

Client Briefing
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SIX COVID-19 PANDEMIC INSURANCE QUESTIONS

Our firm continues to remain devoted to delivering pertinent content. Accordingly, we have solicited the most common questions from during the past weeks.

1. WHAT ACCOMMODATIONS EXIST FOR PAYMENT RELIEF?

Billing accommodations of any kind are made by at the carrier level. This means that either your insurance carrier or premium finance company will make all decisions related to billing accommodations during this turbulent time. Understanding the economic fallout from the COVID 19 Pandemic, most carriers are providing some level of premium relief. While premiums are not forgiven, many are granting extensions. The companies continue to make determinations on a case-by-case basis. If you are seeking premium payment accommodations due to economic hardship, you are encouraged to contact a team member at our firm regarding the procedure specific to your insurance program.

2. ARE INSURANCE COMPANIES SUSPENDING OR REDUCING PREMIUMS?

As recently as today, some insurance carriers are beginning to introduce immediate rate reduction initiatives in the personal automobile segment. Recognizing the drastic reduction in travel, select carriers are filing for relief addendums to their previous rate filings. The premises for the reduction accounts for the decrease in travel and expected exposure during this period. How, when, and if such reductions to policies are made will be unique to each insuring company. The first carriers to unveil such plans are issuing the credit without action from the policyholder. We will continue to monitor the progress of such activity and will work to alert the clients as needed. Please contact our office if you have any questions or to see if your carrier has announced plans.

3. DOES BUSINESS INCOME PAY FOR LOST REVENUE DUE TO COVID 19 PANDEMIC?

It is generally a condition of Business Income coverage to first have a direct physical loss to a covered premise due to a covered peril. This direct physical loss to a location then triggers the Business Income coverage. The current conditions and stay at home protocols are, albeit strict, a preventive measure. Similar to a curfew or travel ban from snowstorms, these government orders are not a direct physical loss to insured property. Property policies were not designed to recognize a virus pandemic or similar event as a covered cause of loss (ex. Windstorm, Hail, Fire, Theft, Vandalism). In fact, many policies have specific virus and/or bacteria exclusions. However, any inquiry/ claim should be reported to the insuring company for official review, considering, policy interpretation, and adjusting decision. Paolino Insurance Agency Inc. does not make reporting or adjusting decisions nor should any statements above be construed as such.

Furthermore, in an unprecedented time, we are recommending that clients keep vigilant records of lost business income and extra expenses associated with COVID 19. The US Small Business Administration has already introduced economic relief funds to small businesses via the Payroll Protection Program. In addition, federal and state authorities have referred to the potential for additional stimulus packages directed towards small businesses. The insurance industry has yet to understand how, if at all, it could play a role in this process. Legislation continues to be discussed across the country at the federal and state levels. The fluid nature of these discussions could bring a shift in claims adjusting at any moment; and we will work to advise our clients accordingly.

4. DOES SPOILAGE COVERAGE PAY FOR FOOD NOT USED DUE TO COVID 19 PANDEMIC?

Spoilage coverage, similar to most other property based insurance coverages, requires a covered cause of loss. Perishable stock expiring due to reduction in demand is not the intended or generally interpreted definition of spoilage loss. Once again, any inquiry/ claim should be reported to the insuring company for official review, considering, policy interpretation, and adjusting decision. Paolino Insurance Agency Inc. does not make reporting or adjusting decisions nor should any statements above be construed as such.

5. REDUCED SALES AND PAYROLL ARE NOW A REALITY; WHAT IMPACT DOES THIS HAVE ON OUR INSURANCE PREMIUMS?

Paolino Insurance Agency Inc. understands the current environment means reductions to the payroll and sales projections for some clients. In drastic scenarios, one or both of these factors may have come to a complete halt. Workers Compensation and select General Liability policies are rated on the payroll and/or sales of a company. We are encouraging clients in effected industries to strategize with a team member from our firm regarding this potential lever for premium reduction.

6. I HAVE PENDING RECOMMENDATIONS AND/OR INSPECTIONS FOR OUR PROPERTY SCHEDULED; NOW WHAT?

Understanding the current environment and out of an abundance of caution, most responses to non-critical recommendations and/or inspections are being suspended until more conducive conditions emerge. Clients should not however make assumptions and need to contact our firm regarding the status of pending actions.

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