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FAN VIOLENCE AS A LIMITING FACTOR OF DEVELOPMENT OF INSURANCE MARKET IN SPORTS

REVIEW ARTICLE

Abstract

In this work, the author has analysed the negative impact of fan violence on functioning and development of the insurance market in the area of sports. The initial hypothesis is that each insurance contract is significantly characterized as aleatory, since the obligation of the Insurer to pay indemnity depends on the occurrence of the insured event/risk. According to the opinion of the author, in those sports markets where the acts of violent behaviour at sports events frequently occur, the aleatory element of an insurance contract disappears and so does the theoretical possibility that the conclusion of insurance contracts can be a profitable business for insurers. To prove this hypothesis, the author mentioned the condition and practice in several countries of the world and analysed the current situation in the Republic of Serbia.

The final part of the text sets forth the view that, due to the problem of fan violence, the organizers of sports events do not invest in the development of sports infrastructure and its modern equipment, which reduces the value of eventually signed contracts on the insurance of sports facilities and negatively affects the development of the insurance market. In addition, it is pointed out that

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fan violence brings about the fall of the attendance at the sports competitions, as spectators begin to shy away from possible negative consequences that may occur at sports events and prefer to stay at home and watch TV broadcasts of sports competitions, instead of coming to stadiums. This, on the one hand, reduces the potential of the insurance market in sports (as the number of spectators to be insured is reduced) but, on the other hand, such reduced number of spectators further motivates the organizers of sports events and owners of sports facilities to invest in the reconstruction and possible expansion of these facilities, and later in taking out the insurance coverage for them.

Key words: *sports events, fan violence, material damage, insurance, spectators, property and the aleatory element of contracts.*

1. Insurance Market in Sports

Since the middle 70s of the 20th century, sport has rapidly commercialised and increasingly professionalised, predominantly in the North America and Europe. This contributed to its transformation into an industrial activity and a particular type of industry – sports industry, today included into broader industrial branch called entertainment business. The process of transformation of the cotemporary sport from the sphere of the amusing and recreational human activity (primarily amateur and based on the enthusiasm and a personal wish to spend free time in a quality and healthy way) into the sphere of the profitable commercial activity, was completed in the United States of America (USA) during the 80s of the 20th century, and afterwards in Europe, in the mid of 90s of the same century. Later, i.e. at the beginning of the 21st century, this trend moved to other continents, so that, with the exception of few, economically most undeveloped African and Asian countries, the most countries in the world now have professional sports leagues in the most popular and commercial sports and extremely dynamic sports market.

Sport has developed into a kind of the global industry, which, according to the actual turnover, accounts for more than 3% of total world trade and, according to total equity value, is worth more than 1% of the gross national product of the European Union. Commercialization of sport in Europe has been contributed significantly by the regulations of the European Union (EU) and the European Court of Justice that view sport through the “distorting prism” of the market law. In 1974, the European Court of Justice decided that the Community Law was applicable to sport as an economic activity under

the Article 2 of the *Treaty establishing the European Community (EC)*. In fact, the European Court of Justice ruled that the sport was to be regulated by the provisions of the Community law since the sporting activities are more and more often, performed as economic (commercial) activities.²

Not all sports and sport disciplines are equally commercialized in various countries around the world. Generally speaking, the most commercialized sport in the world is football, as the professional game in most countries of the world. The second place in the sports business in Europe is occupied by basketball, then tennis, volleyball and other sports, while in the United States there are very successful professional leagues, which function on the principle of franchising, in sports such as basketball, American football, baseball and hockey. All these sports generate huge income from organizing sports competitions and the provision of related services in connection with sports events, such as ticket sales, TV rights assignment, sale of sports equipment, souvenirs and catering and tourist services. However, all sporting activities, in themselves, are activities of aggravated to human health and property, so that their organization and performance opens of a large space for arranging various forms of insurance. The types and extent of insurance services which are granted in connection with the organization and performance of sport activities are diverse and vary from country to country. However, in the most popular and profitable sport in the world - football – there is a specific limiting factor, fan violence, that directly threatens the development of certain segments of the insurance market associated with sports, i.e. with football. Specifically, the countries where the fan violence regularly occurs at sports events are significantly less likely to develop the insurance market in the field of sport, since frequent acts of fan violence, causing numerous injuries to visitors and participants in sporting events and damage, or even destruction of property of a large scale, make the conclusion of insurance contracts unprofitable for Insurers - the insurance companies.

Aleatory is an essential feature of any insurance contract, as the obligation of the Insurer to pay benefits or the sum insured depends on the occurrence of the insured event, i.e. the realization of insured risk³. In those markets where violent acts and misbehaviour occur frequently at sports events, the insurance contracts lose their aleatory element and, therefore, even a theoretical possibility that the conclusion of insurance contracts can be a profitable business for insurers. For example, a football club that wants to provide insurance coverage for visitors at a sports event, football stadium where the match is played or equipment that is an integral part of the stadium, has an interest to conclude insurance contracts

² Dejan Šuput, Commercialization of Sport Entails Need for Insurance Policies, *Insurance*, Belgrade, 365/2016, p. 29.

³ Mirko Vasiljević, *Corporate Law*, Beograd, 1999, p.503

with an insurance company, since he is aware that, due to various circumstances, an event insured against may occur (e.g. damage to a large number of seats at the stadium or injury to a larger number of spectators). On the other hand, the insurance company, i.e. the Insurer, has a business interest to sign a contract on the insurance of property of a football club (e.g. the stadium and equipment at the stadium) and make profit if no insured event occurs, which is very likely under normal circumstances. However, if there is a problem of football hooliganism in a country and if it manifests in violence and property damage of a large scale at almost every game, then the occurrence of the insured event becomes absolutely certain and aleatory element of insurance contract is lost, as is the business interest of the insurer to write insurance in such fields. The starting hypothesis that the problem of violence at sports events directly prevents or significantly hinders the development of the insurance market in the field of sport, can be demonstrated by considering the practice of different countries of the world.

2. Situation in the USA and Europe

In most European countries, as well as in the USA and Canada, the sports organisations have existed and operated in the form of business enterprises for years; those countries, therefore, unlike Serbia, have developed a long successful business practice of sports organisations as business enterprises. This practice has influenced the fact that, in those countries, sport is increasingly observed and treated as an economic activity and specific sector of the economy, which led to the development of a significant insurance market in the field of sport, where sports companies and their business activities and assets are insured against potential risk of occurrence of various damage types.

The practice of adopting regulations which allow sports organizations to be established and operate in the legal form of business enterprises has a long tradition in the countries of Western Europe. After the commencement of the transition process in the 90s of the XX century, such practice was gradually introduced in the countries of the former Eastern bloc. Generally, the majority of European countries has, following the legislative solutions of Great Britain and the United States, in the form adapted to the so-called continental legal system, accepted and introduced the legal norms that regulate the work of sports organizations as business enterprises. However, until now, the European countries have not gone so far in the commercialization of sport activities and profession, as is the case in the United States, Canada, Australia and the UK⁴. USA, Canada and Australia are still

⁴ The number of sports clubs that are registered in the form of business enterprises on the territory of Europe is still incomparably smaller than in the United States of America, but in the last twenty years the tendency of transformation of the European clubs from the form of civic organization into business

the only state where sports leagues operate as real business franchises and where the participation in a particular rank of competition is not directly dependent on the placement on the table (does not depend on the achieved sports results). Specifically, professional sports leagues in the United States and their sports clubs operate as companies, i.e. as profit making organizations, as opposed to non-profit organizations. In accordance with this fact, the corresponding regulations were adopted: leagues are closed (no relegation or qualification for entering on the basis of athletic performance), transfers and athletes recruiting are regulated so as to maintain a more balanced competition among the participants in the league (as a way to avoid the so-called Louise-Schmeling paradox⁵) and so on. Consequently, the leagues are not in the full sense of sports competitions - they are the organizers of sports events in the form of competition, but neither the fate of the club (the transition to a higher or lower rank) depends on its results nor its success in the competition depends on the club management, in the full sense (e.g. on the creation and training of young category players, on the success in the gaming acquisitions since the process is regulated)⁶. Such a condition in sports market in the United States and Canada, directly led to the fact that the insurance market in the field of sport in these countries is highly developed and dynamic. In addition, fan violence as a negative social phenomenon, is almost not recorded in these countries and is reduced to sporadic incidents at the level of statistical error. These two circumstances jointly contributed to the fact that the insurance market in the field of sport, as it exists in the United States and Canada, is an example of the best practices and guiding principle for all world countries and their sports industry

In the USA and Canada all insurance lines in the field of sport are both developed and very much present in practice. If, for example, we start from the basic division of types of insurance in the field of sport, which has three categories enterprise is more and more marked. English football clubs, but also football clubs from the Italian first league, such as AC Milan, Lazio (transformed into joint stock company in 1998) and Juventus, can be used as examples. On the other hand, in those European countries where sports clubs survive in the form of civic organization, they incorporate their own companies for the purpose of performance of commercial activities related to sport and for the purpose of earning profit. The most representative example of such practice (incorporation of the sports companies) is the football club Bayern Munich that has founded joint stock company FC Bayern AG (the ownership of the company Adidas (10%) and FC Bayern EV (90%)-majority ownership is of the association of the football club Bayern).

⁵ Neale (1964) was the first to consider the Louise-Schmeling paradox more detailed. He encouraged the reader to imagine what happens when one absolute champion in box achieves an absolute domination (which otherwise is the aspiration of the companies in other industries). The conclusion is paradoxical: a champion without a worthy opponent would not have any income and profit. On the basis of that finding, different models of competition in sport have been made, showing that the specific side of the sports activity is that the economic result is achieved as a function of uncertainty of the outcome.

⁶ Božidar Cerović, Controversy Privatization in Sports and Dejan Šuput, (editor) *Sport-Privatization Proceedings*, Belgrade, 2009, p. 17

that relate to entities insured against the occurrence of particular damages, all these three types of insurance - professional athletes, amateur athletes and recreational athletes insurance - are widespread and developed in the insurance market of the United States. In the category of insurance of professional athletes, most commonly concluded are contracts on health insurance, contracts of insurance against injuries caused by practicing sports activities and contracts in case of an accident (other accidents that occur outside the playground and do not derive from sport activities) by the occurrence of which an athlete either temporarily or permanently loses the ability for sports and thus loses his earnings, but also reduces the profit of the sports club that has hired him.

In the category of amateur athletes insurance, the most commonly concluded are contracts on athletes' health insurance and contracts on insurance against injuries caused by practicing sports, while in the category of recreational athletes insurance, the contracts on insurance against injuries caused by practicing sports activities are almost exclusively concluded.

When it comes to professional sports and insurance contracts concluded by professional sports clubs and their athletes in the US and Canada, according to some authors (mainly Anglo-Saxon), types of insurance can be divided according to the sports branches and disciplines. Thus, there are special types of insurance for: automotive sports, winter sports, extreme sports, team sports and individual sports. In fact, each of these insurances is specific for the risk degree included in a sports discipline and/or in the organization of a particular discipline competitions and for particular insured events for each of the sports disciplines. However, in the US and Canada, arranging such kind of insurance is not affected by the problems that could be caused by extreme fans, that is hooligans. Therefore, the insurance of sports facilities, their equipment and attendees is highly developed in these countries. For example, the insurance of seats at the stadiums and in the sports halls where competitions are held is regularly written and the insurance companies agree to conclude such property insurance, as damages occur only occasionally and to a reasonable extent and are not caused intentionally or systematically, as has been the case for many years on the Serbian stadiums. In addition, since the sports infrastructure in the USA is extremely large and financially worthy, insurance of such infrastructure as a form of property insurance in the field of sport, represents a very important and lucrative business of insurance companies.

In the West European countries, the state of the insurance market in the field of sport is also extremely convenient and has a dynamic development. Although it is less developed than in the US, a significant growth has been recorded, primarily because the sports business in Europe is increasing from year to year and brings along the construction of more luxurious and numerous sports infrastructure (stadiums, indoor arenas, pools, autodromes and the like). It is enough to look at

the data of the UEFA from the Report on the European club football in 2015⁷ and the fact that in that year, the number of spectators at league football matches in Europe increased by 2.6 million spectators compared to the previous year and that more than 170 million people visited league football matches across Europe. Attendance at football stadiums in Europe in that year was even greater when one considers that the Report did not include the number of visitors at football games played in the qualification tournament for the European Cup. The organizers of all the mentioned games were required to provide insurance cover for the spectators who come to the stadium, so there is obvious potential solely of the European football for the insurance market. Of course, we should not neglect the spectators throughout Europe at sports competitions in athletics, basketball, handball, motor sports and others. In addition to providing the insurance coverage to spectators, a significant share of the insurance market in the European sports is accounted for by the insurance of sports infrastructure, as a form of property insurance and/or the insurance of players and coaches.

When it comes to sports activities and profession and writing the insurance contracts for these activities, the following types of insurance are written in Europe:

- liability insurance for damages caused to third parties - concluded by the organizers of sports events (sports clubs, sports federations and other sports organizations), so that in case of occurrence of the event insured against, damage caused to third parties from running the sports event is recovered from the insured amount – sum insured.
- property insurance of sports facilities, sports equipment and accessories. According to the value of contracts to be concluded, this insurance is one of the largest in the field of sport. In Europe in the past 15 years, huge amount of money was invested in the construction of modern sports facilities; the equipment within the facilities is built according to the highest technological standards and has great financial value. The football stadium of FC Bayern, Munich, is an example of the value of insured sports property/sports infrastructure. The cost of building the stadium titled after the sponsor (the insurance company Allianz) - Allianz Arena - amounted to 340 million euros. There are other examples of similar value stadiums of major European football clubs, such as the Stadium of Arsenal Football Club in London (built at a cost of 390 million pounds). When you take into account that a high risk industry is carried out in these stadiums, which, among other things, due to the number of audience, entails significant risks of fire, stampede and breaking of the equipment, the importance of the insurance of such property becomes obvious⁸.

⁷ Sefton Perry, *The European Club Footballing Landscape*, Nyon, 2016, p.37.

⁸ In 2015, 20 of Europe's most successful football clubs invested in its sports infrastructure (construction or equipping stadiums and training camps) to the total amount of 6.15 billion euros.

- Insurance in case of injury intended for professional athletes, but increasingly more so for amateur athletes and amateurs. In case of injury as an insured event, the insured person receives the sum insured that at least partially compensates for losses sustained due to temporary disablement caused by injury. In this type of sports insurance, insured risks are very specific and always listed in detail when contracted, with the identification of the volume of each peril and stipulating numerous exclusions, with the express exclusion of particular risks. In the cases of top athletes insurance against injuries, the athletes are typically obliged by contract not to practice other sports or activities in their free time, that would increase the risk of injury (e.g. a footballer or basketball player is obliged under the insurance contract not to practice skiing, cycling, roller blades, alpine climbing, etc.). In the event that they breach and violate this contractual obligation, they will not be paid the sum insured.
- special health insurance of athletes - in most cases concluded by top athletes, so that, in the event of occurrence of most critical illnesses, they would be provided with the cutting edge treatment methods which are extremely expensive and not available under the regular health insurance policies.

Of all the listed types of insurance to be concluded in the European system of sports, fan violence has a direct negative impact on the insurance of property/sports infrastructure market development. Unlike the US and Canada, in a significant number of European countries, there is a smaller or bigger problem of fan violence. The Eastern European countries now have significantly more problems in this area than the countries of the Western Europe. During the 70s and 80s of the twentieth century, the countries such as Great Britain, the Netherlands, Germany, Italy, Belgium and France had many problems with football hooligans and they generally resolved such problems after the tragedy which occurred at the Belgian stadium Heysel on 29th May 1985, when 39 people were killed in the disturbances before the match between Liverpool FC from England and Juventus football club in Italy. Before the problem was solved, the stadiums where the football matches were played were modestly furnished, so that the fans would not cause more serious damages during the regular incidents. The investors had no interest to invest into the new and luxurious sports facilities, so that there was no valuable insurance market of sports infrastructure, in the sense it exists today. In order to build and well equip the infrastructure, the prerequisite was to eradicate violence from football stadiums. When this was done, a huge area opened for property insurance market development in the area of European football sport. Today, only sporadically, Italy and Belgium out of all Western European countries have significant problems with football hooligans. Italy's example directly supports

the thesis that fan violence harms the development of the insurance market in the field of sport, as many Italian stadiums are much worse equipped than the German, Spanish and British stadiums, because of the problem of demolition of the stadiums and the frequent use of pyrotechnics, which causes damage to the equipment on the stadiums. On the other hand, in some countries of Eastern Europe, with still escalating fan violence, the stadiums are in most cases in very poor condition and only few facilities are insured to the serious amounts. Negative example is Greece which, although the EU member states, has many problems with football fans, but at the same time with less-equipped football stadiums, since frequent incidents, the breakage of seats and arson to the inventory, discourage clubs from investing into luxurious furnishing of football stadiums.

Another specificity of Europe is that, apart from football, fan violence is almost not present at all in other sports. Sporadic clashes were reported on basketball fans, or possibly on handball matches, but only in the countries of South Eastern Europe and the former Soviet bloc.

3. Situation in Republic of Serbia

In Serbia, the sports market is much less developed than in the Western European countries. However, it is not financially negligible and has a relative stability. In the past ten years, in Belgrade and other Serbian cities, there was a significant number of international sports competitions. For the most part, these were the national competitions, but a few important club competitions also took place (such as the Euroleague basketball match, visited by up to 24,232 spectators⁹). In addition, football matches still have a relatively large number of visitors, having in mind the last few competition seasons. If we compare the data on stadium attendance in the previous 2015/2016 competition season, we will see the decline in visit compared to the competition season 2013/2014, which was one of the top most visited in the past ten years. In the competition season 2013/2014, the football matches of Super league Serbia were attended by total of 1,838,714 spectators, whereas in the competition season 2015/2016, by 1,209,702 spectators. A similar attendance was recorded in the competition season 2014/2015, when the championship matches were attended by a total of 1,240,828 spectators. Having in

⁹ In Kombank Arena in Belgrade, in 2014, the Euro League basketball game between Red Star and the Ukrainian Budivelnik was visited by 24,232 spectators, which is a record number of visitors in the Belgrade Arena. Significant visits were also recorded at Partizan basketball game against Panathinaikos (22,680 spectators) and many others (between 19,000 and 20,000 spectators). Besides basketball, many spectators visited Belgrade Arena at the matches of the World Volleyball League; the match of Serbia against Brazil in 2009 was visited by as much as 22,680 spectators. Moreover, the European Athletics Championships held in Belgrade Arena in March 2017 and the UEFA Futsal Championship held in the same place in February 2016 had an important number of spectators.

mind that the organizer of sport events has an interest to cover by insurance all the spectators which are exposed to injuries due to a sequence of occurrences from unforeseeable causes during the sports event as an event of increased risk, there is obviously huge market potential solely in the insurance of visitors of the sports events. The attitude that sports events are the events of an increased risk of causing injuries to many people or damage to a large scale property partially confirms the reasoning of the judgment of the Supreme Court of Serbia adopted back in 1957, which reads as follows: "It is known that under certain conditions large crowds of people, compressed into an enclosed area, unless exposed to a particular discipline (military or similar), may by themselves, under particular circumstances, represent a danger to individuals from within the so-assembled masses or for other persons outside such masses"¹⁰

The sole responsibility of the organizers of sports events for the damage caused by occurrences at the sports events to a spectator (visitor) arises out of two circumstances:

- From contractual obligations of the organizer, which occurs when a visitor to the sports event, by purchasing a ticket, enters into a contractual relationship with the organizer of the sports event¹¹. Moreover, the Law on Obligations¹², Article 181 regulates the matter of liability of the event organizer by wording: "The organizer of an event gathering a large number of people in an indoor or outdoor area is liable for damage caused by death or bodily injury to any third party as a result of extraordinary circumstances which may arise on such occasion, such as the movement of masses, overall clutter and the like". This means that the organizer is responsible for the damage caused to any person attending a sports event, regardless of whether it is the spectator who bought a ticket or another person who happened to be present at the event, for example a journalist reporting from the Stadium and the like.
- from the statutory duty of the organizers to ensure spectator safety at sports facilities, taking preventive measures prescribed under the Act on Prevention of Violence and Misbehaviour at Sports Events¹³. Article 3 of the Act regulates that: "The organizer of a sports event, in cooperation with

¹⁰ The judgment of the Supreme Court of the People's Republic of Serbia, Gz 1735/57 of 13.06.1957, Collection of court decisions, vol. 2, book 2, p. 107.2, pp. 107.

¹¹ Nenad Djurdjevic, *Sporting Events - Legal Obligations and Property Liability of Organizers*, Kragujevac, 1994, p.69.

¹² *Official gazette of the SFRY*, Nos. 29/78, 39/85, 45/89 – Decision of the Constitutional Court of Yugoslavia i 57/89, *Official gazette of the FRY*, No. 31/93 and *Official Gazette of Serbia and Montenegro* No. 1/2003 – Constitutional Charter.

¹³ *Official Gazette of the Republic of Serbia* No. 67/03, 101/05 – otehr law 90/07, 72/09 – other law, 111/09 and 104/13 – other law.

the Ministry of Internal Affairs, shall be obliged to ensure safety at a sports event and take measures which prevent outbreaks of spectators' violence and misbehaviour. The Act on Prevention of Violence and Misbehaviour at Sports Events prescribes a number of measures required from the organizer of sports event to ensure safety at sports event. In addition, the Article 157, Paragraph 1, Item 1) of the Sports Act¹⁴ stipulates that the organizer of a sports event shall be obliged to ensure smooth and safe running of sports events.

Obviously, even when he has taken all the legal measures for safe running of sports events, the organizer cannot be absolutely certain that the spectators will sustain no damages and that he himself will incur no losses. This is the very reason why the organizer of a sports event decides to conclude an insurance contract which covers the visitors of the sports event against liability, so that, in case of insured occurrence, he could be able to compensate from the sum insured for the damages he had paid. Because of this actual risk, the organizer of a sports event agrees to pay the insurance premium to the Insurer, pursuant to the effected contract on insurance, i.e. to pay a particular amount in consideration of the provision of insurance coverage. However, we should remember that the personal and property insurance is voluntary¹⁵ and that it requires willingness on the part of insurance companies, which must recognize their economic and/or financial interest in the conclusion of such insurance contracts. In the past ten years, the hooligan behaviour of supporters at football matches was of such frequency and intensity that it caused damages to the sports facilities and injured a large number of visitors at football matches, almost at every major match. In this way, as previously mentioned, the aleatory element of an insurance contract and the interest of insurance companies to enter into such contract is lost, since they can expect, with great certainty, the actual occurrence of the insured event and an ensuing financial loss. This claim is supported by data on incidents at football matches that have taken place in recent years. For example, in a fight between hooligans and police before the football match between Red Star and Partizan, in April 2015, at the "Rajko Mitic" stadium, 1,836 seats were broken and the total damage was around 20,000 euros (according to Milorad Corovic, director of the stadium).¹⁶ If we take into account that the average purchase value of a seat for football stadiums is between 25 and 35 euros and that the occurrence of such damages is regular (almost at every major match) rather than random and/or incidental (only at particular matches), it can be seen that the problem of fan

¹⁴ *Official Gazette of the Republic of Serbia* No. 10/16.

¹⁵ Vladimir Čolović, *Insurance Companies*, Beograd, 2010, pp.18.

¹⁶ Sports club, *Weak Earning at Derby*, 2014, <http://sportklub.rs/Fudbal/Fudbal-ostalo/a79800-Slaba-zarada-na-derbiju-Huligani-slupali-1.836-stolica-steta-20.000-evra.html>, visited: 18.03.2017, pp.1.

violence extinguishes the interest of insurance companies to conclude contracts on property insurance of football clubs and therefore has a negative impact on the development of the insurance market in the field of sport. A similar negative impact of fan violence can be observed in the trend of concluding the insurance contracts for spectators at football matches, since many people regularly get injured at major football matches. In the already mentioned match in April 2015, hundreds of fans were injured and as many as 35 police officers.

The persistence of fan violence problem in Serbia is best illustrated by the official data from March 2009 Report prepared by the Ministry of Internal Affairs of the Republic of Serbia (MUP RS) at the request of the Institute for Comparative Law in Belgrade. The report of the MUP RS, among other things, stated that since 01.07.2003 to 31.12.2008, 1115 criminal charges were filed for the criminal act of violent behaviour at sports events, which included 2001 persons, of which 145 were minors. In addition, during the same period, 500 requests for misdemeanour proceedings were filed for committing the offense stipulated in Article 21 of the Law on Prevention of Violence and Misbehaviour at Sports Events. Another 771 requests for initiating misdemeanour proceedings were filed in that period due to the commission of an offense provided for in Article 23 of the Law on Prevention of Violence and Misbehaviour at Sports Events. The above data relating to crimes and offences provided for under the Law on Prevention of Violence and Misbehaviour at Sports Events, when viewed collectively, without parsing to a specific crime or offense, give a total of:

- 2001 individual perpetrators of criminal offences (of which 145 juvenile);
- 348 legal entity perpetrators of misdemeanour;
- 1461 individual perpetrators of misdemeanour (of which 198 juvenile).

Such a large number of perpetrators of wrongful acts at sports events is not definite, as in the period 01.07.2003 - 31.12.2008 additional criminal charges were filed, namely:

- 17 criminal offenses of participation in a fight,
- 86 criminal offences of destruction of or damage to third party property,
- 63 criminal offences of violent behaviour, and
- 75 criminal offences of participation in a group that commits a criminal offense.

Moreover, 2,324 requests for initiating misdemeanour proceedings were filed for misdemeanours conducted with relation to sports events, regulated under the Law on Public Order and Peace.¹⁷

Although the number of crimes and misdemeanours at sports events in Serbia was significantly reduced since the named five-year period (2003 to 2008), such negative behaviour is still of a large scale and results in significant damages

¹⁷ Dejan Šuput, *Criminal Law Protection in Sports*, Belgrade, 2011, pp. 300

to the sports facilities and their equipment. The latest data received from the RS MUP upon request for access to information of public importance, in April 2017, showed that in 2014, 2015 and 2016, the number of crimes and misdemeanours at sports events was stable in a few years. Thus, the report stated that the total number of cases of violation of public peace and order at sports events was 83 in 2014, 86 in 2015 and 81 in 2016. On this occasion, 261 criminal offender was identified for violent behaviour at sports events or public meeting in 2014, 195 perpetrators of the same criminal offense in 2015 and 165 perpetrators in 2016. The number of perpetrators of misdemeanours at sports events is similar; thus, 208 misdemeanour charges were filed in 2014; 194 misdemeanour charges in 2015; and 223 misdemeanour charges in 2016.

4. Conclusion

By reviewing the practices of North America and Europe and their insurance markets in the field of sport, as well as considering the conditions of violence and misbehaviour at sports events in the Republic of Serbia, the conclusion is that fan violence is a significant limiting factor in the development of the insurance market in the field of sport. There is another far-reaching negative consequence of this negative impact, which primarily reflects in the fact that insurance companies, because of the certainty of regular occurrence of the insured event due to riots caused by fans, have no interest to conclude insurance contracts to cover the visitors of sports events and sports facilities. Namely, due to the problem of fan violence, the organizers of sports events do not invest in the development of sports infrastructure and its modern equipment; simultaneously, the eventual insurance contracts covering sports facilities have lost in value, which negatively affects the development of the insurance market. In addition, fan violence affects the drop in number of sports competitions, since spectators are starting to shy away from possible negative consequences that may occur at sports events and prefer to stay at home and watch TV broadcasts of sports competitions, instead of coming to the stadiums and sports halls. This, on the one hand, reduces the potential of the insurance market in the field of sport, as the number of potentially insured spectators is declining, but on the other hand, the decline in the number of spectators further motivates the organizers of sports events and owners of sports facilities to invest in the reconstruction or possible extension of these facilities, and later on, in their insurance.

To break this vicious circle of negative impact on the development of the insurance market in the field of sport in the Republic of Serbia, it is essential that the public authorities take more decisive preventive and repressive measures to

eradicate, or at least significantly reduce the problem of violence in the field of sport. Court penal policy towards hooligans should be stricter. They should, under the criminal responsibility, be obliged to compensate for the material damage caused by a criminal offense. In addition, in parallel with solving the problem of fan violence, the development of the insurance market in sports would be further fuelled by initiating the process of ownership transformation and privatization of sports organizations and sports infrastructure. The existing sports organizations in Serbia are at present everybody's and nobody's property, fictitious belonging of all members of the association, of mostly unknown identity and number. As a result, a number of Serbian sports associations have no one (no owner) to decide what actions are in the interest of the sports association to secure their property and to what extent. The new, private owners, would have an interest to invest in the sports industry to make profit, and would be much more motivated to conclude contracts on the insurance of property (sports facilities) to cover themselves against the risks of doing business in this field and protect their investments.

All the mentioned problems are not the only ones that negatively affect the development of the insurance market in the field of sport in Serbia. Even when the problem of violence at sports events and the so-called sports privatization are solved, the factor of low culture of insurance users will still remain. For years already, in the field of Serbian sport, or rather, in the area of still underdeveloped Serbian sports industry, insurance of athletes, sports professionals, spectators of sports events, sports facilities, equipment in the sports facilities and other sports equipment is not an important issue and a way to protect and realize the financial interests of sports organizations. In general, sports organizations, athletes and sports experts, should conclude the various insurance contracts to protect against possible financial losses that may arise due to a variety of events and circumstances that come from dealing with a particular sports activity or due to unforeseen circumstances at sports events which they organize or participate in. By concluding the relevant contract of insurance, the sports system operators are protected from paying the high costs of treating athletes, payment of compensation of material damages incurred in connection with the organization and holding of sports events, caused to participants, spectators or property owners. Additionally, sports organizations and sports clubs primarily, by the conclusion of specific insurance contracts, are protected against many other forms of financial responsibility for the events that arise during the sports activities

For many years, the Serbian sports organizations have not developed the habit of insuring their business against a variety of risks occurring in the field of sport. The positive circumstance is that the Law on Sports in the Republic of Serbia, through its provisions, stipulates the obligation of the sports organizations to insure their top athletes and their superior sports experts against the consequences of an

accident occurred in performing sports activities or sports professional work, which at least to some extent inspires the sports organizations to conclude particular forms of insurance.

Finally, it should be noted that the potential for development of the market of insurance services in the field of sport depends on the degree of development of the sport system in a country, the degree of commercialization of sport in a particular country and the traditional representation of certain sport disciplines and that the problem of fan violence can only slow down the development of this market, which tends to inevitably increase due to the increasing commercialization of sport in the modern society, that is on the global level.

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