

Analyzing Insurance Coverage for COVID-19 Losses

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Businesses are experiencing significant business interruption losses as a result of COVID-19. You may have purchased “business interruption” insurance, and so you may expect to have coverage under that policy. Indeed, business interruption insurance is generally intended to cover losses from interruptions to a company’s operations, such as from fires or natural disasters. Coverage may include funds for lost revenues, rent, and utilities.

Not surprisingly, however, insurance companies have hurriedly issued bulletins advising insureds that coverage for COVID-19 losses will be unavailable because of certain standard policy provisions, including virus and pandemic exclusions and the requirement that any interruption be caused by tangible property damage.

This means that obtaining coverage for pandemic losses under your business insurance policy may be a fight. To protect your rights to any potential coverage for COVID-19 business losses, we recommend taking the following steps:

- **Review your policy.** While many form policies may have the exclusions described above, it is worth reviewing your policy to understand the scope of your coverage. Be certain to analyze all endorsements attached to your policy, which may expand or narrow coverage.
- **Identify applicable exclusions, like virus or pandemic exclusions.** Most form policies contain virus or even pandemic coverage exclusions, but not all of these exclusions are identical; the language in your policy may allow an argument for coverage.
- **Follow legislative and political developments.** The political landscape related to COVID-19 is changing rapidly. Legislators in certain states, including [New Jersey](#), [Pennsylvania](#), [New York](#), and [Louisiana](#), are considering bills to force insurance companies to cover COVID-19 losses. Additionally, on March 31, 2020, over 30 policyholder groups and insurance trade associations asked the federal government to create a federal recovery fund, the [COVID-19 Business and Employee Continuity and Recovery Fund](#), to provide liquidity to businesses impacted by COVID-19. Compensation would be provided for payroll, payroll support, operating expenses, and lost income of sick employees. The Fund would be financed by the federal government and overseen by a special administrator.
- **Document your losses.** Keep an ongoing tabulation and maintain documentation of your business losses, in case there is an opportunity to recover these losses through insurance, the government, or some other resource.
- **Provide timely notice of claims.** Provide notice of your potential claims to insurers as soon as possible, to prevent insurers from asserting that they did not receive timely notice of losses. Most policies set forth notice requirements.

Wyche will continue to follow COVID-19 insurance coverage developments. Please contact us if we can assist your business.

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