due to restrictions that limited application to events within a certain time frame.

And for those clients that were due refunds from vendors, many found that funds were not necessarily available immediately due to cash flow issues.



## OUTCOME

With all advance deposits securely held in Escrow Trust accounts, our client and their vendor partners proceeded to negotiate quickly and efficiently towards mutually acceptable terms.

With advance deposits held in escrow, neither party can use possession of the funds to their advantage.

In the case of the cancelled programs, the vendors' cancellations fees were quickly paid from the escrow accounts, and the remaining balance was refunded to the client.

For the postponed European program, a revised escrow agreement was quickly signed for the 2024 dates, and all parties were satisfied with the outcome.

## MEETING ESCROW PROCESS

The steps below illustrate how the Meeting Escrow process worked for the client's cancelled and postponed programs.

### Cancelled programs:

- 1) Client advised Meeting Escrow that programs were cancelled
- 2) DMC & hotel agreed to pause the escrow
- 3) Client and vendor negotiations re: cancellation fees
- 4) Cancellation invoices agreed to by client sent to Meeting Escrow for processing
- 5) Cancellation invoices paid by wire transfer from the escrow trust account
- 6) Balance of funds remaining in escrow trust account, returned to client

### Postponed program:

- 1) Client advised Meeting Escrow that the program had been postponed to 2024 from 2020.
- 2) Agreement by both parties to leave funds in escrow trust account
- 3) Modification of Escrow Trust Agreement for signature by both parties
- 4) Funds exchanged to USD from foreign currency to earn interest over the next 4 years.
- 5) End result: over USD 500K in escrow until program delivery.



### **To Learn More**

Book an on-line discovery call meeting through this on-line calendar booking tool: <https://calendly.com/meeting-escrow-team/discovery-meeting-mt30mins-ns-ll-lh>

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