

COVID-19 COVERAGE – BUSINESS

With the emergence of the Coronavirus Disease (COVID-19), questions around business impacts and potential coverage have surfaced.

The purpose of this communication is to give a high level overview of potential coverage situations. In all cases, if your business is impacted, please contact your PayneWest Insurance representative for further instructions. Ultimately, the insurance carrier will need to review the facts of your loss to determine if any coverage will apply. PayneWest will be able to assist you with submission of your claim and facilitate carrier communication if necessary.

Below are some observations regarding potential coverage issues:

COMMERCIAL PROPERTY AND BUSINESS INCOME COVERAGE

For costs associated with cleaning or replacement of property, policies provide coverage for direct physical loss or damage to covered property, at a covered location, from a covered cause of loss. It is unclear at this time if carriers will deem the presence of a virus, or even a confirmed case of an employee or patron with the virus, to be related to a direct physical loss or damage to covered property. If it is proven that damage exists, there may be specific exclusions in the policy that would preclude coverage.

Business Income coverage requires the suspension of operations due to direct physical loss or damage to covered property at a covered premises, from a covered cause of loss. This coverage does not intend to respond to loss of income due to unfavorable business conditions, interruptions in supply chains, or larger social or economic conditions. It is unlikely it will respond to suspension of operations due to precautionary or preventative measures.

Policies may include limited coverage for loss of income due to the actions of a civil authority. This coverage generally requires direct physical loss or damage to property within a prescribed distance from the insured premises, from a cause of loss covered by the insurance policy, and where a civil authority has prohibited access to the area.

Some policies may include limited coverage for loss of income due to issues affecting a property or business that yours depends on (dependent property), such as the supplier of a product. Typically this coverage only applies for specific businesses listed under your policy, and only for direct physical loss or damage to covered property at the listed or scheduled dependent premises, from a covered cause of loss.

COMMERCIAL GENERAL LIABILITY, DIRECTORS AND OFFICERS, ERRORS AND OMISSIONS

While sickness and disease are generally considered a bodily injury under your General Liability policy, exclusions may exist for injuries caused by a communicable disease such as COVID-19.

Directors and Officers and Errors and Omissions policies usually do not provide coverage for claims related to bodily injuries. They may provide coverage for claims for other financial loss or damages presented against you, unless otherwise excluded.

WORKERS' COMPENSATION

An employee who is diagnosed with the virus will generally need to demonstrate that they contracted it due to their type of employment, and while in the course and scope of their work.

ALL COVERAGE DEPENDS ON WHAT IS IN THE POLICY AND HOW THE INSURANCE COMPANY INTERPRETS ITS POLICY.