

COVID-19

Updates, Recommendations & Insurance Analysis

March 5, 2020



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COVID-19

The following information was adapted from the Centers for Disease Control & Prevention (CDC) website and compiled from insurance industry research. This has been provided as an informational resource for RCM&D clients and business partners. It is intended to provide general guidance and is not intended to address specific scenarios. Regarding insurance coverage questions, each specific policy must be reviewed in its entirety to determine the extent, if any, of coverage available for the impact of the Coronavirus or COVID-19. If you have questions, please reach out to your RCM&D contact.

As this illness unfolds, check the [Centers for Disease Control and Prevention \(CDC\)](#) or the [World Health Organization \(WHO\)](#) for the most up-to-date information.

Origins & Statistics

Early on, many of the patients affected by the COVID-19 (Coronavirus) outbreak in Wuhan, China had some link to a large seafood and live animal market, suggesting animal-to-person spread. Later, a growing number of patients reportedly did not have exposure to animal markets, indicating person-to-person spread.

According to statistics provided by [Johns Hopkins CSSE](#) as of March 5, 2020:

- » Globally, there has been 96,786 total confirmed cases and 3,303 total deaths from COVID-19.
- » Mainland China has seen 80,411 of those total confirmed cases and 3,013 of the total deaths from the illness.
- » The United States has seen a total of 162 confirmed cases and 11 total deaths from COVID-19.

The US and Impact on Business

Person-to-person spread has been reported outside China, including in Northern Italy, the United States and other locations. This person-to-person spread will likely continue to occur and impact the operations in several industries. Widespread transmission of COVID-19 in the United States could translate into:

- » Large numbers of people needing medical care at the same time.
- » Childcare centers, workplaces, worship centers, and other places for mass gatherings may experience more absenteeism.
- » Workplaces may need to consider quarantine measures if exposures continue to spread.
- » The financial markets continue to react in fear of continued global expansion of the virus.

CDC Recommendations

For most of the healthy American public, who are unlikely to be exposed to this virus at this time, the immediate health risk from COVID-19 is considered low. Close contacts of persons with COVID-19 are at elevated risk of exposure.

For Individuals & Employees

- » Wash your hands often with soap and water frequently and for at least 20 seconds at a time.
- » Cover your coughs and sneezes with a tissue and dispose of the used tissue in the trash.
- » Carry antiseptic wipes, frequently clean your work surfaces, keyboards and phones.
- » Stay home when you are sick.

For Businesses & Employers

- » Implement social distancing interventions when necessary.
- » Clean frequently touched surfaces and objects like doorknobs, cabinet handles, countertops, elevator buttons, and stair railings.
- » Provide supplies that promote healthy hygiene, including tissues, soap and hand sanitizer.
- » Actively encourage sick employees/students to stay home.
- » Ensure that your sick leave policies are flexible and consistent with public health guidance.
- » Advise employees/students before traveling to check the CDC's Traveler's Health Notices for the latest guidance and recommendations for each country to which they will travel.

Interim Guidance for Businesses, Schools & Healthcare Providers

The CDC has offered extensive guidance for preventing exposures to acute respiratory illnesses (including COVID-19) in each of the following settings. The guidance also provides planning considerations if there are more widespread community outbreaks of COVID-19. The information provided on this page will be continually updated as new details about the novel COVID-19 become available.



Businesses

» [See CDC Guidance](#)



Schools

» [See CDC Guidance](#)



Healthcare Providers

» [See CDC Guidance](#)

Checklists

- » [CDC: Pandemic Flu Prevention Checklist for K-12 Administrators](#)
- » [CDC: Pandemic Flu Prevention Checklist for Workplace Administrators](#)

Insurance Analysis

The following information is a general analysis of common policy language in various insurance coverage options and is not to serve as individual recommendations of coverage. Each specific client policy must be reviewed in its entirety to determine the extent, if any, of coverage available for the impact of the Coronavirus. If you have questions, please reach out to your RCM&D contact.

There are widespread expectations that many property & casualty carriers may contest many claims as a result of COVID-19, or the Coronavirus, as pandemics and epidemics are often deliberately excluded from coverage. While some policies may cover these claims in certain circumstances, there are a number of limitations and exclusions to be aware of. As in most situations, policy language is critical to understanding the level of coverage, if any, that may be triggered.

Business Interruption & Contingent Business Interruption

Business Interruption coverage provides coverage for losses as a direct result of a halt in operations (Business Interruption) or from an indirect impact from affected clients, vendors or suppliers (Contingent Business Interruption). Many times, it requires physical property damage to be present. Environmental conditions such as the presence of toxic gases or other pollutants that may render property unusable could potentially trigger coverage, but most policies specifically limit coverage for the presence of bacteria and viruses.

This may be one of the biggest contested areas for claim coverage as a result of COVID-19. There is much ambiguity over what constitutes a loss under these policies. The greatest argument for Business Interruption coverage will come from instances where there is a physical component to the halt in operations.

Travel Insurance & Medical Evacuations

Forgoing travel plans due to fear of traveling for any reason is rarely covered by a travel insurance policy. Many policies also include limitations and exclusions for outbreaks, epidemics and pandemics such as COVID-19. The exception would be if the traveler purchased the 'Cancel for Any Reason' upgrade on the policy. This optional coverage may cover up to 50 -75 percent of the cost of the trip at a significantly higher premium than a standard travel policy.

Travelers may be able to find recourse directly through the airlines, hotels and travel agents. Many of these entities are offering to waive fees for those looking to change their travel plans due to COVID-19.

Medical evacuation plans will not provide coverage for any individuals who would like to leave an affected region due to fear or due to being quarantined while abroad. These plans will only be triggered once an individual has contracted the COVID-19 or other illness and need to be medically evacuated.

Event Cancellation

While businesses and organizations around the world are grappling with how to handle the potential continued spread of the COVID-19 virus, one major concern is whether or not to cancel an upcoming event.

While most event cancellation policies do not include coverage for communicable diseases, those that purchased this coverage at an additional premium will still find limitations. Given COVID-19's current status as a global health crisis, it is likely that it will become a specific exclusion in all future event cancellation policies purchased.

Workers' Compensation

Contraction of COVID-19 at work is not enough to trigger a workers' compensation policy. Generally speaking, COVID-19 is seen as human-based risk exposure and is not particular to any specific type of occupation. For an illness to be compensable under workers' compensation, it must meet two criteria. The contraction of the illness must be tied directly back to the scope of employment and the exposure to that illness must be directly linked to the specific and peculiar conditions of that employment. As a result, workers' compensation claims are unlikely to provide for losses as a result of the COVID-19 pandemic for most employees.

The largest potential exception to this understanding may come from claims from healthcare workers. These individuals may be exposed to those with COVID-19 as a result of their employment. For example, a person who works at a retail store who contracts the virus from one of their customers will likely be non-compensable under a workers' compensation policy because the exposure to the illness is not peculiar to their employment. Alternatively, an ER nurse who contracts the virus while working at a hospital that is treating patients with COVID-19 may have a compensable claim. It is important to note that each workers' compensation claim is judged singularly and there are no blanket rulings as a result of global pandemics like COVID-19. Additionally, individual state and federal laws will be a factor in these determinations.

General Liability, D&O and E&O

Commercial General Liability (CGL) may be the first line of defense as a result of allegations from third-party claims as a result of COVID-19. According to a recent article from the [Council for Insurance Agents and Brokers \(CIAB\)](#), "While general liability policies generally cover liability for bodily injury and property damage, as well as typically a legal defense against those claims, it is an open question whether environmental exclusions often included in those policies will allow an insurer to deny coverage." Additionally, many CGL policies may have exclusions in place for claims resulting from infectious disease incidents.

Additional policies that may be triggered include Directors & Officers (D&O) or Errors & Omissions (E&O) policies. If shareholders believe the business was negligent in taking appropriate actions, such as disclosing financial risk or securing supply-chain alternatives, to protect the business during the pandemic, a lawsuit may be levied. A D&O or E&O policy may be triggered to provide for the defense against the third-party suit. Some exclusions to look out for in these policies include those that relate to bodily injury, fraud, dishonesty and willful violations of the law.

Pollution Legal Liability

According to recent communication from RT Specialty, coverage may be available to certain businesses through existing Pollution Legal Liability (PLL) policies via Disinfection Expenses. While these policies often provide coverage for viruses and bacteria, there are numerous restrictions that may be written into the policy language. Coverage restrictions may include “Communicable Disease Exclusions, Coverage Sublimits, and/or a requirement that the virus/bacteria be facility-borne.”

For Current COVID-19 Information

- » World Health Organization (WHO) - <https://www.who.int/emergencies/diseases/novel-coronavirus-2019>
- » Centers for Disease Control & Preventions (CDC) - <https://www.cdc.gov/coronavirus/2019-ncov/index.html>
- » Occupational Health and Safety Administration (OSHA) - <https://www.osha.gov/SLTC/covid-19/controlprevention.html>
- » Johns Hopkins CSSE - Coronavirus COVID-19 Global Cases Mapping - <https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6>

Sources

- » Association Now, [Will Event Cancellation Insurance Cover the Coronavirus?](#) Published February 3, 2020.
- » Council for Insurance Agents & Brokers, [Will P&C Insurers Pay Out Coronavirus Claims.](#) Published February 27, 2020
- » Insurance Business Magazine, [Policy wording critical as businesses assess coronavirus claims.](#) Published February 26, 2020
- » Insurance Journal, [Coronavirus, Pandemics and Workers' Compensation.](#) Published February 19, 2020
- » Insurance Journal, [Insurance Coverage for Losses Stemming from the Coronavirus.](#) Published February 26, 2020
- » Marketplace, [COVID-19: What travel insurance will and won't cover.](#) Published March 3, 2020
- » National Law Review, [Coronavirus Losses: Will Your Commercial Insurance Policies Respond?](#) Published February 27, 2020
- » RT Specialty Communication, HOT TOPIC: Coronavirus and Your Clients, distributed via email on Wednesday, March 4, 2020.



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