FAQ’s – COVID-19 and Insurance Coverage

Q. How do I find out if I have Business Interruption Insurance?

A. Contact your Insurance Broker and/or review your commercial property policy?

Q. If I have Business Interruption Insurance, do I have a claim?

A. You can always file a claim. Whether it’s compensable is a very complicated answer.

Almost all commercial property policies require damage to property or a direct physical loss to the premises. The biggest argument will be whether the virus constitutes physical damage to property and whether such damage caused a loss of income. In addition, many policies have exclusions that have to be examined.

It is recommended to immediately speak to your Insurance Broker to make sure you follow the rules of the policy and timely file a claim to preserve your rights, if any exist. If it is unclear or unsettled whether you have coverage or not, you can still file a claim to preserve your rights.

Q. Is there anything I can do to reduce my insurance premiums?

A. Maybe. Some policies, like General Liability, are priced based on forecasted revenues and some polices, like Workers’ Compensation, are priced based on forecasted labor costs. Contact your Broker and ask them to “rerate” your polices based on revised forecasts. You may be able to reduce and/or restructure your insurance premium payments.

Q. Are there other types of insurance policies that can offer coverage related to COVID-19?

A. Yes, among others:

General Liability - The primary liability exposure for employers will be alleged negligence. For example, employers may face assertations that they failed to protect a customer or other third party from being exposed to the virus.

Directors and Officers - Suits may arise against directors and officers in the event a company is considered inadequately prepared to handle a pandemic that negatively impacts the business. Shareholders may allege directors’ and officers’ failure to perform the necessary contingency planning or failure to disclose the risks a coronavirus outbreak could have on the company’s business and financial results.

Workers’ Compensation and Employers’ Liability - In considering coverage for workers’ compensation claims, providers determine whether the injury occurred within the affected individual’s scope of work. Exposures to pandemic-type illnesses may also produce employers’ liability claims alleging contraction of the related illness due to employer negligence.