



## COVID-19 Insurance Cover Explained

Unfortunately nearly all businesses will not be insured for COVID-19. As in the case of war, sonic booms & nuclear attack, insurance policies do not cover global pandemics.

With the UK reaching enormous levels of disruption in a generation, insurance products will still need to be fit for purpose, clearly identifying when cover applies and when it does not:

### **Business interruption**

Most policyholders will be looking to see if they have suffered a direct physical loss. Standard business insurance policies are designed and priced to cover standard risks and are therefore unlikely to provide cover for the effects of global pandemics like Covid-19.

Some insurance policies may include small extensions if they purchase full revenue or loss of gross profit protection, under a notifiable disease or infectious disease extension. Even within this clause there will be an inner limit and conditions applying to this.

### **Business Interruption - Simple Coronavirus Insurance Explanation**

(1) Pandemic disease is an uninsurable risk. If insurers had to charge premiums to cover this risk, it would be beyond economical affordability. Premiums would run into hundreds of thousands of pounds, even millions!

(2) Interruption insurance is an extension on a policy covering buildings and contents and only comes into play if the property is damaged by a range of "perils" such as Fire, Storm or Flood at the premises. Disease is not one of them

(3) If you are lucky enough to find a small disease extension on the interruption section of your policy, on an unspecified illness basis, it will in practice only pay for the loss of profit during the one week you need to close to deep clean them. Again there are conditions within the policy with small inner limits.

(4) Liability policies by their very nature cover liabilities, not physical property.

(5) Insurers cannot compensate business for a "down turn" in trade, as that is a commercial risk of running a business.

(6) Insurers are NOT resourced in any way to pay for population level, pandemic events

*A small minority of typically larger firms might have purchased an extension to their cover for closure due to any infectious disease. In this instance an enforced closure could help them make the claim, but this will depend on the precise nature of the cover they have purchased so they should check with their insurer or broker to see if they are covered.*

You should be looking at your business continuity plans and identify if there are gaps for non-damage losses. **Ascend Risk** can help. Please contact us on 01245 449060 or [info@ascendbroking.co.uk](mailto:info@ascendbroking.co.uk)