



# Sporting Chance: An inside look at the challenges of underwriting athletes and influencers

*By Pamela Bergsten*

Reggie Lewis was entering what should have been the prime of his NBA career with the Boston Celtics – the prime of his life – when he collapsed on the court during an offseason practice and died.

At age 27, he had led the 1992–93 Celtics to the playoffs, averaging nearly 21 points a game. Then, suddenly, he was gone.

His death was attributed to hypertrophic cardiomyopathy, a previously undiagnosed heart condition. Lewis is just one professional athlete who has died from this ailment. The deaths of fellow basketball players Hank Gathers and Jason Collier, baseball player Joe Kennedy, and the NFL's Thomas Herrion all have been linked to the genetic abnormality.

This type of situation underscores the challenges of underwriting special risks. From athletes to influencers, each special risk provides its own challenges, but all point back to the need for one of the foundational elements at the core of our industry: due diligence.

## On the field

Professional athletes aren't like the average person. Not only do they possess elite skills owned by only a tiny fraction of the population, but their income potential can also be among the highest of any profession – as high as their careers can be short.

Tom Brady, who won a Super Bowl for the NFL's Tampa Bay Buccaneers in 2021 at age 43, is the rare exception when it comes to a football player's career longevity. The risk of injury in professional sports is high and disability is common, which can affect an athlete's future salary stream.

## Longevity in Sports

Sport	Average Career Length	Average Retirement Age
NFL	3.3 years	27
NBA	4.5 years	34
NHL	5 years	20 to 30
MLS	5.5 years	35
MLB	5.6 years	29.5

Sources: InvestingFuse; Front Office Sports; SoccerFeed ; What is the NHL Minimum Salary? (Updated 2024)

The good news in the sports arena is that, since Reggie Lewis' untimely death, it has become easier to conduct due diligence on professional athletes' underlying health issues. Teams today subject their athletes to more advanced and regular screenings that uncover issues like what Lewis faced before they become life-threatening situations.

But the risks for professional athletes often don't end with their careers. Elevated medical concerns extend far beyond an athlete's playing days, including:

- Head injury consequences
- Elevated BMI
- Overtraining syndrome
- Bone/muscle damage
- Chronic pain
- Mental health disorders
- Fallout from use of performance-enhancing drugs
- Prescription drug misuse/addiction

One of the biggest challenges, especially with sports such as football, is traumatic brain injury resulting in life-altering conditions such as chronic traumatic encephalopathy (CTE). Currently, the only way to diagnose CTE is after a player's death through an examination of the brain. But doctors have

developed tools and tests that can lead to presumptive diagnoses while a player is still alive.


Additionally, leagues such as the NFL have created and are continuing to develop better equipment, altered rules that increase protection of players' heads, and stronger protocols for managing concussions. Since 2002, the NFL has instituted more than 50 rules changes, aimed at reducing injuries and preventing detrimental tactics by players.<sup>1</sup> Such steps have improved overall player health, safety, and treatment for certain conditions.

As a result, more thorough medical information may be available. This could make it easier to conduct deeper due diligence and allow us to underwrite elite athletes as a better risk, in many cases, than they might have been a few decades ago.

## Off the field

If on-the-field issues affecting a player's insurability have evolved, what about off-the-field risk factors?

The proliferation of social media coupled with advancements in smartphone technology has made it much easier to research a player's lifestyle risks. Simply put: There's not much you can do as a professional athlete on or off the field that isn't caught on camera.



Perhaps because of that – and surprising to many – the professional sports world is statistically less violent than the rest of the country. NFL players, for example, are more law-abiding than their non-athletic counterparts, some studies suggest.

A 2011 database created by the San Diego Union-Tribune found that 1 in 45 NFL players was arrested.<sup>2</sup> The national average was more than 36% higher – 1 in 33, according to 2019 FBI statistics, the latest year for which data is available.<sup>3</sup> This is a great reminder to put aside internal biases when

underwriting, whether the person is a high-profile professional athlete or an ordinary citizen, and to perform due diligence to help determine who is a good risk and who is not.


## The NIL wild card

One of the biggest changes in insuring athletes over the past several years has been the increasing number of young people, including teenagers, with income levels that require special risk underwriting.

The NCAA established the concept of amateur athletics with its formation in 1906. The model for more than a century was built around athletes playing for colleges in return for an education. They could not legally receive pay for their performances, and schools that were caught skirting this system were punished in a variety of ways including, in the case of Southern Methodist University in 1987, the suspension of its football program for an entire season.

That model is dead.

The new model is currently evolving. For a few years, it centered on the concept of NIL – Name, Image, and Likeness – which gave the athlete the right to be compensated for his or her contributions to a school's athletic program. This money could come through a third party from things such as autographs, personal appearances, camps and clinics, podcasting, and product endorsements.



The king of the NIL market was actually a prince – the son of the NBA's King (LeBron) James.

Bronny James spent one season at the University of Southern California, where he averaged just 4.8 points, 2.8 rebounds, and 2.1 assists per game but made \$5 million in NIL money as a 19-year-old. Ironically, his lone collegiate season was delayed after he suffered sudden cardiac arrest during a USC preseason practice and underwent a procedure to treat a congenital heart defect.

Following Bronny on this NIL gravy train were:

1. Shadeur Sanders, University of Colorado football, \$4.7 million
2. Livvy Dunne, Louisiana State University gymnastics, \$3.5 million
3. Caitlin Clark, University of Iowa basketball, \$3.1 million
4. Arch Manning, University of Texas football, \$2.8 million

And now the NIL model itself might soon become extinct.

In late May, the NCAA and its five most influential conferences agreed to allow schools to directly pay players, eliminating the need for the third-party middle person. The move came as part of a \$2.7 billion settlement in which the NCAA agreed to pay damages over 10 years to past and current athletes.<sup>4</sup> The settlement also included a revenue-sharing plan expected to begin in the fall of 2025 allowing each school to directly share up to roughly \$20 million per year with its athletes.<sup>5</sup>

Once again, when insuring athletes who have yet to play in a professional sports league, it comes down to due diligence. But it isn't just about the player's on-the-field performance. Often, it's more about the athlete's ability to influence others in their purchasing decisions.

## The Livvy Dunne experience

Just about every basketball fan of a certain age has a story regarding Michael Jordan's on-court prowess. Not many gymnastics fans can point to any particular routine of Livvy Dunne that wowed a crowd.

Dunne, a gymnast competing for LSU, is more famous for being an influencer than an athlete. She started a TikTok channel in 2020 and initially posted videos of her gymnastics. Then, she began branching out to other areas of her life.

Today, she is the most-followed NCAA athlete, with nearly 8 million followers on TikTok and more than 5 million on Instagram. In May 2024, she signed a multimillion-dollar deal with Passes, a leading content creator platform designed to help creators diversify their revenue streams. She already has endorsement deals with, among others, ESPN, BodyArmor, Motorola, Grubhub, American Eagle Outfitters, and Forever 21.

The challenges with this type of special risk case are many. For example, public attention can be fleeting, and influencer income streams can dry up rapidly. Additionally, it can be challenging to verify influencers' actual income and where that money is going because most are self-employed contractors.

Despite the differences between professional athletes and influencers, the foundational principle of due diligence remains central to assessing risk for both groups.

## The final buzzer

Challenges abound when underwriting special risks. Yet, as with all risk, the solution lies in gathering sufficient data to make informed decisions. In other words, all roads lead back to where we started – due diligence.

When facing one of these cases, underwriters should take all steps necessary to understand potentially complicating factors such as:

- The health and wellness of the individual;
- Career stability and longevity in the particular sport or endeavor;
- The applicant's online presence, brand, business, and content;
- The potential impact of negative publicity or scandals, making sure to put any biases aside.

Also, underwriters should understand that very few high-profile professional athletes today are merely athletes. They are entertainers and influencers, as well, and the changing landscape at the college level is only making this more blurred and complex.



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