THE Hollywood REPORTER

Industry Shocker: 'Insidious' Is the Most Profitable Film of 2011

8:06 PM 4/26/2011 by Pamela McClintock

The microbudgeted horror film marks another win for "Paranormal Activity" team Jason Blum, Oren Peli and Steven Schneider.

They say lightening doesn't strike twice. Don't tell that to the Paranormal Activity team of **Jason Blum, Oren Peli** and **Steven Schneider**, whose microbudgeted horror film Insidious is crossing the $50 million mark globally and is on to track to gross as much as $80 million or $90 at the worldwide box office.

That would give the indie horror pic, made for under $1.5 million, the best cost-to-gross ratio of the year, a good measurement of profitability.

Insidious has already taken in $44.5 million in North America and roughly $4.5 million more in Russia and two smaller territories (final figures are still being determined). It now begins rolling out in a number of other foreign markets, beginning this weekend in the U.K. and Brazil. Based on its performance so far, those involved with the film say Insidious should reach $90 million globally, and probably more.

In terms of profitability, Insidious is the darling of 2011. The key players who backed the film stand to make millions, considering its nominal production budget. While it won't make the $193 million grossed by Paranormal at the global box office in 2009, no one is complaining.

"It shows that there is still a market for quality genre movies, and that it is possible to make film on a micro-budget," Blum tells THR.

For years, studios have tried in fits and starts to make genre movies at a nominal cost. But for the most part, they have never been successful. Paramount's microbudget division Paramount Insurge had great success earlier this year with Justin Beiber: Never Say Never, which cost $13 million to produce and has grossed $94.9 million worldwide.)

Blum, Peli and Schneider produced Insidious via their Haunted Movies banner, which has a five-picture financing deal with Canadian distributor Alliance. Alliance finances the movies, retaining distribution rights in Canada, the U.K. and Spain (Alliance sister companies distribute in the latter two markets).

Stuart Ford's IM Global also plays a key role in Haunted Movies, handling foreign sales on all titles coming out of the banner, including Insidious.

In the U.S., Insidious has provided a fortuitous start for **Peter Schlessel** and **Bob Berney's** new distribution company FilmDistrict. Sony Pictures Worldwide Acquistions Group picked up all U.S. rights to the film at the 2010 Toronto Film Festival for under $1 million. Sony Worldwide then gave the film to FilmDistrict through their partnership.

Insidious, opening last month, has been holding audiences better than almost any other 2011 film, pointing to great word-of-mouth and FilmDistrict's winning marketing and distribution campaign.

Directed by **James Wan** and written by **Leigh Whannell**, Insidious stars **Patrick Wilson** and **Rose Byrne**. The producers were able to keep the production budget down by convincing the talent to take deferred payments. Marketing has probably been the biggest spend.

Insidious is a prime example of why the genre business can be so rewarding.

"It's not about cost, cast or special effects," Ford said. "It's about having a scary concept that's well-executed."