



ASTONLARK

How a Business Interruption policy may react to a claim in respect of Covid-19

| Policy Section | Policy Challenge | Interpretation of Policy Language / Intent | Comments | Coverage Potential? | Should I Notify My Insurers? | |
|---|--|--|--|---|--|---|
| Business Interruption cover | Damage needs to have occurred before a claim can be made for Business Interruption | Is there damage? If there has been an actual outbreak at the premises and decontamination or a deep-clean is required, this could be argued as damage, but insurers would not have intended for this kind of event to be considered 'damage' | This route would have to be subject to challenge with insurers. It is currently untested If a claim was to be accepted, the Business Interruption Period is likely to be confined to the period of decontamination/ deep-clean | Considered Unlikely | If there is an actual outbreak at your premises, please let us know Our advice may well be to notify your insurers to ensure that, if any challenge for damage is successful, you then don't fall foul of 'Late Notification' clauses that may exist in your policy | |
| Business Interruption Extensions PLEASE NOTE: These are not standard in ALL policies | Denial of Access This extension protects your business against the resulting interruption loss if access to your premises is prevented or restricted because of damage in the "vicinity" | As with standard Business Interruption cover, damage needs to have occurred | The same challenge applies in respect of the definition of 'damage' | Is there likely to have been 'damage' in the vicinity of your premises that has hindered access to your premises? | None / Very unlikely | Probably not , but take advice from your Account Executive/Handler |
| | Non-Damage Denial of Access/ Act or Closure by Competent Authority or Similar This provides cover if you are unable to trade due to access being closed or sealed off by the Police or other competent local | The approved body needs to make closure of the premises mandatory and/or the denial of access will have to have occurred locally | The Government's instructions for pubs, clubs, restaurants, cafés, theatres, gyms, etc to close should satisfy the part of the wording that requires closure by a competent authority However, there will be various exclusions, definitions and restrictions embedded in every wording (in particular, some exclude mandatory closure for controlling the spread of a disease) | A detailed review of all Subjectivities and Exclusions is required | Possible , although such wordings are in the minority | Probably , but advice and guidance should be taken from your Account Executive/Handler |

Business Interruption Extensions
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| Specified Disease This provides Business Interruption insurance caused by an occurrence from one of a 'specified' list of diseases at your premises that causes restrictions on the use of the premises on the order or advice of a competent authority | Covid-19 will not be a Specified Disease | A review of the Specified List will de-terminate if Covid-19 is insured | Insurers are unlikely to retrospectively add Covid-19 as a specified disease It is unlikely that Coronavirus will be covered generically | None / Very unlikely | Probably not , unless your policy specifies Covid-19 |
| Notifiable Disease This covers consequential loss because of interruption or interference of your business at your premises as a result of illness sustained by any person resulting from any human infectious or contagious disease, an outbreak of which the competent local authority has stipulated will be notified to them | Covid-19 is now a Notifiable Disease | Definition of Notifiable Disease | | Possible in a minority of cases | Possibly , but advice and guidance should be taken from your Account Executive/ Handler |
| | Government/ Insurers agreed to treat advice to close premises as mandatory | Consider subjectivities and exclusions of extension Government has instructed pubs, cafes, restaurants, gyms, etc to close No other industry/ trade has yet received a mandatory closure instruction | Insurers may suggest there is still a requirement for an actual outbreak to have occurred at the premises or within a certain distance | | |
| Supplier/ Customer Extensions This covers losses arising from your suppliers and/or customers (e.g. your customer may have been the subject of a mandatory closure) | 'Damage' required at supplier /customer's premises | As per 'damage' above, the actual outbreak needs to have occurred necessitating decontamination or a deep-clean | Even if 'damage' is shown, it is highly unlikely that your supply or distribution chains will have been affected by a short interruption for decontamination | None / Very unlikely | Probably not , but advice and guidance should be taken from your Account Executive/ Handler |

KEY POINTS

In spite of the mandatory closure of certain business sectors, the terms and conditions of the policy still apply and we may still see insurers suggesting that the interruption or closure is not as a result of the subjectivities within the wording or that certain exclusions apply

Even with cases that we feel have some potential of coverage, we may still see some insurers advance a 'Wide Area Damage' argument and take the stance that the interruption that you suffer is not as a result of the local interruption but the global pandemic, and you would have suffered the interruption anyway

Insurers could be forced to change their stance even further, but notwithstanding this the Government has pledged to provide support to certain businesses. As such, we would recommend that you keep records and retain all costs and expenditure in relation to Coronavirus/Covid-19



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