

## Keegan & Pennykid Article: 30<sup>th</sup> March 2020

### **How Will Your Insurance Policy Respond in the Current Covid-19 Outbreak?**

Policy wordings differ between insurance companies so for the specifics of your insurance please contact your Insurance Broker (or adviser) but in general terms your policy will respond as follows:

#### **Property Damage**

Contamination is normally excluded from Property Damage policies therefore if you have to destroy any Stock which you feel has been contaminated by Covid-19 it is unlikely that there will be any cover under your policy.

Many policies will provide cover for Property temporarily at other locations including whilst in transit for a specific percentage of your sum insured. Insurers are on the whole being flexible around the limit in respect of equipment which would normally be located at the premises being used in Employees homes.

Your property may currently be unoccupied due to the general shut down. Most policies will have conditions relating to unoccupied property - these will include levels of protection and inspection conditions. Again, response from Insurers varies from deferring the imposition of these conditions for up to 60 days to addressing the circumstances on a case by case basis. All Insurers will, however, expect you to take reasonable care to ensure that your existing security protections are used and are in full working order. Where possible they will ask that you turn off services, drain down systems and inspect the premises weekly to ensure that they remain secure and undamaged. **If you Property was unoccupied before the outbreak and specific conditions were applied which you can no longer comply with please contact your Insurance Broker to discuss any action required.**

#### **Business Interruption**

Despite messages in the media, most policies will not include cover for the Covid-19 outbreak. In order for cover to apply you will require a Pandemic Extension to the Business Interruption Section of the policy. These are rare and expensive, normally only being included for large organisations with multinational exposures.

There are two more limited forms of disease cover which are provided as extensions to the Business Interruption cover:

**Notifiable Disease cover:** This provides cover in the event that your premises are closed (or restrictions placed on them) due to an outbreak or manifestation of the disease at your premises and you will be able to make a claim under this section to recover any loss of revenue or additional cost of working directly resulting from the closure of the premises. This will require you to provide evidence that your premises has been closed on the order of the Local Public Health Authority due to a manifestation of the disease at your premises.

The Limit available under this extension will be a percentage of the Business Interruption sum insured or a specific monetary limit.

It should be noted, however, in circumstances where there was a general restriction imposed but no outbreak linked to your premises the cover would not be triggered.

**Specified Disease cover:** A number of Insurance Companies moved to a Specified Disease basis of cover following the SARS outbreak in 2003. As Covid-19 is a new and emerging disease there is no cover under the Business Interruption cover for loss of revenue or additional costs incurred following closure due to Coronavirus/Covid 19 as it is not one of the Specified Diseases listed under the specified disease extension of the policy.

## **Liability Insurance**

Employers' and Public Liability policies provide an indemnity to you if you are held legally liable for accidental bodily injury or illness arising in connection with your activities. Cover will apply whilst employees are working from home although Insurers will expect you to have carried out a risk assessment to ensure that it is safe for them to do so.

## **Travel Insurance**

Insurers will not cover people travelling against the advice of the FCO.

If you have to cancel your trip and cover was purchased before the FCO advised against travel to the specific area contact your travel provider first to understand what arrangements they have in place for refunds or rescheduling. You should be able to claim for any unreimbursed expenses under your travel insurance.

If your trip was booked after the FCO advice was issued then there will be no cover if a trip is cancelled.

There is no cover available for disinclination to travel to areas where the FCO has not advised against travel.

## **Household**

If you own or are legally responsible for Home Office Equipment and this is not normally covered under your Household policy your insurer may provide this cover free of charge.

## **Motor Insurance**

There are many areas to be considered in respect of Motor Insurance and we would recommend that you speak to your Insurance Broker if any of the following circumstances apply to you to ensure that you have the correct cover in place.

People who would normally use public transport but are now using their own vehicles to get to and from work should ensure that their policy covers commuting risks.

Key workers may find that they have to use their own vehicle to drive between different locations for business purposes or you may be undertaking voluntary work to deliver shopping or medicines to help your local community. These activities would normally require a Business Use extension to your policy so ensure that your Insurer is aware that you are carrying out these activities.

MOT test stations and garages are exempt from closure at present in order to ensure essential vehicle repairs are completed to keep vehicles, goods, and key workers mobile, but in order to reduce pressure on these the Driver and Vehicle Standards Agency has announced that cars, vans, and motorcycles whose MOT is due to expire on or after 30 March 2020 will automatically have their MOT extended by six months. Drivers will still be required to keep their vehicles in a roadworthy condition and will be liable for prosecution if they drive an unsafe vehicle. The new rule will remain in force until confirmed otherwise.

## **Claims**

Insurers have invoked their business continuity plans and most of their employees will now be working remotely. In view of this they have asked that where possible claims are intimated to them by email to ensure that they can be routed to the correct person but expect to maintain service levels.

## **Engineering**

Whilst Engineer Surveyors have been deemed Key Workers they are prioritising work from critical industries such as healthcare and food production.

Current advice regarding inspections is as follows: the HSE and HSA have confirmed that no derogation (an exemption from or relaxation from the law), is currently being considered in relation to thorough examinations. The HSE have said that they will keep the situation under review and do not have any plans to issue any exemptions to the current regulations at this time. They confirm that if an examination of a piece of equipment is overdue, the responsibility remains with the duty holder (the customer) and a pragmatic approach should be adopted.

Items overdue for examination should not be used until the examination has been completed. Customers should focus on the highest risk items first and work in conjunction with their competent person to balance ongoing maintenance condition against the likelihood of the item failing catastrophically. Customers should consider focusing this first on premises where the most vulnerable are located.

It should be noted, however, if equipment is out of use and there is no danger to persons, then it is not necessary to complete an examination. The examination must take place before the item is brought back in to use if its due date has passed. If the item is brought back in to use prior to its due date, it does not need to be examined until its due date, but there should be suitable pre use maintenance and checks to ensure the item is working correctly and as intended by the manufacturer.

Keegan & Pennykid (Insurance Brokers) Ltd

Tel: 0131 225 6005

Email: [enquiries@keegan-pennykid.com](mailto:enquiries@keegan-pennykid.com)

Website: [www.keegan-pennykid.com](http://www.keegan-pennykid.com)

Keegan & Pennykid (Insurance Brokers) Ltd is authorised and regulated by the Financial Conduct Authority.