



EMPLOYER INSIGHTS: Property & Casualty

COVID-19



AssuredPartners

What Issues Businesses are Facing

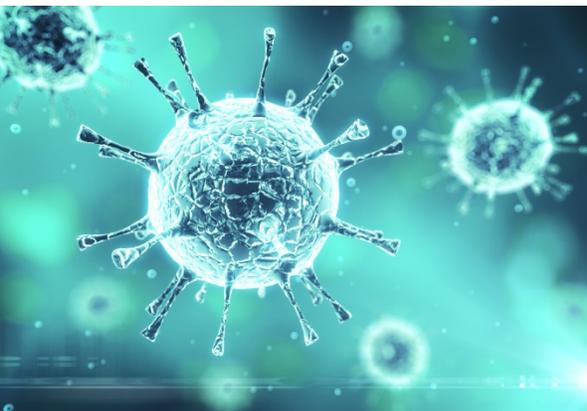
AssuredPartners wants to help you understand the insurance implications to your business. The costs associated with the outbreak are mounting and business disruptions have been set in motion. What we do know is that there are many factors in play and most of them are unknown. What we don't know, is how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

In these uncertain times, AssuredPartners has assembled the following resources focused on general understanding, liability, risk and coverage considerations and will continue to monitor the situation.

Some of the consideration areas are listed below:

- Property, Loss of Revenue, and Extra Expense
- Supply Chain & Trade Disruption
- General Liability
- Employer's Liability
- Workers' Compensation
- Claims
- What's Next

The information provided 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>

Property, Loss of Revenue, and Extra Expense

With a pandemic or disease outbreak, organizations may be forced to temporarily close their operations and in doing so they may try to seek business interruption coverage under their insurance coverage. Most policies trigger coverage for business interruption only after the policyholder has experienced a direct physical loss to the premises in question caused by a covered peril.

It is likely that there will be 1st Party claims filed and adjudicated over the next months and years, related to the losses related to the current pandemic. Some claims may occur in the way of a **Direct Physical loss, which** is typically triggered as a result of direct physical loss or damage insured herein and occurring during the term of the policy to real and/or personal property insured herein. This is the starting point when evaluating coverage. Has the insured sustained direct physical loss/damage insured herein at an insured location?

In many cases, there will be Indirect Losses which will require specific policy triggers need to be met for **Business Interruption** coverage to apply. We anticipate that a significant number of business income losses will be related to Civil Authority and Supply Chain disruption. There may also be extra expenses incurred for cleaning/disinfection property, equipment, inventory, etc. Like other policies, the form/coverage varies. However, due to the newness and the scope of economic impact from claims related to COVID-19, there's a great deal of uncertainty of how coverage adjudication will be finalized.

We strongly recommend that policy holders follow the steps mentioned in the [CLAIMS SECTION](#) below to collect and track any loss to their business.

Supply Chain and Trade Disruption

The potential for loss of revenues caused by delays in the flow of trade may be immense when caused by a pandemic. The loss of revenue or extra expense may be due to one of the following:

1. Quarantine
2. Product confiscation or seizure of product in transit
3. Product contamination
4. Partial or total closure of ports and transportation carriers due to mandatory order by local or federal government

Trade Disruption Insurance (TDI) covers loss of gross earnings and extra expenses caused by delay or non-arrival of supplies or stocks arising from foreign government actions or inaction. This coverage differs from standard BI coverage by marine cargo or property forms by not requiring that there be a direct physical loss to goods. Once again, coverage forms are very specific and offer differing levels of responsibility under the insuring agreement. No coverage determination should be finalized without a thorough adjudication process including all available remedies.

General Liability

Entities that interact with the public (supermarkets, hotels, hospitals, schools, restaurants, airlines, etc.) may face litigation if customers believe they can link their illness back to these entities as the source. The primary liability exposure for businesses will be alleged negligence or a lack of care. Proof of causation will be a major hurdle for those filing a claim and entities that have a clear and enforced pandemic policy will have additional defense.

These claims could arise from exposure due to the employer's alleged failure to use reasonable care to protect the general public, customers, workers or their families. Protecting your organization from COVID-19 related liability exposures should include your best practices on how your company interacts with third parties, both on premises and direct contact with your employees.

Once again, coverage will be determined by many factors including coverage forms, definition of coverage terms by the courts, legislative action, public policy, and legal precedents among other factors. We strongly recommend that no coverage determination is rendered by the policy holder or their insurance Agent as the variables are too numerous. We once again refer policy holders to the [CLAIMS SECTION](#) below for proper documentation and preservation suggestions.

Employer's Liability

If an employee contracts COVID-19 through work or through travel related to work and therefore claims that the infection is a result of employer's negligence, the employee may pursue legal action under employer's liability.

As the climate continually changes, it is possible that the insurance industry may experience negative coverage interpretation trends. Some carriers have explored the possibility of excluding COVID-19 from employer's liability coverage for employers in certain industries. Policy language must be reviewed for such provisions.

Workers' Compensation

In considering coverage for workers' compensation claims, providers determine whether the injury occurred within the affected individual's scope of work. Coronavirus may be a humankind exposure rather than one peculiar to most employments. Contracting the virus at work is not enough to trigger the assertion that it is a compensable occupational illness. To be occupational and compensable requires something peculiar about the work that increases the likelihood of getting sick. It is unlikely that both the "occupational" and "peculiar" thresholds can be satisfied to make most illnesses "compensable" for most individuals; the same is true of the new Coronavirus.

As an employer, what are the main safety workplace guidance you should follow? Make sure your business is prepared with best practices including, Employee Travel, Business Continuity Plan and Education. Please refer to the [OSHA Guidelines](#) for additional details.

1. **Employee Travel.** Do we have employees located in or traveling to areas where there have been documented and diagnosed cases of COVID-19? Employees who travel overseas for work may and may have been exposed to the virus should be sent straight to the doctor for testing. Once cleared, properly communicate this to co-workers to lessen the risk of panic.
2. **Business Continuity Plan.** Refer to your company's business continuity plan in case of emergency preparedness if this situation reaches a pandemic. If you do not have such a plan in place, consider a working group of employees to determine business disruption issues and establish procedures to combat these in a quick timeframe.
3. **Education.** While this sounds elementary, employees, customers and on-site visitors could use the reminders regarding hygiene. Hang signs in common areas reminding those of the habit of washing your hands, cover faces while sneezing and coughing. Urge employees to stay at home that aren't feeling well and seek immediate medical attention if necessary.

Claims

We know that there will be claims filed based on a variety of business implications over the course of the next few months. We recommend that in the event of a claim you keep detailed records of events. Claims will be based on applicable policy wording and specific details driving the loss(es).

The below outline will assist with information gathered to support claim substantiation. Every claim will be evaluated based on facts presented in conjunction with all applicable policy provisions and the law in the applicable jurisdiction.

- Develop a detailed narrative outlining the loss.
- Details of impairments or direct damage at insured facilities.
- Details that outline any Civil Actions or Ingress/Egress issues prohibiting access to insured locations and impairing operations.
- To the best of your ability, details/specifics impairing suppliers/receivers. It's recognized this can be very difficult (at best) to achieve.
- Details (including civil actions) that are disrupting transit of materials, inventory, etc.
- Track all costs/losses in real time. If a claim is pursued, losses will have to be specifically reconciled and tied to the triggers noted above.

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.