



Will business interruption insurance cover lost business income attributable to COVID-19?

With national and local economies contracting and many businesses closed or operating at a fraction of normal revenues, business owners are looking for ways to mitigate losses. Commercial insurance policies are a natural place to turn.

Whether your insurance policy covers any particular loss is a matter of the language of the policy itself.

Many commercial policies contain business interruption coverage and civil authority coverage either within the commercial general liability policy itself or as a rider. Business interruption coverage typically covers business income lost during a period of restoration necessitated by physical damage to property caused by a covered loss. Civil authority coverage, a subtype of business interruption coverage, typically covers business income lost due to an order of a governmental authority which prevents access to the property of an insured due to physical damage caused by a covered loss.

Because most business interruption and civil order clauses require physical damage as a condition precedent to paying a claim, it may be difficult for insured businesses to collect on claims made under these provisions as a result of COVID-19.

Additionally, business interruption coverage is almost always subject to the physical damage being caused by a covered loss. Under the vast majority of commercial policies, viruses and disease are specifically excluded losses, a change to policies instituted by insurers as a result of the SARS outbreak in the early 2000's.

Despite a likely lack of coverage under most commercial insurance policies, insurance coverage attorneys are recommending that business owners COVID-10 related claims for loss of income anyway. Litigation over the denial of COVID-19 related claims is already underway in several states, the final outcomes of which will likely determine rights for all policy holders. Additionally, some state legislatures are considering legislative remedies for policy holders including [New Jersey](#) and [Ohio](#), although the fate of such efforts are unknown.

By providing notice to an insurer of losses attributable to COVID-19, insured businesses preserve their rights to recover for the loss should courts or legislation shift the insurance landscape.

Simpson | Dattilo attorneys are working and available to assist clients during the COVID-19 crisis. Please contact us with questions about your commercial insurance policies, or any other matter with which we can be of assistance.

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