

From the Insurance Community University

We have been getting a lot of questions concerning the Coronavirus and Insurance. Laurie Infantino has put together a white paper on the subject. Please distribute through your office as you deem appropriate. If you have further questions please let us know.

There is major concern in the insurance industry as to whether there is ANY insurance for the business implications of the Coronavirus. The current outbreak is reminiscent of the impact of SARS and MERS with the following distinctions:

- Coronavirus has spread much more quickly than SARS or MERS.
- The latest data suggests that it's less deadly than either SARS or MERS.

That being said, businesses are concerned with lack of sales/availability of product due, primarily, supply chain disruption. The insurance forms, as written, are not going to provide coverage for any business losses due to coronavirus.

- The business income forms require a direct damage from a covered situation in order for the BI to respond.
- Even if a business income form were endorsed/included dependent property, the form would have to respond to an international location AND would only respond to causes of loss provided on the insureds business income policy. The cause of loss of coronavirus is not covered.
- An exception for this could be a Trade Disruption form, but this would only apply to a larger risk that had purchased the coverage AND if the definitions work. These forms often respond to limited circumstances of “endemic” disease as defined, which would not necessarily qualify for “epidemic” disease spreading to various regions.
- Trade Disruption has been difficult to purchase with the narrowing of marketplace
- Crisis Management coverage could provide some limited response for the “crisis management” costs as defined
- Event Cancellation and closures, such as schools, is no running rampant. Best example today, it the major tennis tournament that has been cancelled in La Quinta. The loss to the promotors, all the vendors that will not be at the event, the tennis players themselves and ALL the people who purchased tickets and their related expenses. The BIG question is there any coverage for and of the parties involved and the simple answer is that it all

depends on what the insurance says IF any of them purchased any coverage. This is an “epidemic” disease not an “endemic” disease as noted above.

The ISO has come out with some new BI forms for Coronavirus. Big problem with them, in my opinion, is they were just filed and not in use. We can’t put an endorsement on to a policy reactively after the “loss” has already occurred or in progress. In reality, what company in this marketplace would even consider adding these forms at this juncture.

[https://www.propertycasualty360.com/2020/02/10/iso-provides-business-interruption-endorsement-in-response-to-coronavirus-414-171888/?kw=Coronavirus%20spurs%20ISO%20to%20provide%20business%20interruption%20endorsement&utm\\_source=email&utm\\_medium=enl&utm\\_campaign=weekender&utm\\_content=20200223&utm\\_term=pc360&slreturn=20200126135937](https://www.propertycasualty360.com/2020/02/10/iso-provides-business-interruption-endorsement-in-response-to-coronavirus-414-171888/?kw=Coronavirus%20spurs%20ISO%20to%20provide%20business%20interruption%20endorsement&utm_source=email&utm_medium=enl&utm_campaign=weekender&utm_content=20200223&utm_term=pc360&slreturn=20200126135937)

Interestingly, the one form of insurance that we believe would respond would be Workers Compensation under the right circumstances.

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