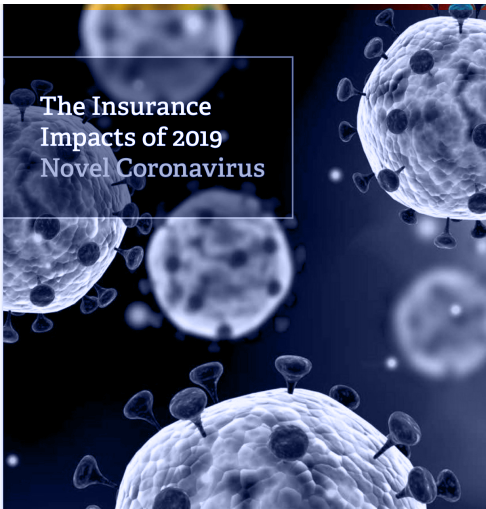


CORONAVIRUS

BUSINESS INTERRUPTION - AM I COVERED?



Emerging in Wuhan, a city in China's Hubei province, in late December, the outbreak of the novel coronavirus, a never-before-seen respiratory illness, is sweeping through the country, already infecting thousands there, according to the Centers for Disease Control.

As companies around the world take measures to restrict travel and contain business interruption losses due to the coronavirus outbreak, the question many are asking is:

Are my losses covered by insurance? Chances are, probably not.

That's because most commercial property policies do not cover losses from disease outbreaks like coronavirus, SARS, Ebola, etc. unless the policy contains an explicit "interruption by communicable disease" clause. Even then, limits are modest, and coverage is narrow.

Business losses can encompass a multitude of things, including:

- lost income
- business closure
- supply chain disruption
- employee health costs
- contingent business interruption
- clean up

Cases Study

With a standard commercial property policy, business interruption claims are triggered by a physical loss or damage to the property, caused by events such as fires or flood. However, because health epidemics like coronavirus don't result in property damage, most commercial property insurers will not cover business interruption losses stemming from a disease outbreak. In a few cases, policies may cover losses on a limited basis if they include a clause known as "interruption by communicable disease." Let's say an employee or executive diagnosed with coronavirus comes to work and exposes others. Employees are quarantined. The entire office or plant might have to be shut down, resulting in lost income.

In this scenario, "interruption by communicable disease" coverage would pay decontamination costs, business downtime and property damage.

Claims triggered under this coverage are narrow, with sub-limits of £100k as a standard.