



**Curry
Insurance
Agency**

CORONAVIRUS SPECIAL REPORT

Dear Valued Client:

As the outbreak of the 2019 novel coronavirus (COVID-19) spreads, it's become abundantly clear that it is having serious effects on society and businesses. People have been hoarding household items, but many stores and restaurants are barely seeing any customers walk in their doors.

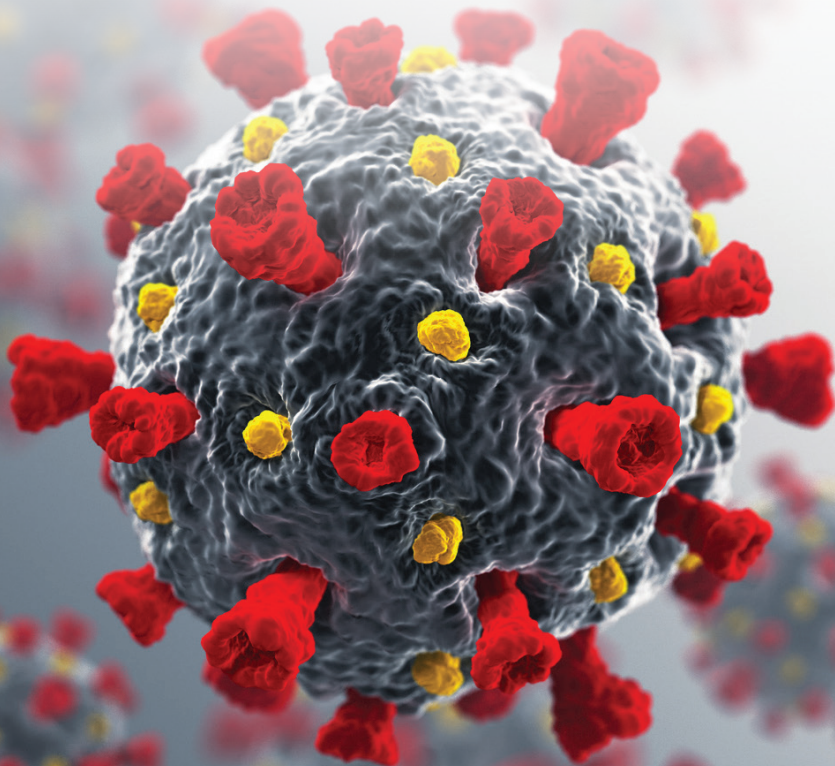
Global and domestic travel has dropped dramatically, global supply chains have broken down and long-planned events like the Coachella Music Festival have been cancelled.

This has left businesses at a crossroads on how to respond while at the same time ensuring they can continue their operations.

For businesses this is an uncertain time, so we have put together this Coronavirus Special Report to clear up questions and concerns that you probably have.

We have tried to be thorough in our assessment and to provide the most complete information so you can make informed decisions as the virus inevitably spreads further.

We hope that this special report can give you guidance on the effects on your insurance, business continuity and how to prevent the spread of infection in your facilities.



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HOW YOUR INSURANCE POLICIES MAY BE AFFECTED

COVID-19 is forcing businesses to face a number of risk, liability and insurance implications.

Companies could seek coverage for a variety of claims stemming from the outbreak, including workers' compensation, business interruption, liability and more.

And, now that it has been categorized as a pandemic by the World Health Organization, the economic fallout may be expansive – hitting your company's operations in the form of lower sales or supply chain disruptions.

Now is a good time to understand which of your insurance policies could come into play.

Workers' compensation

Workers' compensation policies generally extend insurance benefits to employees for injuries and illnesses "arising out of or in the course of employment."

That wording makes it difficult for most workers to file a claim if they suspect that they got the coronavirus at work, presumably from another employee, customer or visitor to the workplace. But if an employer knows that the virus is in the workplace, coverage could apply.

Workers' compensation could come into play in the following instances:

- Health care personnel who work where there are patients being treated and tested for COVID-19 would have a strong claim if they contracted the virus.
- Employees who travel overseas for business and contract the illness.
- Employees who are exposed to the illness at work by an infected co-worker.
- Employees who are assigned to work in a location with infected parties.

Business interruption

One major fallout from the spread of COVID-19 is that it has cut into global supply chains, forcing manufacturers around the world to suspend production. This has been especially true for companies that rely on China for their parts and materials.

But now that the virus has exploded in a number of countries, the threat to supply chains will only increase. This has already started affecting companies in the United States. If your company's operations are affected or stopped due to the virus, you may be wondering if the business interruption coverage in your property policy or business owner policy may pay out.

Business interruption coverage replaces income that was lost due to a disaster, such as a fire on the premises of the company or one of its suppliers, or a hurricane that hinders a company from operating.

However, any hit to your income from coronavirus would not be physical damage, which is a prerequisite for this coverage. Viruses and disease are typically not an insured peril unless added by endorsement. In many cases, the policy may specifically exclude coverage for viruses and diseases.

There is potential coverage through communicable disease coverage under proprietary insurance carrier forms if the insured is closed by a "public health authority" order for closure, decontamination, etc. But it's worth noting that these usually require the order to happen, so the insured cannot voluntarily decide to close and then claim coverage.

General liability

In terms of liability, a third party – customer, vendor or guest – could claim they were sickened on your property and sue your business for negligence for failing to provide a clean facility, which could trigger your commercial general liability policy.

Any company that deals with the public or customers, like a retailer, restaurant, hotel, daycare center or gym, would be at greatest risk for this type of action.

While the chances of them winning such a case would be small, you could still face legal bills, which your CGL policy would typically cover. If there is coverage, it would come under the policy's "bodily injury" portion.

Some CGL policies exclude claims arising from a pandemic, virus or bacteria, so read your policy carefully. Many insurers also include broadly worded pollution exclusions that could preclude or limit coverage.



BUSINESS CONTINUITY AND WORKPLACE PROCEDURES

With widespread disruptions to businesses, your chief concern at this point is probably how you will keep operations going if:

- You have a serious business downturn.
- A number of key employees are unable to come to work because they are either sick or afraid to come in.
- Authorities have ordered people to stay home and self-quarantine.
- One or more of your suppliers is unable to provide you with product.

Business continuity is key for the survival of your organization and if you can plan ahead, you may be able to reduce the effects on your operations.

To start your business continuity planning, you should assemble a team comprised of department heads who will work together to identify the key functions of your organization and how you can keep them going in the scenarios in the above bullet points.



First the team should:

- Identify your firm's key functions and the staff needed to perform those functions. These would be operations that are vital to keep operations going.
- Identify which of these functions can be done from home, and arrange telecommuting options for those staff.
- Identify which functions can be transferred to another facility, if you have more than one location.
- Identify functions that can be put on hold and are not critical to day-to-day operations.
- Appoint one or more point-persons for dealing with coronavirus-related issues, who would be responsible for monitoring for announcements by local and state health authorities, as well as by the Centers for Disease Control, for guidance or general orders.

Once you have done this exercise, the team can start working on continuity plans. Some areas to consider include:

Supply chain and logistics

- Identify alternative companies in areas that your current suppliers are not operating in; reach out to them so you have a contingency in case your main suppliers are unable to fill your orders.
- Build up stock to insulate your operations from supply disruptions. Stockpile essential raw materials, parts and supplies that are critical to keeping you in business.
- Consider diversifying the suppliers you use.
- Reach out to your main customers and suppliers to share information if your or their operations are being hampered.

Communications, data and tech

- Cancel face-to-face meetings and move them to teleconferencing.
- Inform workers you have chosen for remote work, and make tech arrangements (VPN, high-speed internet etc.).
- Distribute a master list of key personnel for employees to contact in case they have questions and concerns.

Policies and procedures

- Make arrangements for employees to contact a company point-person with questions about work.
- Establish procedures for what employees should do if they feel sick.
- Suspend all business travel.
- Require any staff that travel on vacation abroad to self-quarantine for 14 days before returning to work.
- Develop procedures for your staff to limit contact with the public, customers and vendors. This would include social distancing when dealing with them.

REDUCING RISKS IN YOUR FACILITIES

According to the Centers for Disease Control (CDC), the coronavirus is transmitted between humans from coughing, sneezing and touching, and it enters through the eyes, nose and mouth.

Reported illnesses have ranged from mild symptoms to severe illness and death for confirmed COVID-19 cases. Symptoms, which may appear two to 14 days after exposure, include:

- Fever
- Cough
- Shortness of breath
- Body aches

Cut risk of transmission

To reduce the risk of coronavirus spreading in your workplace, the CDC recommends:

- Checking employees, customers and vendors for fever with an infrared temperature gun when they enter your facilities. You can buy one online for less than \$100.
- Having handwashing facilities with stocked soap dispensers.
- Placing hand sanitizer throughout the workplace.
- Asking employees to wash their hands or use hand sanitizer if they have been out for lunch or have come into contact with others.
- Regularly cleaning surfaces, workstations, handrails, countertops, elevator buttons and doorknobs routinely.
- Asking employees to cover coughs and sneezes with a tissue and washing their hands after.
- Requiring employees to stay home if they have respiratory symptoms (coughing, shortness of breath) and/or a fever.
- Asking employees who can work remotely to telecommute. If remote work isn't possible, allow workers to stagger shifts and rearrange the office to increase social distancing.
- Discouraging employees from using co-workers' phones, desks, offices or other work tools and equipment.
- Avoiding shaking hands. But if you do, wash your hands immediately afterwards.

If you fail to provide this guidance, you could open yourself up to liability should employees become infected in the workplace and they can show that you failed to communicate and implement this policy.

Individual prevention tips

Your employees should be trained in the following prevention tips:

- Don't touch your face.
- Wash hands frequently throughout the day for 20 seconds at a time. That's about as long as singing "Happy Birthday" twice.
- Clean your cell phone after washing hands with an ethylene or isopropyl alcohol mixture of at least 70%.
- Avoid crowded settings and other situations that increase the risk of exposure to someone who may be infected.

Sick employees

The CDC recommends requiring sick employees to stay home until they are free of fever or other symptoms for 24 hours. If they are diagnosed with COVID-19, they should stay home until they are cleared for duty.

If an employee comes to work with a fever, cough and shortness of breath, they should be isolated and sent home as soon as possible. Make sure they are supplied with tissues that they can sneeze and cough into if they must. Ask them to make an appointment to see their doctor and report their symptoms.

