

COVID-19 & Commercial Insurance: FAQs

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My business revenues are down/business closed – does my business interruption insurance cover loss of income due to COVID-19 closures?

The short answer is, generally “no”. For Business Interruption coverage to apply, there must be Property Damage at the described location and in the case of the Coronavirus, Virus, and/or Quarantine, these situations generally do not involve damage to the property of an insured organization. Some policies do provide coverage for a Business Interruption from a Governmental Authority shutdown, but again this coverage would require that there be Direct Property Damage. The Maryland Insurance Association recently issued advice to the insurance industry and policy holders:

“All insurance policies have exclusions of coverage for risks that are too great to be underwritten at an affordable price. For example, commercial and personal property insurance policies typically contain specific exclusions for loss or damage caused by war, nuclear action and radiation. The potential loss costs from such perils are so extreme that providing coverage would jeopardize the financial solvency of property insurers. Global pandemics like COVID-19 usually fall into this category. However, policies can be different. We recommend that businesses review their policies and reach out to their insurance professionals with any questions.”

The full text for Maryland is available here:

<https://insurance.maryland.gov/Pages/newscenter/NewsDetails.aspx?NR=2020256>

PSA strongly recommends you consult with your PSA Account Executive for Account Manager to assist you with any questions you may have.

Should I make a claim even if it is likely to be denied?

It may be a good idea to file a claim to “go on record” that you’ve sustained a loss. You would need to weigh the cost and effort of gathering the necessary information proving a loss versus the likelihood that your loss may ultimately be denied. We do not believe the insurance industry will modify their insurance contract unless directed to do so by a regulatory agency, which to date no state has favored. There may ultimately be relief at the State or Federal Level but that is far from certain. Gathering information and/or being on record may be helpful should that relief come.

Click on this link to see what information you should be gathering if you plan to make a claim. Your PSA Account Executive or Account Manager can assist you with filing a claim.

<https://www.psafinancial.com/2020/03/business-interruption-claim-what-you-need-to-know/>

Are there any Government Resources that can help me?

Yes. Although information is evolving daily, if not hourly, PSA has been closely monitoring developments and has created a “Coronavirus Can’t Stop Us” page with Updates and Resources which may be invaluable during these uncertain times

<https://www.psafinancial.com/coronavirus/>

I am having difficulty paying my insurance premiums. How do I avoid cancellation of my policy?

The insurance industry recognizes that unusual circumstances require unusual considerations. In nearly all cases insurance carriers have implemented flexible payment plans and a moratorium on cancellations due to non-payment. Because so many companies have adopted company-specific procedures it is best to call the insurance company directly and explain your circumstances. Consideration is typically provided on a case-by-case basis.

In addition to flexibility on your carrier's part each state's insurance department is issuing their own guidelines around non-payment and cancellation. We strongly recommend you visit your State's Insurance Department website for specific information.

Your PSA Account Executive or Account Manager can assist you with contacting the carrier or understanding how your specific state is handling payments and cancellations.

Considering the downturn and disruption in my business, can I lower my sales and payroll projections on the current policy?

Yes, you should make adjustments in your projected sales and payrolls for the remainder of your policy period. Please review this with your agent and request the needed changes. This will help preserve your cash flow through the crisis and can always be increased in the future. A word of caution, however – your estimate should be as close as possible to realistic expectations in order to avoid a large additional premium from audit at the end of the policy period.

I was forced to change how I do business and deliver my products or services to customers. Am I covered for losses?

Generally speaking, if your policy wasn't originally issued and rated for delivery exposure you could find yourself without coverage. Consider using a third party if you can (Instacart, UberEats, GrubHub for food deliveries). If you choose to provide your own deliveries, follow best practices to protect your business and your employees:

- Hired and non-owned automobile coverage is in place
- No two-wheeled vehicles or pedestrian delivery will be permitted (bicycle, motorcycle, moped, scooter, etc.)
- Check MVRs for acceptability and only allow experienced drivers on the road
- Do not promise delivery times
- No delivery after 11:00 pm

My employee was diagnosed with COVID-19 and says they caught it at work; Should I report to my Worker's Compensation carrier and Is coronavirus compensable under WC?

The answer to that question is "maybe." While WC laws provide compensation for "occupational diseases" that arise out of and in the course of employment, many state statutes exclude "ordinary diseases of life" (e.g., the common cold or flu). There are occupational groups that arguably would have a higher probability for exposure such as healthcare workers. However, even in those cases, there may be uncertainty as to whether the disease is compensable. Would time away from work during recovery be considered "temporary disability" or is it just normal "sick time?"

PSA's Lee Rock has written extensively on this topic. We encourage you to read Lee's blog on this topic: <https://www.psafinancial.com/2020/03/workers-compensation-claims-and-covid-1/>

My employees are working from home. Will Worker's Compensation cover illness or injury to those employees?

In general, worker's compensation coverage applies for injury or illnesses that arise out of and in the scope of employment, no matter where they occur. If an at-home employee suffers an injury such as a slip and fall while performing a work-related activity, he or she has every right to file a claim. Proving that the illness or injury occurred as a result of performing their duties for their employer may make the burden of proof a little more difficult for the employee so it's important that you establish clear work-from-home policies which define the scope of work, the space in which it is to be performed, the hours, etc. PSA has resources which can assist in developing those policies.

Keep in mind that employees who are NOT performing work related activities but are forced to quarantine will not be covered should an illness or injury occur while quarantined.

Can an employer be sued for an employee's exposure to COVID-19 in the workplace?

As an employer you have specific obligations to maintain a safe workplace for your employees. In light of the fast-evolving nature of this disease as well as regulations being adopted related to it, adhering to best practices for mitigating exposure, developing quarantine policies for employees who have visited known areas of disease (e.g. Countries such as Italy, China Cruises, etc.) or been exposed to someone at risk of having contracted the disease (such as a spouse visiting known areas), keeping staff informed of your company's actions and any known cases of disease in your workplace are all important steps in showing good faith effort to protect your employees.

Please refer to PSA's Resource Page for additional information which may be useful in protecting yourself, your family and your employees. <https://www.psafinancial.com/coronavirus/>

What additional exposures do I have when employees are working from home or my business is closed?

In some cases, your exposure may decrease, such as worker injuries or illness because of precautionary actions you took. But several other risk factors may increase:

- A closed business may be an attractive target for vandalism or burglary. Ensure that you have taken extra precautions to protect your employees, inventory and property. You may find this blog, written by PSA's Risk and Safety Management expert, Steve Pomponi, to be very useful in proactively protecting your business: <https://www.psafinancial.com/2020/03/how-to-prevent-or-reduce-theft-in-your-organization/>
- Cybersecurity becomes even more urgent when working from home. Some of the protection you may have in your place of work protecting sensitive information and systems may not exist with the same robustness on home networks. During times like these, where everyone is finding new ways to work and access data, while dealing with learning new ways of communicating, we may be less aware of phishing attempts or other criminal cyber activity. This is an area where PSA has extensive knowledge. Check out our Cybersecurity Resources at <https://www.psafinancial.com/coronavirus/cybersecurity-resources-to-stay-cyber-safe/>

Because of COVID-19 my equipment/vehicles are idle. Should I cancel or reduce my insurance coverage?

The best answer is **maybe**. In the case of equipment that isn't tagged for road use there may be an opportunity to lower insurance limits and/or remove it from your policy. The answer is a little more complicated when addressing your road-going vehicles such as cars, trucks, trailers, etc. It is certainly prudent to evaluate your need for the vehicles you currently have and possibly sell or dispose of them in order to remove them from your policy. On the vehicles you keep you may be able to raise the deductible, drop the comprehensive and/or collision coverage, or possibly lower liability limits. Unfortunately, each action comes with a considerable downside that may ultimately outweigh taking any action at this time. Consider the following factors:

- If your vehicle is tagged, dropping liability insurance is likely not an option as it will trigger the Motor Vehicle Department to suspend registration and fine you.
- Lowering Liability limits could put you at greater financial risk and violate any contracts you have with required minimum limits.
- If you remove the tags and unregister the vehicle, it may require re-inspection before it can be re-tagged and will likely incur additional fees as a result.
- If the vehicles are financed, your lending institution or lease company will likely require you maintain an acceptable level of insurance in order to protect their interest. Before you reduce any coverages, check to make sure you remain compliant with your financing agreement.

- If you delete comprehensive or collision coverage you have no insurance to cover damage to your vehicle as it sits idle. Vandalism, theft, or damage while in storage may not be covered, leaving you exposed to a potentially significant uncovered claim.

Because vehicles present so many insurance challenges, are typically regulated by the state Motor Vehicle Department or must carry insurance to protect the interest of others, simply lowering coverage will likely not produce significant cost savings. Short of eliminating the vehicle together you are likely not to see any savings in the short-term.

As with any insurance matter you should consult your PSA Account Manager to better understand what options may be available to you. We are continually working with insurance companies to see what new options, strategies, or credits they may have to help in this situation.

What role is PSA playing during these times?

As your advocate we take seriously our mission of “Growing & Protecting our Clients Assets”. We are:

- Our physical offices are closed but we are working from home and available to you by simply calling or emailing the contact information you normally would
- We are advocating on your behalf for flexible payment terms through our direct efforts and those of industry represents to ensure that you receive the most favorable treatment from your insurance companies
- We have built a Corona Virus Resource site ([link](#)) to gather as much useful information we can develop or find. You should check back often for updates.
- We are closely monitoring every State and their respective Insurance Departments for guidance.
- We are working with each carrier to clarify their position on coverages, claims and billing issues
- We are working with legal experts and internal compliance experts for clarity and guidance during these uncertain times