



COVID-19 FAQs

Q. What is business interruption and what does it cover?

A. Business Interruption is designed to protect an insured for losses sustained as a result of direct loss, damage, or destruction to insured property by a covered physical loss. For business interruption to apply, the property must sustain damage (i.e. tornado); the property must be insured (scheduled); the peril itself must be insured (not specifically excluded); the loss must be quantifiable.

Q. Do I have Business Interruption Insurance, and does it cover Coronavirus (COVID-19)?

A. Business interruption is a coverage included in many commercial property, package or businessowner policies. Coverage is limited to certain types of disruptions and exclusions. A significant number of these policies exclude compensation for communicable disease outbreaks, viruses and bacteria.

Q. Am I covered if one of my employees contracts Coronavirus?

A. Employees who are exposed to Coronavirus on the job and/or are injured by the disease by virtue of their occupation may assert claims both domestically and internationally.

Key questions to ask:

- Do you have employees traveling to areas identified as having documented COVID-19 exposure?
- Does your business increase the likelihood of being exposed to COVID-19?

Workers' compensation is governed by state law, but the impression is most of these cases will be deemed non-compensable, as the employee is in no greater risk than the general public.

However, facts in each case are independent of any prior claims and ALL potential workers' compensation claims should be submitted in a timely manner for consideration by your carrier.

Q. Am I covered if the government mandate causes my business operations to shut down?

A. Civil Authority: If your Business Interruption policy provides for coverage outside of direct physical loss, claims could potentially arise under “civil authority” coverage.

- Coverage typically limited to a specific time period. i.e. 14 days, 30 days, etc.
- May include events in your supply chain.
- Coverage may extend for actual loss sustained and extra expense incurred if an order of civil or military authority limits, restricts or prohibits partial or total access to a location.
- Usually provided within a specific geographic distance. i.e. 1 mile, 5 miles, etc.

Q. What if one of my suppliers, vendors, etc. is down and we cannot operate?

A. Contingent business interruption is included in some property, package, and businessowner policies by endorsement. The property damage to the direct supplier or vendor would have to be a covered peril on your insurance policy. This coverage is also limited to similar disruptions and exclusions.

Q. Do I have coverage for my perishable products that will have to be thrown out?

A. Spoilage coverage is an endorsement that can be added to the property policy which provides coverage for loss of perishable stock (food, flowers, etc.) stored at the insured premise. The cause of loss for coverage is typically limited to breakdown, contamination (mechanical failure of refrigeration equipment or contamination by the refrigerant) or power outage (so long as it is not caused by or under the control of the insured).

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HAVE QUESTIONS? WANT TO KNOW MORE?

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