

Business Interruption Insurance and COVID-19

The current pandemic of COVID-19 is having a dramatic impact across the globe and everyone is concerned about their own health and that of their families.

Businesses are being affected in a variety of ways and it is natural for them to consider how they will cope and whether their insurance policy can offer them any support.

Business Interruption insurance provides cover for financial losses due to an interruption to business activities caused by Material Damage to physical property, for example Fire or Flood causing damage to buildings or contents. COVID-19 does not involve any Material Damage to property and so is usually excluded from Business Interruption cover.

Certain Insurers provide extensions to the Business Interruption cover, two of which are Denial of Access, and Infectious/Contagious Diseases. The vast majority of Insurer policy wordings restrict these extensions by listing/specifying the Notifiable Diseases that will trigger the cover. COVID-19 is not listed by virtue of the fact that it is a 'novel' virus. Even where diseases are not listed, the cover will usually only apply if there has actually been an outbreak of the disease at the Premises.

Although the Government has now confirmed COVID-19 as a notifiable disease, unless there is a major shift within the insurance industry (or Government intervention), Insurers will not be looking to add this new disease to the list.

We understand that you will be concerned about the viability of your business in the current circumstances and may have questions about your specific insurance cover. We are happy to discuss these issues but would ask that you e-mail us in the first instance so that we can provide a considered response.

info@butterworthspengler.co.uk