



EMPLOYER INSIGHTS: Government Contractors

COVID-19



AssuredPartners

What Issues Businesses are Facing

AssuredPartners wants to help you understand the insurance implications to your business. The costs associated with the outbreak are mounting and business disruptions have been set in motion. What we do know is that there are many factors in play. What we don't know is how the market will respond and at what level the government will step in to offer guidance and assistance.

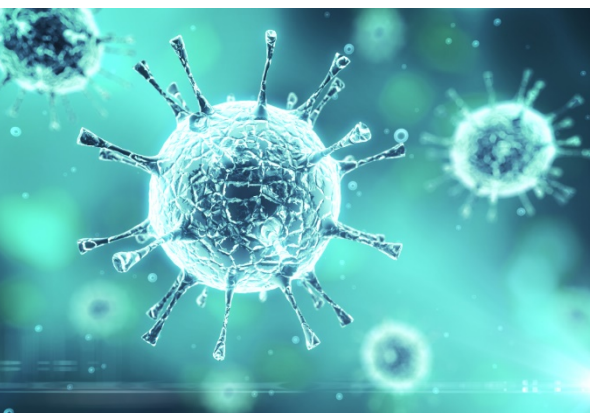
The coronavirus pandemic, or COVID-19, has created a major disruption to our lives. All corners of society, both business and personal, are experiencing unprecedented changes. Though government contractors may have a little less volatility due to generally providing 'essential services' and being funded by the government, it stands to reason that such contractors will still endure some turbulence to their business, due to COVID-19. In this time of change, it is important to have the knowledge required to move forward and the flexibility to pivot business plans, as needed.

In these uncertain times, AssuredPartners has assembled the following resources focused on general understanding, liability, risk and coverage considerations. We will continue to monitor the situation and provide as much useful information as possible for our clients.

Some of the consideration areas are listed below:

- Lack of Access to the Worksite and Personnel
- Delays and Applicable Causes
- Employee Health Concerns
- Addressing Constant Change
- CARES Act
- Families First Coronavirus Response Act (FFCRA)
- What's Next

The information provided is not intended as legal advice and should not be relied upon in lieu of your own legal guidance. The information and resources provided are not specific to your policy or coverage. Local and federal health agencies can be consulted for the latest news and directives.



**For up-to-date information, please visit
our Resource Center:**

<https://www.assuredpartners.com/Coronavirus-Resources>

Lack of Access to the Worksite and Personnel

With each passing day, federal, state, and local governments are placing increasingly tight restrictions on workplaces and on the public-at-large. Policies that limit the size of a gathering and that define ‘essential’ versus ‘non-essential’ business operations are among the many COVID-19 challenges for government contractors.

Measures such as building closures, quarantines, or social distancing practices imposed to limit the spread of COVID-19 may limit a contractor’s access to a worksite, and impact the ability to manage personnel. If the performance of a contract cannot be performed via telecommuting, the problem only becomes more intimidating. For hourly employees, these changes will likely lead to diminished work hours and participation, and have a direct effect on their access to or ability to maintain employee benefit.

Delays and Applicable Causes

Considering the broad impact of COVID-19 on business operations, public health, the supply chain, and worksite measures in place, project delays will likely occur. Thankfully, the language of many contracts subject to either the Services Contract Act (SCA) or the Davis Bacon Act (DBA) usually include an excusable delay clause, generally referred to as a ‘*force majeure*’ clause. *Force Majeure* refers to extreme and unforeseeable circumstances that prevent a contractor from fulfilling performance of a contract. *Force majeure* clauses typically include “acts of God,” sovereign acts of the Government, epidemics, and quarantine restrictions.

Government contractors should check their existing and new contracts for a ‘*force majeure*’ clause and promptly notify the contracting officer of any delays or COVID-19-related performance issues. Just as it is important to keep current with regular COVID-19 updates, government contractors should also stay in frequent communication with the contracting officer to advise them of their situation, albeit ever-evolving. The Federal Acquisition Regulations (FAR) provide additional detail as to contractor issues related to suspension of work or delay of work. See below for resources.

- [FAR 52.242-14, Suspension of Work](#)
- [FAR 52.242-17, Government Delay of Work](#)

Employee Health Concerns

Questions of healthcare are at the top of everyone's minds. One of the most high-stakes COVID-19 challenges for government contractors is addressing employee health concerns. Whether the contractor is trying to find the best healthcare fit for right now or SCA/DBA employees have questions about their hours worked and how that impacts their eligibility to group health plans, healthcare seems to be at the forefront.

Government guidelines and policies to address COVID-19 related sick leave are updated on a daily basis. Most recently, the Families First Coronavirus Response Act (FFCRA) and the Coronavirus Aid, Relief and Economic Security Act (CARES Act) have provided additional relief for individuals and businesses.

Solutions for government contractors may include implementing new minimum essential coverage (MEC)-only plans, establishing hour banking to potentially extend group health coverage, and adding telemedicine options. Contractors should know that there are flexible group health plan options available, even now.

Addressing Constant Change

As mentioned at the outset, the novel coronavirus has created an environment that is constantly changing. Government contractors, as businessmen and employers, are in the difficult position of having to make "on-the-fly" decisions regarding their business operations and employee health. To stay informed on the latest COVID-19 updates, the following resources provide current information:

- [Government COVID-19 Response](#)
- [Health Updates from the Centers for Disease Control](#)

CARES Act

The Families First Coronavirus Response Act (FFCRA) went into effect on April 1, 2020, and will require private and government health plans to provide coverage for COVID-19 testing and other services at no cost to the individual. The U.S. Department of Labor (DOL) Wage and Hour division recently published guidance for workers and employers to help explain the expanded 'paid sick leave' and 'expanded family and medical leave' provisions within the Families First Coronavirus Response Act (FFCRA).

The Coronavirus Aid, Relief, and Economic Security Act, the "CARES Act" was created as a supplemental piece of legislation that provides additional relief for individuals and businesses that have been negatively impacted by the coronavirus outbreak. The CARES Act has opened up access to unemployment benefits to groups of people that had previously been ineligible. Among the groups that will benefit from the CARES Act are "gig economy" workers like rideshare drivers and food delivery workers, independent contractors and freelancers, and part-time employees who have lost employment due to circumstances surrounding COVID-19. The CARES Act also covers people who had to stop working to care for their family. Some additional resources to learn more include:

- [The CARES Act](#)
- [COVID-19 and the Workplace from the U.S. Department of Labor](#)

Families First Coronavirus Response Act (FFCRA)

The Families First Coronavirus Response Act (FFCRA) provides paid sick leave and expanded family and medical leave for COVID-19 related reasons and created refundable paid sick leave and childcare leave credits for eligible employers. An eligible employer is a business and tax-exempt organization with fewer than 500 employees. Eligible employers will be able to claim these credits for COVID-19 relief for workers and small businesses between the effective date of the Act (April 2, 2020) and December 31, 2020. For more information on these credits, visit the [IRS website](#).

What's Next

AssuredPartners will continue to monitor the situation and will work closely with our clients to respond to any potential claim situations. As the situation progresses, we will communicate in a timely manner to keep our clients abreast of marketplace modifications. If you should have any questions about this topic and how it directly impacts your coverage, please contact your AssuredPartners team.

All future updates will be located on our Resource Center:

<https://www.assuredpartners.com/Coronavirus-Resources>

This communication does not capture all lines of coverage, all exposures or reflect advice specific to your needs. If you have questions regarding your specific coverages, please contact your local AssuredPartners broker team.

About AssuredPartners

Headquartered in Lake Mary, Florida and led by Jim Henderson and Tom Riley, AssuredPartners, Inc. acquires and invests in insurance brokerage businesses (property and casualty, employee benefits, surety and MGU's) across the United States and in London. From its founding in March of 2011, AssuredPartners has grown to over \$1.5 billion in annualized revenue and continues to be one of the fastest growing insurance brokerage firms in the United States with over 185 offices in 30 states and London. For more information, please visit www.assuredpartners.com.