



Every business owner in the Mahoning Valley has had to adapt and deal with new challenges brought on by the outbreak and escalation of COVID-19.

From operating procedures and temporary closings, to financial stresses and employee safety, many questions have been raised as to what to do next.

Platt Insurance has created the following “Q&A and Resource Guide” to address some frequently asked questions concerning business insurance, employee procedures, and more.

While this guide may not answer all your questions, we hope that it will start you thinking about how to get your company back up and running safely.



## How can I reduce my insurance premiums during this crisis?

### **THERE ARE OPTIONS THAT CAN BE CONSIDERED TO SAVE ON PREMIUMS, INCLUDING AMENDING COVERAGE LIMITS, REMOVING COVERAGES AND ADJUSTING DEDUCTIBLES.**

However, there are several factors to consider prior to making these types of changes:

- Do you have any contractual obligations that include insurance provisions on your buildings, equipment or stock? Mortgages, loans and leases typically have insurance obligations that must be met. Before coverage is amended it is important to review the contract terms. Changes to the insurance program may require changes to the lending terms.
- Vehicle leases and financing programs commonly have specific coverage requirements. Prior to parking units that are not being driven and deleting liability or collision coverage, make sure the lender consents to removing the coverage. Also, it is important to ensure these units are not parked or sitting idle on government roads.
- Tenants in leased or rented space likely have a lease agreement in place with the landlord. The lease will contain insurance provisions for the tenant. It is important to review your lease obligations and seek approval from the landlord prior to making any changes.
- Have you agreed to have insurance in place for specific clients or jobs? Will customers or vendors require specific coverages before you can attend a job site or ship your product?
- Franchise agreements have specific clauses requiring insurance to be in place. Any changes to your insurance typically must be approved by the franchisor.
- If you have Certificates of Insurance issued to customers that require these for their own contractual obligations, please be mindful that these certificates typically have a 30-day notice clause related to making any material changes.

## Can my business get relief on paying insurance premiums in the short-term?

### **SOME OF OUR INSURERS HAVE SAID THEY WILL ATTEMPT TO WORK WITH CUSTOMERS, WHILE OTHER INSURERS ARE MAINTAINING PAYMENT REQUIREMENTS.**

The decision to allow a deferral of premium payment is made by the insurance company. Insurance companies, unlike other financial institutions, do not have collateral or assets they can attach to, which makes requests for premium payment deferral difficult for them to manage. We are advocating on a case-by-case basis on behalf of our clients for flexibility with payment terms.

## Should I cancel my business insurance if we are not operating?

**ABSOLUTELY NOT, AND HERE'S WHY.** Loss or damage to property, equipment and vehicles can continue to happen while operations are shutdown or reduced. Pipes still burst in buildings; equipment can overheat or short out and cause fires; and inactive businesses are targets for vandalism and theft. Insufficient insurance could lead to co-insurance penalties or lawsuits from landlords - which would be applied in the loss adjustment, reducing any potential claims settlement. It is more important than ever to strike a balance between reducing the cost of your insurance premiums and deductibles and maintaining your cash flow obligations. Unfortunately, during volatile economic times, it is common to see an increase in claims.

## Do I need to notify the insurance company if my building is going to be vacant?

**INSURANCE POLICIES ALLOW FOR 30 DAYS VACANCY** before your insurance company must be notified. Once notified, the insurance underwriter must either provide approval that coverage remains as is or the policy must be revised to include what is commonly referred to as a "Vacancy Permit". If you are going to have a vacancy, contact your Risk Advisor immediately.

### **WE HIGHLY RECOMMEND THE FOLLOWING TO PROTECT YOUR PROPERTY DURING THE VACANCY:**

- Have the building checked twice a day at a minimum inside and out - and have a log book as proof. Once in the morning and once in the evening is preferred. Take a walk through, paying particular attention to any areas with plumbing such as washrooms, kitchens and mechanical rooms.
- Keep alarm systems armed and maintain a normal level of exterior and interior lighting.
- Have a minimum of one vehicle on-site to create the appearance that someone is in the building.
- Make sure the heat is on and operational.
- Keep exterior areas swept and clean to discourage vandalism.

## Can I cancel my business policy?

**INSURANCE CAN BE CANCELED AT ANY TIME.** Premiums paid would be refunded for the remaining policy term. Each policy wording is subject to its own cancellation terms. It is important to consider the insurance requirements of any contracts and loan commitments. Your business may still be exposed to certain risks and we encourage you to speak with your Risk Advisor before making a decision to cancel.

## Am I covered for financial losses related to the COVID-19 outbreak?

### **THE SHORT ANSWER? UNFORTUNATELY, PROBABLY NOT.**

Based on an analysis of wordings for insurance products currently available on the market, pandemics like the COVID-19 virus would not fall within their scope of coverage in most cases. Here are the common coverages for most Commercial Business Policies:

### **BUSINESS INTERRUPTION INSURANCE**

Business Interruption Insurance provides coverage for lost revenue arising from physical damage to insured property at the premises, caused by a covered peril. Pandemics are not usually covered perils, as the introduction of a virus does not cause a physical loss to property, which must be evident in order for insurance to be triggered.

### **COMMON EXCLUSIONS**

Many policies contain a "Contamination Exclusion" which could apply in the event of a COVID-19 outbreak at an insured's premises. This means that any loss, cost or expense arising out of testing for, monitoring of, clean up, removal, containment or treatment of a noticeable infectious or contagious disease, including but not limited to viral or bacterial infections, is not likely to be covered.

### **CIVIL AUTHORITY COVERAGE**

Commercial property policies may include coverage for losses due to a forced closure by government orders resulting from physical damage to adjacent or nearby property. There must be direct, physical property damage in order to trigger the coverage.

You must also be able to establish a causal connection between the government order and the damage suffered. Otherwise, there will likely be no coverage. Civil Authority coverage is typically limited to a maximum of 30 days.

### **CONTINGENT BUSINESS INTERRUPTION COVERAGE**

Contingent Business Interruption coverage protects against economic losses due to supply chain disruptions resulting from direct physical loss or property damage on the premises of the direct supplier or indirect supplier, on whom the insured depends for its business operations. Unfortunately, disruptions due to COVID19 would probably not be covered.

### **POLICY EXTENSIONS OF COVERAGE**

Some insurers may provide policy extensions, such as "Outbreak Extra Expense"\* or "Restricted Access"\* coverage under their Civil Authority coverage extension, but again, in order to trigger coverage, there must be direct physical loss or damage to any property in the vicinity of the premises and such loss or damage must be directly caused by an insured peril.

*\* Please note: In order to trigger this coverage, someone at the insured premises would have to be diagnosed with a contagious or infectious disease, and the business would need to provide proof of closure resulting from an order by civil or health authorities.*

## If we are sued by someone alleging they contracted COVID-19 as a result of our business staying open, are we covered?

**NEGLIGENCE IS THE PRIMARY FACTOR** in determining liability, therefore coverage would not respond to pay damages to a customer or invited person who contracted COVID-19 unless it was proven that your organization acted negligently and thus caused a person to contract the virus. Healthcare and hospitality industries are the most likely to be vulnerable to these claims.

Typically, these types of claims would involve a bodily injury lawsuit, and the policy should provide a legal defense against a claim for failing to protect others from exposure to infection on the insured's premises. Should an incident arise, and you are in receipt of a demand letter, contact your Platt Insurance agent and they will report the claim to your insurers.



## If we are an essential service, what can we do to prevent the spread of COVID-19 in our workplace?

### REMIND EMPLOYEES TO TAKE THESE PRECAUTIONS FOR PREVENTING THE SPREAD:

- Wash hands often with soap and water for at least 20 seconds.
- Avoid touching your eyes, nose or mouth with unwashed hands.
- Avoid close contact with people who are sick.
- Cough or sneeze into a tissue and dispose of it immediately or into your sleeve instead of your hands.
- Stay home if you are sick to avoid spreading illness to others.

### TO KEEP YOUR WORKPLACE SAFE:

- Keep up to date on federal and state guidelines.
- Be prepared to operate with a temporarily reduced workforce.
- Plan for downsizing services as well as circumstances which may require a surge in services.
- Items such as soap, tissue, hand sanitizer, cleaning supplies, and any recommended Personal Protective Equipment should be on hand at all times.
- Provide employees and customers with easy access to infection control supplies.
- Instruct facilities personnel to clean surfaces thoroughly.
- Minimize group meetings to reduce potential transmission.
- Develop policies and practices that, if necessary, can be introduced to separate employees from each other, customers, and the general public.
- Identify a team to serve as a communication resource so that employees and customers have access to accurate information throughout the crisis.
- Work with your insurance provider and local health agencies to provide accurate information to employees and customers.
- Assist employees in managing additional stress and mental health (i.e. Employee Assistance Program - EAP).
- Work with employees to address leave, pay, transportation, childcare, absences, and other human resource issues.

## If I advise someone to go home, can I be accused of discrimination?

**HUMAN RIGHTS LEGISLATION APPLIES** in that employers cannot treat employees or members of the public differently or assume they might be infected with COVID-19 on the bases of their race, place of origin, citizenship, ethnic origin or ancestry.

Assuming that someone has the virus because they happen to have exhibited one of the symptoms of the virus, and because of an assumption about where they are from based upon how they look would most likely be considered discrimination.

If an employer were aware of this differential treatment and chose not to respond, they could be exposed to liability since employers are in most cases vicariously liable for the actions of their employees.



# Platt Insurance : COVID-19 Q&A and Resource Guide

## Financial & Business Support

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[SBA Small Business Guidance & Loan Resources](#)

[Financial Resources for Ohio Small Business](#)

[COVID-19 Action plan for CEOs](#)

[How Should Leaders Retool for a Post-Coronavirus World?](#)

[Brouse McDowell: Tips to Reduce Cyber Risk](#)

## COVID-19 Updates

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[Updates from Ohio Department of Health](#)

[Johns Hopkins Covid-19 Global Case Tracker](#)

## Wellness

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[Responsible Restart Ohio: Sector Specific Guidelines](#)

[Ohio Department of Health Checklist for Businesses/Employers](#)

[Ohio PPE Exchange](#)

[Potentially Exposed Employee Checklist](#)

## Platt Insurance

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[Platt Insurance Website](#)

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*Please note that the information provided in this guide contain generalizations and do not necessarily apply to all situations. It is highly recommended that you speak directly to your Platt Insurance Agent for a thorough analysis and review of your business insurance and risk management strategy.*