



COVID-19 Insurance Frequently Asked Questions

(Note: The answers to these Frequently Asked Questions are general guidelines only. No coverage is provided by this FAQ nor does it replace any provision of your policy. You should read your policy and review your declarations page for complete information on the coverage you are provided. If there is any discrepancy between the policy and this FAQ, **the provisions of the policy govern.**)

It is **very important** for business owners to read and understand the terms in their specific insurance policies! In some cases, policies may have endorsements that directly provide coverage for pandemics but in many cases the policies may not provide such coverage.

Q: What does business interruption insurance cover?

A: Generally speaking, business interruption insurance protects businesses against a loss of income as a result of disruption to operations when a covered loss or damage occurs. Direct physical loss is generally required to trigger coverage. Business interruption insurance lists or describes the types of business interruption events that trigger coverage. Events that are not listed or described in the policy are typically not covered. It is important to review the policy exclusions, coverage limits, applicable deductibles and other terms. But keep in mind that business interruption coverage typically must be triggered by a direct property loss that leads to the business interruption.

Q: If I shut my business down because of something related to COVID-19, do I have coverage to replace the lost income?

A: Many commercial insurance policies include business interruption coverage which requires direct physical loss in order for the coverage to trigger. For example, if your business suffers a covered loss from a fire or storm shutting the business down for a period of time, coverage may be triggered. Coverage may be available under your policy if you have purchased 'non-damage business interruption insurance' where a direct physical loss is not required to trigger the coverage, but this option requires substantial underwriting, carries additional premium and is not often purchased. Typically, a loss caused by a virus like COVID-19 does not trigger business interruption coverage. Contact your agent, broker or insurer if you have questions about coverage under your policy.

Q: If the government orders my business to close, do I have coverage to replace lost income?

A: In the case of COVID-19, without direct physical loss to property and with many policies excluding viruses, coverage would likely not be triggered. Many policies include coverage for "interruption by civil or military authority." But this coverage triggers only when the reason for the interruption is from a covered peril in the policy. For example, if a severe storm damages a large area and authorities close off access to the area, coverage may be triggered because the underlying cause was a covered peril.

Q: With bars and restaurant dining rooms closing, we are delivering food to people's homes. Do I have coverage on my personal auto policy?

A: A standard personal auto insurance policy does not cover the use of a personal vehicle for business purposes. You should contact your agent or company to discuss your coverages and whether any changes are required.

Q: If I get COVID-19 at work, will my workers compensation coverage pay my medical bills and time off from work?

A: When determining if coverage applies, two factors must be met. 1.) If the employee caught the virus while at work, and 2.) the employment increased the risk of and proximately caused the employee to catch the virus. Most state laws distinguish between 'ordinary diseases of life' and 'occupational' diseases. For almost all affected employees, they will have caught the virus as an 'ordinary disease of life' which is not compensable under workers compensation. Some health care workers and others might be able to argue that their close proximity to sick individuals increased the risk of catching the virus, in which case coverage may be triggered.

Q: We had an event planned that has now been cancelled. Is there a way to recoup my money?

A: There might be! If you bought event cancellation insurance for your event, and the event had to be cancelled because of forces outside your control, you may have coverage. Many of these policies specifically include disease outbreaks as a covered peril. It is important to read the policy carefully and contact the insurer with any questions.

Q: I do not have any policy that says it is a business interruption policy – is it possible that I have coverage under another type of policy?

A: It is possible to have business interruption coverage under another type of insurance policy. For example, there may be available coverage in policies that cover perils arising out of actions by civil authorities or interruption of your supply chain. Business interruption coverage may also be part of a package of multiple coverages that have been combined or are contained in a Special Multi-Peril or Business Owners Policy. Again, keep in mind that business interruption coverage typically must be triggered by a direct property loss that leads to the business interruption. You should contact your agent, broker or insurer for an explanation of related coverage in other types of policies you hold.

Q: How does my business interruption insurance policy treat COVID-19?

A: Most business interruption policies exclude viruses like COVID-19. Again, keep in mind that business interruption coverage typically must be triggered by a direct property loss that leads to the business interruption. Check your policy language for these exclusions and triggers.

Q: If I do not have an existing business insurance policy that covers COVID-19, can I buy one?

A: Insurers typically do not write coverage for known events for which the extent of potential damage is not easily understood. Despite this, it may be possible to insure specialty risks such as business interruption due to COVID-19 in the Excess and Surplus Lines market. There is much less regulatory protection for consumers in that market and the cost may be quite high. You should discuss any potential purchase in the Excess Lines market with your broker or insurance consultant.