

ERRORS & OMISSIONS

RISK MANAGEMENT ALERT

Is the Coronavirus causing a change in your clients' exposures?

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There is no doubt that the Novel Coronavirus (COVID-19) is causing major issues for businesses of all sizes, primarily a loss of revenue. However, there are some other potential issues that your clients may be dealing with that could have insurance ramifications that you should be aware of, which include:

- **Businesses being used for a purpose other than what they were designed for.** Examples include schools being converted to day care centers, theatres and auditoriums used for storing supplies, college dorms and hotels becoming makeshift hospitals, etc.
- **Restaurants are much more active in the delivery of their products to make ends meet, as a significant part of the nation is engaged in Social Distancing or Shelter-In-Place, of varying degrees.** Who is acting as the delivery service and do they have the proper insurance protection?
- **Manufacturers retooling their production lines to make much-needed medical and personal protective equipment.** There is immunity, in certain circumstances, under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), but these exposures should be assessed to determine if the new risk is anticipated by the current policy or policies.
- **Some businesses have been forced to shut down, potentially resulting in a vacant building scenario.**

These are all issues agents need to be sensitive to and encourage their clients to bring to their attention. Will the insurance carriers be willing to continue on the coverage when the exposure is different from what they were aware of? Will the policy, as written, respond to the current risk? It is best not to assume and to contact the carriers with new exposure information provided by your clients. It is advisable to reach out to each of your clients by letter/email or via your agency website, and request that they advise you if there has been any modification to their business operation that would change the risk associated with that coverage. It is important that you document all responses and any declinations to modified coverages that are proposed.

While there are moratoriums in place in several states to prevent carriers from canceling policies, this does not guarantee that the loss will be covered. Having your clients alert you to any changes in their business operations is a proactive way to address the current crisis and will put accountability on your clients to advise you of their changing exposures.

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