

A Straight-Forward Guide to Business Interruption Insurance

As businesses cope with the fallout from the COVID-19 pandemic, one of the questions they have raised is whether they have insurance coverage for “business interruption.” Not every insurance policy is the same, but the following chart highlights some of the key questions for policyholders to consider as they review their business interruption insurance coverage.

<p>Is COVID-19 “on Your Property”?</p> <ul style="list-style-type: none"> • If COVID-19 is not “on your property,” it is harder to argue for coverage. • <u>But:</u> <ul style="list-style-type: none"> ○ Consider whether you may face liability to third parties if you admit to having COVID-19 “on your property.” 	<p>Is Your Business Under a “Shutdown” Order?</p> <ul style="list-style-type: none"> • The presence of COVID-19 on your property is not necessary. • The order must prohibit access to your property. • <u>But:</u> <ul style="list-style-type: none"> ○ A “shutdown” order for fear of spread of COVID-19 still may not qualify; and ○ Your policy may have a “Virus Exclusion” (see below).
<p>Does Your Policy Have a “Virus Exclusion”?</p> <ul style="list-style-type: none"> • Some policies will exclude coverage for virus-related losses. • Exclusion might not be titled “Virus Exclusion.” Look for word “virus” in your policy’s exclusions. 	<p>Is There Pending Legislation In Your State?</p> <ul style="list-style-type: none"> • Some states (including Ohio and New York) have proposed legislation that would require insurers to cover business interruption losses, but only for “small businesses.” • The legislation may not pass, but if it does, it may be subject to a constitutional challenge.

Establishing coverage is just the beginning. The amount of the loss has to be proven, and with deductibles, policy limits, and other policy language, there are many variables that would impact the extent of any recovery.

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