



## COVID-19 – ARE YOUR CLIENTS COVERED?

The disruption to business and everyday life caused by the coronavirus (COVID-19) pandemic is resulting in an economic impact for insureds. With hourly announcements from health agencies calling for social distancing, school closings, business restrictions and event cancellations, current news reports indicate the crisis will get worse before it gets better. Much of this disruption is likely not covered by insurance.

The two most asked questions we've received over the past week have been:

- Where can my insured buy coverage for the COVID-19 viral pandemic?
- Does my insured have coverage under their current policy?

We have consulted with several AmWINS specialists across the Property, Casualty and Professional Lines sectors and offer the following COVID-19 update.

Please note this is not an interpretation of any policy language and AmWINS recommends that insureds consult with counsel for specific interpretation and advice on their policy.

### PROPERTY

**Currently there are no markets that will provide new coverage for losses resulting from the COVID-19 pandemic,** including all Non-Physical Damage Business Insurance or Parametric products.

**Does your insured have coverage under their current Property policy?** The short answer is no; current policies likely will not provide coverage. Property policies are triggered by physical loss and/or damage to insured property. Since the virus is not a covered peril nor does it cause direct physical loss or damage to covered property, carriers will likely say no cover. Property policies can cover fortuitous events, but this event is generally excluded under standard policy exclusions (delay of market, loss of use or indirect/remote loss or damage). Most policies contain a contamination exclusion which includes virus, disease or illness causing agents within the definition of contaminant. ISO policies, specific carrier forms and most manuscripts do not cover losses resulting from virus.

This is relevant to Time Element coverage as well. However, **if there is coverage**, it is most likely on a policy for hospitality or retail under "Loss of Attraction," "Communicable Diseases" or "Special Perils Business Interruption." These extensions are generally applicable to extra expenses, are sub-limited and usually do not extend to loss of income. Cover is further restricted to the length of time to repair or replace as well as any extended period of indemnity. Another place you may find cover is on older manuscript forms for large insureds (a form that has not changed in the past 10 or more years).

While the Property market is closed to coverage for COVID-19, AmWINS' Alternative Risk Team is working with carrier partners to develop a parametric product for future epidemics. We will share information on future product developments as it becomes available.

**For more information, contact your current AmWINS broker.  
If you do not have a contact at AmWINS, please email [marketing@amwins.com](mailto:marketing@amwins.com).**



ON YOUR TEAM.

## CASUALTY

By definition, the Commercial General Liability Policy (CGL) “provides coverage to a business for bodily injury, personal injury, and property damage caused by the business’ operations, products, or injury that occurs on the business’ premises” for which the insured is legally liable. Liability for COVID-19 or any similar outbreak could arise out of an insured’s failure to protect individuals and or their property against infection of such viruses. For example, if a hospitality venue such as concert hall, restaurant or hotel had knowledge of contamination and did not take adequate precautions to stop the spread at their location. In general, the standard CGL form does not exclude coverage for such diseases, but be careful as the exclusion for cover could be added on by endorsement in the form of a communicable diseases or within the Pollution Liability exclusion of the CGL, depending on the policies definition of “pollutant.”

Environmental Impairment Liability forms are designed to provide coverage for an insured who becomes legally obligated as a result of Bodily Injury, Property Damage and First Party Clean Up costs as a result of a Pollution Condition at or arising from a scheduled location. In addition, some Pollution policies are broadened via endorsement to include Business Income and Extra Expense arising from a Pollution Condition. In general, Pollution Condition means the discharge, dispersal, release, seepage or escape of Pollutants into or upon the land, surface, water, groundwater including the atmosphere, buildings, structures. While the definition of Pollutant varies slightly by carrier, there are several carriers who have definitively enhanced the definition and include virus as a defined pollutant. One such carrier includes the following “Pollutant includes viruses and bacteria including Legionella Pneumophlia.” This is a key area to review within a Pollution policy as it could afford coverage for COVID-19.

At this time, Workers Compensation carriers are handling coronavirus claims in the same manner as the standard flu. Under most states’ Workers’ Compensation statutes, employees are entitled to benefits for “occupational diseases,” while “ordinary diseases of life” that the general public is equally exposed to are typically excluded. This means that COVID-19 Workers Compensation claims are most likely non-compensable. However, if the claimant works in a vulnerable field such as healthcare and can prove the illness was contracted at work or while travelling for work, coverage could be afforded. As COVID-19 becomes more widespread, this burden of proof will become increasingly difficult.

## PROFESSIONAL LINES

Insureds could see COVID-19 losses in many professional areas. Medical professionals in both hospitals and senior care facilities are on the front lines of handling patients infected with COVID-19, making them vulnerable to failure to protect patients, misdiagnosis, health practice quarantines, ceasing operations due to an outbreak on premises, etc. Hackers are taking advantage of public fear by using emails to trick people into clicking news links that lead to malware downloads as well as attempting to breach the networks and databases of health care agencies. Additionally, how companies respond during this crisis could lead to Employment Practice Liability (EPL), Directors and Officers (D&O) and Errors & Omissions (E&O) claims. There have already been D&O claims filed against a cruise line and pharmaceutical company as a result.

We have begun to see a few carriers adding exclusions for COVID-19 in their terms and endorsements and we anticipate a great deal of change in the coming weeks.

## WHAT IS AmWINS DOING?

During this pandemic, AmWINS is working closely with our carrier partners to understand their changes in operations and protocols, advocate for flexible payment terms, exposure basis relief and policy extensions when possible, and ensure as little disruption as possible with regards to servicing, claims, binders, endorsements and 4/1 renewals.

We will keep our clients advised of any new market changes, renewal challenges and regulatory proposals that may impact our business. If you have any specific questions, please contact your AmWINS broker for assistance.

To help protect our employees and support the social distancing efforts that are being recommended by local and national government agencies, we have asked AmWINS employees to eliminate travel, cease internal and external meetings and work from home where possible. We are confident that we are prepared for employees to work remotely with the capability to securely access our systems and maintain the same level of service they would from the office. We remain committed to providing our clients with unmatched specialty insurance solutions.