



SWIMMER

A message from Main Street Swimmer Insurance regarding COVID-19

During these challenging times, relying on your family, friends, and trusted advisors is of utmost importance while navigating the “new (hopefully short-lived) normal” of our society. In our role, as a trusted insurance advisor, we believe it is our obligation to provide as much detail as possible as it relates to the current and potential insurance implications of COVID-19, regardless of whether you are a client of Main Street Swimmer Insurance or not.

Our agency is acutely aware of the headwinds everyone faces regarding this pandemic and our societal response in order to curb the spread of the virus. Most are faced with a wide range of challenges; everything from cash flow limitations, staffing layoffs, untested remote work arrangements, to, in many cases, a complete cessation of your business. The below FAQ is designed to help you better understand how the dynamic insurance industry is working to assist you every day. You should, however, consult with your insurance professional if you wish to engage in a more detailed discussion of your account-specific coverages.

Sincerely,

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COVID-19 – Insurance FAQ

- 1. Do I have Business Income coverage for COVID-19?**
- 2. What about coverage under Civil Authority?**
- 3. Is there any pending legislation that could impact how Business Income coverage is applied?**
- 4. I want to submit a Business Income claim, should I?**
- 5. What should I expect if I turn in a claim?**
- 6. What are the Insurance Carriers doing to assist my business?**

1. Do I have Business Income coverage for COVID-19?

Business Income is a type of property insurance that is designed to indemnify (i.e. make whole) an insured who suffers an income interruption as a result of a direct physical loss to covered property. Insurance policies clearly articulate what is considered a “direct physical property loss”. Examples of this can include fire, wind, or even water damage. Currently, the widely recognized industry position is that “virus” even if not specifically excluded, is not directly contemplated within the coverage contract as a “direct physical loss”. As such, the expectation is that under the current legislative and judicial precedents, coverage for a virus-related Business Income loss would be denied.

2. What about coverage under Civil Authority?

Civil Authority is what is known as “coverage trigger”. This is a provision within most property contracts that would extend coverage (like Business Income) for situations where the government mandates a business closure. Naturally, this would seem like an applicable place to seek coverage. However, like Business Income, coverage hinges on a “direct physical loss” to covered property, and without the virus meeting the threshold of direct physical damage, coverage would not be applicable.

3. Is there any pending legislation that could impact how Business Income coverage is applied?

It is very important to know that the insurance industry is highly regulated at the individual state level. Each state has a Department of Insurance that reviews and approves both contract language and pricing methodologies with the state’s insurance consumers interest in mind. As such, legislative and judicial rulings have a material impact on what is covered and the method in which insurance policies respond. There is currently pending legislation in multiple states (California, New Jersey, and Louisiana to name a few) that are challenging the historic understanding of Business Income claims in light of the COVID-19 pandemic. The outcomes of these cases (and others like them) potentially have a wide-ranging impact on the entire insurance industry. Our agency is watching these challenges to precedent closely and constantly discussing how it could potentially benefit our customers.

4. I want to submit a Business Income claim, should I?

Given the current state of the legislative and judicial environment for the insurance industry, it should be expected that the majority of claims based solely on COVID-19 triggered losses will be denied. That said, given the unknown outcomes of the various legal challenges taking place across the country currently, preparing for and understanding the claims process for Business

Income losses is recommended. Once fully prepared, a claim submittal to the carrier is not discouraged. Should you decide to move forward with submitting a Business Income claim, you will more than likely be asked to demonstrate direct physical loss to your property as a result of COVID-19.

5. What should I expect if I turn in a claim?

Once the claim is submitted, you will more than likely receive a “Reservation of Rights” letter from your insurance provider. This document states the insurance provider will agree to investigate the claim, however, they are not waiving the right to deny coverage at a later point. It should be expected the insurance provider, post investigation, will find COVID-19 claims do not meet the direct physical loss coverage trigger and warrant a denial.

6. What are the Insurance Carriers doing to assist my business?

Most insurance carriers are providing flexibility to policyholder during this challenging time. Below is a brief outline of some of the resources available, depending on the carrier with which you have coverage. Please reach out to your insurance professional if you wish to discuss any of these initiatives in greater detail, as some may not automatically apply.

- Premium Deferral – Extending premium due dates and/or placing a hold on cancellations due to non-payment of premium.
- Shifting of Payment Plans – Used to extend out the payment cycle all the way to monthly in some cases to spread the payments out.
- Temporary Coverage Extensions – Used to contemplate new exposures (e.g. food delivery) as customers seek to maintain operations.
- Temporary Adjustment to Coverage – Reductions in payroll, revenue, optional coverages, etc.