

THE IMPACT OF COVID-19 (CORONAVIRUS) ON YOUR BUSINESS

As of March 1, 2020, over 3,000 people have died and more than 94,000 people have been infected with the COVID-19 virus (referred to previously as Coronavirus). Additional cases are being reported in the U.S. with many more Americans undergoing testing. Airlines have suspended flights into and out of China. The U.S. State Department has put a code red travel advisory in place telling Americans not to travel to China and portions of Italy. As this virus continues to spread, the impact to business increases exponentially.

Major global events are being cancelled, or postponed, including the Shanghai Grand Prix, Tokyo's Cherry Blossom Festival and Mobile World Congress in Barcelona. In the United States, companies such as Adobe and Facebook have postponed annual meetings and events as well. Organizers of large events, that purchased insurance epidemic cover included, may be able to file claims against their policy for the cancellation of their event due to COVID-19. Those looking to purchase the coverage going forward, may have a more difficult time obtaining coverage including epidemic cover, until we are better able to understand the virus and the global impact.

Most standard policies don't name specific diseases, or they have an exclusion, which would require companies to have an endorsement added to their policy that covers communicable diseases and the losses that might be suffered during pandemics like this. Typically, a standard business interruption policy provides lost profit and expenses when operations are interrupted, or suspended, by a physical loss to the insured's property. The shutdown of major manufacturing operations in China, and around the globe, have not suffered a physical loss to their property, therefore, business interruption coverage would not apply.

While the Insurance Services Office (ISO) has created two endorsements that would specifically respond to business interruption claims for COVID-19, these coverage forms have not been filed with any state insurance departments. It is up to the individual insurance carriers to create the pricing structure and request these endorsements be filed, and approved, by each state's department of insurance.

While we have no control on the pending situation, we can be proactive by staying up to date with current information, review our business's contingency plans, and be prepared personally until the spread of COVID-19 begins to decline.

Websites that provide up to date information regarding this topic, include [The Insurance Journal](#) and [The Independent Agent](#).



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