



Gallagher

Insurance | Risk Management | Consulting

Coronavirus (COVID-19)

Last updated April 9, 2020



Insurance Coverage, Claim Reporting and Risk Management Guide

Insurance coverage concerns resulting from Coronavirus (COVID-19)

Vacancy Restrictions Under a Property Policy

Under most property insurance policies, there is an exclusion for any damage to the building or contents if the location is vacant, unoccupied or shut down for more than 30 consecutive days. Should your business be closed *for any reason including instances of pandemic, it is imperative* that you contact us immediately, as we will need to notify the insurance company of this change. The closure could be either government mandated or a business decision to cease operations. We will discuss with your insurance carrier and advise how this will affect your current insurance coverage.

Change in Operations or Exposure

Your current insurance policy has been written and priced based on your operations prior to COVID-19. Insurance policies contain a condition where coverage can be denied for a claim made under the policy should you make changes to your operations or change the occupancy of your building. During this time, there are many companies looking to supplement income by manufacturing, distributing or selling products that may differ from what they were doing pre-COVID-19. If you have changed your operations in any way, please be sure to call us immediately to discuss these changes and how your insurance policy will respond.

Disclaimer:

Gallagher provides insurance, risk management and consultation services for our clients. When providing analysis and recommendations regarding potential insurance coverage, potential claims and/or operational strategy in response to national emergencies (including health crises), we do so from an insurance/risk management perspective, and offer general information about risk mitigation, loss control strategy and potential claim exposures. Any statement or information provided is for informational purposes only and is not intended to be, nor should it be interpreted as, medical, legal or client-specific risk management advice. The general insurance descriptions and other information contained herein does not include complete insurance policy definitions, terms and conditions and should not be relied on for coverage interpretation. Policy-specific terms and conditions dictate whether coverage applies to any particular risk or circumstance, and this information in no way reflects or promises individual client or policy-specific insurance coverage outcomes.

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Claim Reporting Information

Our coverage, risk control and claim experts across Canada and around the world are uniquely positioned to help you understand the potential impacts that COVID-19 could have in your industry. We invite you to regularly visit our **Canadian Pandemic Resource Centre**; *click the link* for the latest and most up-to-date information and resources.

As the impacts on businesses across the country increase because of the COVID-19, many will inevitably experience a claim or loss. Because this is such an unprecedented event, there are still many questions regarding whether certain policies will respond to these losses. While there may be limitations in available coverages, you should review the following policies with your insurance broker should you feel that you will, or may, be experiencing a loss.

- Property
- Business Interruption
- Pollution
- General Liability
- D&O
- Cyber
- E&O
- Employment Practices Liability

A document called “Coronavirus COVID-19 Frequently Asked Questions (FAQ)” has been created to answer questions regarding coverage requirements and limitations of these coverages. While there is no replacement for a conversation with your Gallagher representative, we wanted to be sure that we were immediately addressing your most pressing concerns. *You can find the document by clicking:*

[Coronavirus COVID-19 Frequently Asked Questions \(FAQ\)](#).

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Our recommendation to all of our clients is that if you are experiencing a loss or claim you should report that loss or claim to the appropriate Insurance Company for determination on coverage. As with any claim or event that affects your business, recordkeeping and documentation are extremely important. Tracking and documenting developments, including actions taken by federal, provincial and local governmental authorities, as they occur will assist in establishing a timeline of critical events. This is particularly important as gathering the necessary information later can become more difficult. *For more information click:*

[Organizing information for a business interruption](#).

Prompt reporting of claims to insurance companies is essential in obtaining the most desirable result. If you have questions or would like to report your claim to one of our claims centers, *please see left column for contact information* or reach out directly to your insurance broker for further discussion. Should you wish to submit a claim direct to your insurer, you can utilize our Insurance Company Claims Contact Reference Guide, *click:*

[Contact information for some insurance companies](#).



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Understanding Policy Types

It is important to understand the type of policy in which you are covered, as this has a direct impact when reporting claims. Immediate reporting of claims will reduce the potential for denied claims, based on the policy type. It is important to remember, the following are guidelines and your insurer will provide specific claim reporting instructions that should be carefully followed.

Occurrence Policy

A policy applying to losses that happen during a given period of time (the policy term), i.e. when the accident happened.

Claims-made and Reported Policies

A policy applying to “Claims” (as defined by the policy) first made against an insured during a specific period of time. “Claims under Claims-Made” and “Claims-Made and Reported policies” must be reported to the insurer within the time period required by the insurer and set forth in the policy. Reporting requirements of any policies excess of primary policies must also be followed.

Excess Insurer Reporting/Umbrella

If you are carrying excess coverage/ umbrella coverage, it is important to know when the excess or umbrella insurers should be notified. You should work with your insurer and its adjusters to ensure proper notification is made to the excess insurers and who is responsible for completing the notification.

Claims vs. Lawsuits

Many things other than lawsuits are claims. As you would expect, a lawsuit is a claim. However, a claim under the policy can be something as minor as a letter or e-mail that demands that the insured do something, stop doing something or pay something.

If you are served with a lawsuit, please forward to the insurer immediately. Legal filings are time sensitive and failure to respond timely may compromise your coverage. Lawsuits are served on parties via certified mail and/or electronically to provide proof of delivery and receipt. Please provide a copy of these materials to your Gallagher contact so we can determine if you will need to place other insurers on notice. Copies of all documentation should be forwarded to your insurance carrier(s) with a copy of the lawsuit.

Insurer Required Reporting

Each insurer requires notice of certain types of claims depending on the potential exposure or particular injury types. It is important to thoroughly review your policy to ensure you are reporting particular incidents and claims, based upon the insurer’s policy requirements.

If you are using a Third Party Adjuster (TPA) your TPA may or may not report claims to an insurer on your behalf. Please be sure to know if you or the TPA will be completing this notification. It is important for all insurers, the claim administrator, and insured to work together to ensure proper notification.

In addition to actual claims or lawsuits, promptly report any incident, which may result in a general liability claim, which involves severe injuries or complex issues.



Risk Management Considerations

In addition to insurance options, or lack thereof, sound risk management practices should be followed by all businesses affected by a pandemic. These four guiding risk management principles are: *Transfer, Treat, Terminate* or *Tolerate*. Decisions around which option may depend on organizational imperatives, cost, availability and/or loss histories that require remedial action. In times of crisis, both proactively or retroactively, risk or loss control go hand-in-hand with an effective claims management process. This will help ensure organizations minimize or avoid a disruption, articulate an attractive risk profile, enhance their reputation through transparent risk management or accelerate claims paid based on willingness to effect change.

Safety of Employees and Clients

- Following industry or association guidelines, have you ensured the safety and wellbeing of your staff, vendors, suppliers and the immediate community in which you operate?
- If, or where, possible have you established transparent working-from-home guidelines and provided employees the means by which to conduct their work safely and in accordance with their contracts?
- Have you established updated guidelines on teleworking including but not limited to the use of personal devices for work, remote worker liability?

Operational Exposures

- Dependent upon operational exposures, have you adhered strictly to physical distancing requirements, capacity guidelines for both staff and customers and ensured the availability of PPE for those in your care?
- Have you openly and readily communicated your exposure to the events of a pandemic either temporarily closing, cleaning or altering the exposed location to ensure ongoing or amended safe operations therein?
- Have you engaged either previously to, or immediately following a pandemic exposure, a reputable 3rd party industrial cleaning firm to sanitize either your location or that which you are contractually obligated to?

- Are you remaining vigilant in other areas of potential loss or exposure which could be exacerbated due to resource allocation in a pandemic situation?
- Have you contacted tenants, suppliers, distributors to understand if there has been an active case of COVID-19 on your premises or on a suppliers premises? This information should be recorded and communicated accordingly.
- Have you encouraged your tenants, suppliers, distributors to apply for available government funding during this crisis?
- Have you communicated all of the above measures to your staff, clients, customers and key stakeholders such as insurance carrier and/or broker?
 - Commercial Insurance policies contain an exclusion for property vacant, unoccupied or shut down for more than 30 consecutive days – if you have had to close your business due to the pandemic, please contact your broker immediately
 - If your operations have changed in any manner due to the pandemic, contact your broker to discuss these changes to ensure proper coverage is in place

For assistance with any of these considerations, please contact your local Gallagher representative for more information or for insights specific to your industry. You can also visit **Gallagher's Global Pandemic Hub**.

