

PROPERTY INSURANCE ALERT

COVID-19



The coronavirus (COVID-19) has incited a multitude of concerns for people across the world – from health and wellness to business interruption and financial stability. Amid this pandemic, we want to address the biggest concern our clients have been voicing – “How will my insurance policies respond to COVID-19?”

As much as we wish there was a one-size-fits-all response, it is important to note that all insurance policies and programs are different. Our aim is to provide you with insight and perspective as it relates to your commercial insurance; however, we cannot provide definitive statements, answers, or opinions at this time, as we believe things will continue to evolve and change. Here, we outline several common commercial insurance coverages, their intended uses, and potential coverage limitations.



BUSINESS INTERRUPTION COVERAGE

Often included in property insurance, business interruption coverage replaces income lost by a business due to a disaster. However, it is common for this type of coverage to require direct physical loss or damage to the insured's property. This could present an issue for companies whose tangible property has not been directly affected by the virus.



CONTINGENT BUSINESS INTERRUPTION & SUPPLY CHAIN COVERAGES

Much like business interruption coverage, contingent business interruption or supply chain insurance protects a company in the event that business is interrupted or income is lost due to a disruption in its supply chain. As with business interruption, these coverages have their own possible limits – commonly limited to direct suppliers or specific geographic regions.



BUSINESS INTERRUPTION COVERAGE EXTENSIONS – CIVIL AUTHORITY AND INGRESS AND EGRESS

Extensions to business interruption coverage, such as civil authority or ingress and egress, should also be considered. In the case of civil authority, business interruption coverage may be granted if access to the insured's property is prevented or prohibited by governmental authority. It is possible, once again, that policy language could limit coverage to instances of direct physical damage.

With an ingress and egress coverage extension, a company could be protected from business interruption resulting from prevented ingress to or egress from the insured's property. A unique coverage concern for ingress and egress extensions involve distance – for example, a policy may require the impediment to be within one mile of the property.

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