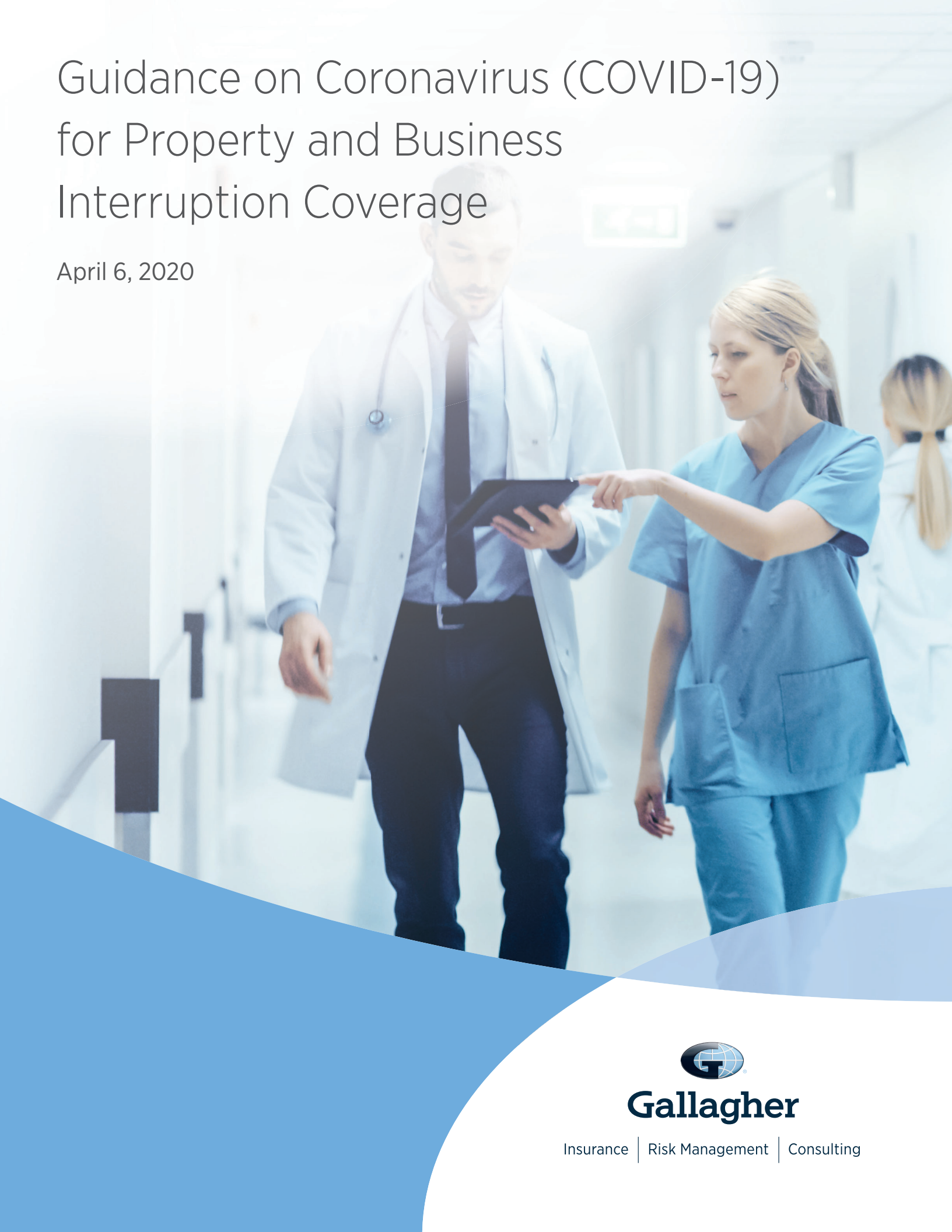


Guidance on Coronavirus (COVID-19) for Property and Business Interruption Coverage

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Gallagher

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In most cases, losses from business interruption that result from COVID-19 will not be covered under your insurance. It is, however, critical that you work directly with your carrier and broker to understand the nuances of your coverage.

The COVID-19 virus is causing mass business disruption around the globe. Understanding the scope and limitations of property policies is vital to successfully preparing your business for the future in this time of economic uncertainty. Now more than ever, working directly with your carrier and broker to comprehensively review the nuances of your current coverage is vital, and we encourage you to file a claim immediately if you are impacted.

In most cases, property and business interruption coverage will not be triggered by losses due to a pandemic. Insurance policies, in general, do not provide coverage for virus-related business interruption because there is no physical damage to an insured peril. Despite that insurance limitation, Gallagher remains vigilant in monitoring the progress of government financial assistance that may provide relief or a resource of recovery for our clients. We will continue to provide accurate information and continued updates as we learn more.

PLEASE USE THIS GUIDE TO HELP ANSWER SOME OF YOUR QUESTIONS ABOUT PROPERTY AND BUSINESS INTERRUPTION COVERAGE.

Does my property policy cover COVID-19 loss?

For coverage to trigger, standard property policies require that the loss include physical loss or damage to covered property. While contamination of property due to COVID-19 at an insured's location may constitute physical loss or damage, recovery may be limited or excluded. Most policies have exclusions for pathogenic organisms, viruses, and disease- or illness-causing agents that may further restrict or exclude coverage.

Does my policy provide business interruption coverage that will respond to COVID-19?

Business interruption coverage is triggered by direct or indirect physical loss or damage at an insured location under the business income extensions. Insurance companies examine both direct physical loss and indirect loss when evaluating claims.

What is direct physical loss?

Contamination of property due to COVID-19 at an insured's location may constitute physical loss or damage, but policy exclusions for pathogenic organisms, viruses, and disease- or illness-causing agents may further restrict or exclude coverage.

What is indirect loss?

Business income losses from indirect exposures will be the basis for the vast majority of business interruption claims as a result of COVID-19. Indirect exposures that could trigger business interruption losses include actions by a civil authority and supply chain disruption. If your property policy extends coverage for either or both, be aware that physical damage or property damage is still a requirement that needs to be met, even though the loss has occurred away from the insured location; however, like other policies, the form and/or coverage varies.

What measures can a business can take now if they believe they have a claim?

We encourage you to file a claim for any loss you may experience relating to COVID-19. Document any actions you take, or instructions given to you as a business owner by your state governors, regulators or any other civil authority. If you file a claim, it requires all documentation and support of details and losses, just like any other claim. Tracking and reconciling this information while losses are being sustained in real time can be critical. Customers interested in pursuing this should start documentation now, including dates when any civil authority orders were issued, and specifics about damages and when they began. It is too soon to speculate how policies will respond to such claims. Some carriers may require specific information, so we encourage you to reach out to them directly for details.

As businesses continue to close and buildings become vacant, even on a temporary basis, we are advising our clients to take the appropriate measures to secure the locations, and periodically monitor and mitigate loss. Vacancy coverage limitations may exist within your property policy that need to be addressed with the carrier as soon as possible.

Are there any policies that may cover this event?

There may be some coverage under environmental insurance policies for cleanup or disinfection, but each policy is unique and needs to be individually examined. Customers should consult their broker if they have environmental coverage and put their carrier on notice as soon as possible if a claim is suspected. Before you begin cleanup or invest in decontamination, work with your broker to make sure costs can be recovered.

Gallagher is committed to providing the most accurate information and guidance for our customers. As we all look for clarity, we will continue to provide honest information based on facts and transparency, with the goal of helping you confidently navigate through these uncertain times.

This is an evolving risk that Gallagher continues to monitor through the CDC and the WHO. For the latest information, please visit: ajg.com/us/pandemic-preparedness or contact:

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