

Insurance Claims and COVID-19

As the impacts of the coronavirus pandemic become more apparent for businesses and organizations across Canada, preparations for insurance recovery are gaining critical focus. Many owners understandably want to know what losses — if any — their business insurance will cover and what they need to document now to ensure a fast and seamless claims process.

Does Business Interruption Insurance Cover Pandemics?

Unfortunately, there isn't a straightforward answer yet. Whether you're covered and to what extent will ultimately depend on your insurance policy, the circumstances of your loss(es) and how you're able to defend these during the claims process.

Because the current situation is unprecedented and still unfolding, several uncertainties remain and likely will for the foreseeable future. Chief among them is how many policies contain exclusions for contaminants like viruses and whether insurance companies will recognize virus contamination as 'physical damage.' Another uncertainty is how the global insurance industry will weather the unprecedented global impact of COVID-19 claims.

As the situation unfolds, MNP will have more information from the insurance industry to report. For now, here are the types of business interruption insurance you may have and what they could potentially cover:

Business Interruption (BI) — Covers loss of income resulting from physical damage at an insured location.

Contingent Business Interruption (CBI) — Covers loss of income resulting from physical damage to customers or supplies.

Extra Expense — Helps offset disruption-related costs such as those resulting from increased telecommuting.

Civil Authority — Covers loss of income incurred when civil authorities prohibit access to an insured location. Note, some policies require this coverage to be directly related to another covered cause of loss (e.g. business interruption).

Ingress / Egress — Covers loss of income incurred when access to insured location is denied. Note, some policies require this coverage to be directly related to another covered cause of loss (e.g. business interruption).

What Can You Do

Insurance coverage is confusing and time consuming at the best of times. Even more so when you have the added concerns of managing your finances, coordinating your team members and looking after your family as this crisis unfolds. However, given the magnitude and global scope of the crisis, it's imperative to take a proactive approach to preparing for your eventual claim.

Connect with your insurance advisor to help you review your policies, exclusions and endorsements so you can get a better idea of where you stand right now. Working with your advisor, make sure to thoroughly review your business and anticipated losses, so you're as prepared as possible to submit and defend a well-documented claim once this interruption ends.

For more information, contact Craig Burkart, CPA, CA, IFA, CFF, CIP National Leader Insurance Advisory, at 403.536.5533 or craig.burkart@mnp.ca or Gerald Kim CPA, CA, CBV, CIP, Valuation, Forensics and Litigation Support, at 403.263.3385 or gerald.kim@mnp.ca

