

Check your Insurance Policy for Interruption Insurance

Business insurance policies may cover loss of income and/or coverage for business interruptions caused by things outside of the business' control – such as the current stay at home order(s). However, the interpretation of the scope of a policy's coverage and whether a policy excludes such coverage is often vigorously contested in courts – and those battles have already begun for the current COVID-19 situation. As an example from another well-known disaster, insurance coverage for Hurricane Katrina related damage boiled down to a question of whether damage was caused by the hurricane winds or by the flooding that occurred when the dams and levees broke. Ultimately, in almost all of the cases, one cause of the damage was covered (the wind damage) – but the other was not (the flood damage, because there was an exclusion in virtually every policy that excluded flood damage in low lying areas around New Orleans). The current COVID-19 situation is one for which businesses that have lost business income because of the various “shutdown(s)” should determine if they are covered for such claims. As such, The HPED recommends the following.

1. Check your policy yourself to see if you think it contains coverages that may apply. **Note:** You must check the insurance policy itself, which is probably 40 or 50 pages long – not a summary of, or the declaration sheet for, your policy.
2. Regardless of what you determine on your own, you should also call your insurance agent or broker and ask them if they believe your business is covered by your policy.
3. If your agent says “YES” – ask them to submit your claim.
4. If your agent says “NO” – you may want to check with your attorney or an attorney who has experience with insurance coverage issues – to make sure issue like those described herein are resolved in your business’ favor.

Finally, you may also want to consider obtaining some additional coverage or even “all risk” coverage for your business moving forward. Some links to help you become more familiar with applicable terms follow.

<https://www.marsh.com/us/insights/research/business-insurance.html>

<https://www.investopedia.com/terms/b/business-interruption-insurance.asp>

<https://www.investopedia.com/terms/a/all-risks.asp>