



COVID-19 & Insurance

What we're seeing in response to COVID-19



As the Coronavirus spreads, so do the concerns among businesses and individuals. Businesses are rightfully concerned about the health, safety and welfare of their customers and employees.

Governmental actions and individual actions taken by businesses are having a huge impact on the bottom lines. The ripple effects of these decisions are disrupting supply chains, travel for business and tourism, and employees without work.

With both substantial economic and health challenges ahead, many will look to insurance.

Regarding the Coronavirus pandemic and the impact on insurance, there are several coverage areas it will influence including:

- ✓ **Business Interruption Coverage**
 - Insures against losses resulting when the policyholder's operations are directly affected.
- ✓ **Business Income from Dependent Properties**
 - Insures against the risk of indirect losses, such as when suppliers or customers are affected.
- ✓ **General Liability**
 - Provides defense to claims by third parties for bodily injury or property damage.
- ✓ **Workers Compensation**
 - Generally, covers occupational diseases and injuries.
- ✓ **Directors & Officers Liability**
 - Covers directors and officers for claims made against them while serving on a board of directors or as an officer.

When determining whether coverage would apply, the exact policy language is key. Here are some reasons why coverage may not be triggered:

- ✓ **Direct physical loss of or damage to property**
- ✓ **Period of restoration (aka period of indemnity)**
 - Standard waiting period of 72 hours
- ✓ **Deductible and occurrences**
- ✓ **Exclusions for:**
 - Contamination & pollution
 - Bacteria and/or virus
 - Governmental action or civil authority



Frequently
asked
Questions

Insurance Coverage FAQ's

Steps to address a potential or actual Coronavirus incidence in the workplace:

- ✓ Inform (and remind) your employees on how to prevent the spread of COVID-19. [Learn more here.](#)
- ✓ Monitor developments from only reputable sources such as World Health Organization (WHO); U.S. Centers for Disease Control and Prevention (CDC); U.S. Department of State; U.S. Department of Health and Human Services (DHHS)
- ✓ [Cleaning and Disinfect](#)
- ✓ Actively encourage sick employees to stay home.
- ✓ Create employer protocols in response to any suspected cases of COVID-19 in the workplace. [Learn more here.](#)
- ✓ Instill calm with your employees and customers. By taking the steps outlined above you can help prevent the spread of the virus, protect business continuity, and help secure the health and safety of employees.

- ? **Will my commercial property insurance respond for business interruption due to a Coronavirus related closure of my business?**
 - [Business Interruption \(Business Income\)](#) coverage typically allows for the recovery of lost income and associated extra expense. Most policies will require the interruption result from direct physical loss or damage to insured property. Although property can be treated as if it were physically contaminated by the disease, if it cannot be proven that actual damage occurred, coverage most likely wouldn't apply.
- ? **What if my business loses income due to a third party in the supply chain?**
 - [Business Income from Dependent Properties](#) coverage pays for the loss of income or increased expenses due to a covered cause of loss to the premises of another organization that you depend on, such as co-packer or customer. Much like your Business Income coverage, if a direct physical loss cannot be proven, it may not be covered.
- ? **What types of exclusions would prevent coverage from responding?**
 - Most policies include exclusions and limitations throughout it such as contamination and pollutants, bacteria/virus and governmental action or civil authority. I interpret this to be directly connected with COVID-19.
- ? **What if a customer gets sick due to my products/services provided?**
 - For the most part, Commercial General Liability (CGL) insurance is intended to protect the insured from claims of bodily injury or property damage brought by a third party (not employees). Where you see many exclusions for coverage on the property coverage, I believe the CGL will be the first policy to respond to claims brought from COVID-19 related illnesses.
- ? **What if my employees become infected with COVID-19?**
 - Typically, catching a "bug" like the cold and flu is not compensable and neither would COVID-19 under these circumstances. Contracting the virus at work isn't enough to trigger coverage as there would need to be something peculiar about the work performed that increased the likelihood of getting sick.
 - Occupations in healthcare may be able to prove peculiarity to establish a compensable injury since they are dealing with sick patients all day. I think in most cases, COVID-19 would be looked at like the flu.
 - However, with government warnings and restrictions, if an employer required an employee to work and be exposed with COVID-19, I believe coverage may apply under part B of the workers compensation policy for Employers Liability.
- ? **I serve on a board of directors and the shareholders are concerned with the drop in share price. Can I be sued and will a Directors & Officers (D&O) policy defend me?**
 - Unfortunately, Americans love to sue. How a company's board chooses to respond to the Coronavirus could be under scrutiny by shareholders. This is where a D&O would respond to provide coverage for costs and liability arising from shareholder lawsuits on the board's decisions that caused them to lose money. Again, it comes down to specific policy language.
- ? **Why doesn't it sound like there is a certain answer to these questions and coverage?**
 - Just as each business is unique, each insurance policy contains different exclusions, limitations, coverage extensions, etc. I wish I had more answers but regrettably, we are going to have to wait and see how many of these claims scenarios play out. Plus, I imagine there will be many challenges in court to follow.

Have more questions?
Just ask!



TheInsuranceGeek.com

This information is general in nature and is intended to provide guidance only. The Insurance Geek suggests that you always read the policy or contact your agent if there is a question about coverage or a claim. If any information herein should conflict with the actual policy's specific language, the policy's language will be controlling.