Are Your COVID-19 Business Losses Covered by Insurance?



Follow these steps to find out what your insurance will and won't cover during this crisis.

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For weeks now, we've all watched the COVID-19 virus spread across the United States and throughout the world. The impact it's had on the economy has been devastating — and we haven't seen the worst of it yet. Many industries, like retail, manufacturing, entertainment, hospitality and technology, will face an uphill battle for months, if not years. It is unlikely that any of us — big and small businesses alike — will come out of this thing unscathed, which is why many of us will be turning our property and business interruption insurers for

help.

Talk to your insurer

Many insurance policies and endorsements cover losses due to business interruption. Sure, we can all agree that COVID-19 has seriously interrupted business in America. That's the easy part. But the real question is whether or not insurers consider the virus to be "physical damage." In essence, it's that delineation that triggers the business interruption clause in an insurance policy, which explains why this is such a hot topic right now in the insurance industry at large and in multiple states.

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Also, don't assume if you have an "All Risk" policy that you're all set. Those types of policies sometimes exclude coverage for virus, contagious disease or bacteria. In that case, any COVID-19-related claims will likely be denied.

So, how do you know if your policy covers business losses due to COVID-19? Start here – and get ready to dig into the fine print:

1. Request a *complete* copy of your insurance policy. (The one you have on hand is likely a *partial* policy). You'll need to make the request in writing to your insurance broker or insurance company. Make sure you ask for a certified copy of your policy including all endorsements, which will include every single clause, provision, exception, inclusion, and the like.

2. Once you've received the complete policy, look for this key phrase: "cause of loss to trigger coverage." Those six little words will be your guide to determining your COVID-19-related claims.

3. Check if you have the following coverages—and for how long:

- Business interruption
- Ordinary payroll
- Extended period of indemnity
- Civil authority (note, local government enforcing a "safe at home" policy counts)
- Contingent business interruption
- Contingent extra expense (this reimburses lost profits and expenses resulting from an interruption of business at the premises of a customer or supplier)
- Ingress/Egress (this pays for the loss of income triggered by physical loss or damage caused by a *covered* peril to third-party property that prevents or hinders ingress to or egress from the insured's business)

Bottom line? We're all in uncharted territory right now with COVID-19, and the insurance industry is doing the same. Rest assured, there will be plenty of cases of clear coverage — and, unfortunately, there will be denied coverage, too. As for the cases of questionable coverage, that debate has only just begun. Stay tuned.

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