

## Rowlands & Hames – Coronavirus / Covid-19 Guidance Newsletter

**Version 2 - As at 3pm on 20<sup>th</sup> March 2020  
(Pre Boris-Johnson's daily 5pm news conference and any announcements therein)**

### Introduction

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The Coronavirus outbreak is an unprecedented event in modern times and as the situation develops the response from insurers is also likely to develop.

However, to avoid confusion / provide clarity we can advise the following present positions.

### Personal Travel Insurance

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You must be guided by the FCO's website - if that says it's not safe to travel then you should not travel - any such pre-booked trips will be insured.

If you're abroad (assuming it was permitted to travel in the first place) and suffer problems (fall ill or quarantined) your policy will respond whilst you are abroad and deal with any unrecoverable costs.

If the FCO believe it is safe to travel (or doesn't advise against!) then disinclination to travel (albeit well meaning) is not insured.

Insurers have confirmed that there will no longer be cover for any claims caused or resulting from any WHO designated pandemic, including COVID-19, SARS-CoV-2, any mutation of these viruses, and any fear or threat of any of these in relation to any new trips booked since 1700hrs Thursday 12th March.

Any policies issued or renewed after this date/time will also exclude cover relating to the pandemic.

Trips booked before the above date / time, will continue to be covered under your personal travel insurance until the expiry/renewal date.

We would therefore strongly recommend that you do not book any trips / holidays at this time.

If your policy renews between now and over the next six months, until the situation is under control, there will be no cover for the pandemic. However, if you already have trips booked 'after renewal' of your policy, the insurers are looking to issue 'trip-specific' policies to cover trips booked whilst you were insured for Covid19.

So that we can provide you with tailored advice, please could you advise:

- Do you have any trips already booked for which cover is required? If so, please could you confirm the dates of travel and the destination(s)?
- If you have no trips booked, please confirm we may lapse your policy when it falls due for renewal – we can still issue new policies with some insurers but there would be no pandemic coverage.

All personal clients will be contacted individually.

## Business/Group Travel Insurance

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Again, you must be guided by the FCO's website - if that says it's not safe to travel then you should not travel - any such pre-booked trips will be insured.

If you're abroad (assuming it was permitted to travel in the first place) and suffer problems (fall ill or quarantined) your policy will respond whilst you are abroad and deal with any unrecoverable costs.

If you have a business event (conference, meeting etc) and that is cancelled, again this is a valid reason not to travel and the policy should respond.

However, if the FCO believe it is safe to travel (or doesn't advise against!) then disinclination to travel (albeit well meaning) is not insured.

Please can all staff (and family of directors and their families) travelling ensure they have their policy number and insurer's helpline details with them if they do travel.

Claims whilst abroad - retain all receipts, any documents, take photos of documents to avoid losing them, perhaps keep names, but most insurers will liaise with medical professionals abroad directly but may get overwhelmed in time.

Please contact your insurer's helpline if you find yourself abroad and need to return before borders close.

## Travel Insurance – Claims

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- 1) If you have booked through a Travel/Booking Agent this should be your first port of call – they should be able to cancel the 'package' and refund monies. They will be ABTA/ATOL etc. We would avoid re-booking or accepting vouchers or credit notes as they may be worthless if the travel agent/company folds.
- 2) If you have booked directly, contact the operators and seek a full return. Aim to base your cancellation on the destination country's travel restrictions/close-down, and not your disinclination to travel. Again, avoid accepting alternative dates, vouchers or credit notes as the company may not exist after the pandemic.
- 3) If the above two routes fail, and you paid for your trip on credit card, please revert to your credit card company and seek return of funds.
- 4) If all three of the above routes fail, then revert to your travel insurance and let us know. Email us everything you have, emails, booking forms, bank statements if paid by BACS or debit card, dates of booking are important, plus costs for each aspect of the trip.

We would remind you that your policy will only cover you and your family's (if you have a family policy) portion of any group bookings – your policy does not insure others who may be in the same party.

## Personal Accident

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There would be no insurance under any Personal Accident Insurance - the disease not being a physical 'accident'.

## Business Interruption insurance

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In general terms insurance provides cover for 'the few' which has been paid for by 'the many'. Everyone pays a relatively small amount into a 'homogenous pool' according to their risk exposure, thought to be sufficient to pay out considerably larger amounts to those few that claim.

Insurance is not designed or capitalised to cover major global systematic risks, such as war, nuclear explosions and in this case, pandemics. It would simply be too expensive to purchase as almost everyone is affected, such as in Covid 19's case.

Nevertheless, some Business Interruption policies do cater for certain non-property damage circumstances such as for Infectious Diseases. Generally, these would be occurring in the immediate vicinity i.e. at one location (hotel, pub, food manufacturer) or say within a 25-mile radius.

Unfortunately, most policies list the specific diseases they are prepared to insure, such as an outbreak of cholera, typhoid, legionnaires disease, norovirus etc. Insurers do not extend to include epidemic or pandemic type diseases such as flu, avian flu, swine flu, N5H1, or indeed any coronavirus such as Covid19.

Whilst these diseases are all Notifiable Diseases (Covid was classed as a Notifiable Disease in early March) insurers tend not to rely on the legal definition of Notifiable Diseases and instead list those (Notifiable) Diseases they are prepared to cover against loss of gross profit, revenue, profit etc.

Simply put... epidemics/pandemics are more akin to War and Nuclear risks and no one insurer could cope - they simply don't have the information with which to assess the risks beforehand. It is unprecedented as we've seen in Italy and are finding out in the UK.

The Government's (Chancellor's) recent 17th March announcement regards insurers' requiring a notice of formal closure from the authorities certainly confused matters. Many firms do not even hold Business Interruption insurance, never mind specialist Disease covers. In certain wordings, if an insurer has relied on the Notifiable Disease legal term and then excluded certain diseases they didn't want to insure, inadvertently they are now left with Covid19 being potentially included. However even at this stage policies tend to insist on the disease being present on the actual premises and be forced to close by the authorities. This 'closure notice' was the subject of the Government's announcement in that the Association of British Insurers has agreed (we have nothing in writing yet) to consider the government's advice to close as such formal notice. This doesn't help the vast vast majority who hold no Covid 19 disease cover.

## Property Owners - Loss of Rent

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Coverage for Disease type interruptions are not generally catered for, in the same way as Business Interruption – we would not anticipate coverage is included in many policies, but we will investigate each insurer's wording in due course.

## Working from Home / Employers' Liability risks

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We'd suggest you ask employees to complete a risk assessment checklist with staff asked to manage the findings to ensure safety. Typical issues will be trailing wires, trips and slips, seating positions (working on laptop on knee may not be best 7 hrs a day), avoid non-fused plug extensions (certainly not the old 3-way plug units which can set on fire) etc. Whether the Government suspends HSE risks for working from home we don't know yet. We did come across one site with a risk assessment template which may be useful - <https://www.worksafe.uk.com/home-working-risk-assessment/>

## Working from Home – Employees' House Insurance

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Employees should advise their own house buildings/contents insurer to ensure working from home is permitted and does not breach the policy terms. The insurance brokers' trade body (BIBA) is seeking a wholesale agreement but at this stage this has not been confirmed. We believe the FCA would not condone an insurer refusing a policyholder permission to work from home.

## Car Insurance – taking business equipment to/from work/home etc

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Strictly speaking this would be classed as business use and employees' own car insurances should be extended. However, it is felt the FCA would not look kindly on an insurer in the circumstances should an insurer refuse to indemnify a policyholder in the event they had an accident whilst carrying work equipment home due to the emergency.

## Working in the office / Employers Liability

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Remaining in the office also has its risks... follow government advice as it comes out.

Traveling together in cars even has potential.

Plenty of soap and water, paper towels not hand towels, lidded bins etc etc etc - follow government advice in locality.

Clean phones, door handles, mice, keyboards, kettles, photocopier the list goes on, door entry pads even!

Shaking hands in a no-no now.

## Meetings with public / clients / prospects / third parties

We suggest you cease inviting people into the office for meetings and stop staff visiting others – for the protection of everyone. You don't want a negligence claim from anyone.

## Computers - those insured with Chubb (with significant amounts of computers)

Chubb has confirmed should you decide to relocate your static IT (desktops etc) to employees' homes the policy will cover it on an all risks including theft basis including transit to and from (though subject to a typical £250 excess) on a warranty free basis.

If you are not with Chubb, please contact us and let us know if you propose to take static IT home and we'll discuss with the insurers. It may be best to obtain a spreadsheet of all employees taking equipment home with names and addresses. Then forwarding this on to us.

## Event/Exhibition risks - cancellation

Again, few insurers offer communicable disease cover, and those that did make it very difficult and very expensive. The terms are also very restrictive i.e. there has to be an outbreak at the specific location for example...

## Credit Insurance

The main credit insurers are watching events on an almost hourly basis and are obviously deeply concerned. Brokers representatives are asking credit insurers to be fair with buyers who do not pay within the credit periods and give some leeway on all fronts from clients not notifying late payments in accordance with their policies to buyers not settling invoices in time.

## Employment Practice Liability

We suggest you access the ACAS website which provides very good advice not only on practical steps, but also provides the rights of employers & employees in these circumstances. ACAS website is at <https://www.acas.org.uk/coronavirus>

## Statutory Inspection of Plant under PUWER/LOLER regulations

The inspection companies will continue to undertake inspections but there may be delays – presumably the HSE is looking at relaxing the re-inspection intervals in case there are insufficient surveyors or access to premises is difficult/delayed.

## Income Protection

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In the unlikely event of you being ill for in excess of the deferment period of your policy (perhaps one month, more often than not 3 months), please contact us - The main Financial Planning number is 01253 598960.

All new income protection policies issued now exclude Covid 19 risks.

## Automatic Extensions to Renewal Dates

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BIBA (The British Insurance Brokers Association) is seeking 'automatic extensions to renewal dates' if required on expiring terms provided there have been no claims. This may avoid potential difficulties with lack of staff at policyholders, brokers and insurers. An automatic three months is being sought. No response has been received from insurers or their trade group (The Association of British Insurers) at this time, however.

## Insolvency

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BIBA is seeking agreement via the ABI for any insolvency situations as a direct result from the pandemic not to be considered as part of the usual underwriting criteria. There is no clarification on this yet.

## Premium Finance

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BIBA is calling on third-party premium finance providers to not invoke cancellation of policies should instalments default as a result of the emergency. This is being considered.

Should you need to speak to Close Brothers Premium Finance, they can be contacted on:

- Personal policyholders contact on 0333 321 8566
- Commercial lines policyholders contact on 0333 321 8567

## Motor Insurance Database

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BIBA is seeking leeway in the amount of time allowed for insurers and brokers to add information to the Motor Insurance Database operated the Motor Insurers' Bureau and to inform the police authorities of generic possible delays and for those authorities to accept and recognise that there may be delays. Nothing has come of this so far.

## Non-disclosure of material facts

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BIBA is asking for insurers to take a less strict approach to under-insurance penalties or failure to disclose risk changes arising because of the pressures upon a business during the Coronavirus crisis. Nothing has come of this so far.

## Renewal Pricing

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BIBA is asking insurers to invite renewal terms at expiring rates (unless there is a poor claims-history).

## Unoccupied property - IMPORTANT

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BIBA is asking insurers not to invoke unoccupied property clauses if businesses' workforce is forced to work from home. There is no agreement so far.

Accordingly, please do take care to comply with your property insurance's Unoccupied Properties clauses, some 7 days, some 30 days. We suggest you visit your business premises on a regular basis, certainly once a week, and log the dates and times you visit.

We'd suggest:

1. the buildings must be inspected internally and externally by an authorised person at least once per week to check the security and general condition of the premises;
2. all waste, refuse and other disused combustible materials must be cleared from the buildings and any grounds adjacent to it;
3. all external doors must be securely locked, and all opening windows closed and locked (where fitted with locking devices);
4. all tanks and pipes must be drained down and all taps, stopcocks and mains supply valves turned off. If this is not possible, because you need to maintain a central heating system, a minimum temperature of 7°C must be maintained within the property at all times.
5.
  - a) gas supplies must be switched off unless to maintain a central heating system in 4. Above
  - b) electricity supplies must be switched off unless to maintain a central heating system in 4. above or existing intruder alarm systems, fire protection systems, CCTV, security lighting or sprinkler systems.
6. all existing physical devices for securing, or preventing access to, the buildings must be kept in full and effective operation at all times and to have all keys removed from the locks and kept in a secure place away from the premises.

## The FCA (Financial Conduct Authority)

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The FCA has made it clear that it has certain expectations of insurance companies during this national emergency – you can see their expectations of insurers at <https://www.fca.org.uk/firms/insurance-and-coronavirus-our-expectations>

## Rowlands & Hames

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We're planning to move, when necessary, our telephony to our employees' home addresses and take laptops and desktops home so we can continue to operate as best we can in the circumstances. Some of our team have already moved. Our systems are fully cloud based and so we have access to almost everything.

Renewals continue and risks change regardless of the Coronavirus - we will endeavour to work throughout the circumstances.

We will seek (but can't guarantee) to automatically renew your cases if we cannot get in touch with you in order to protect your interests (if the insurer will take instruction) although will continue to provide renewal terms and options as usual.

We can foresee issues with insurers not releasing terms in good time, but as we say we will seek to renew if we have not heard from either insurers or clients.

Should you have any other queries, please don't hesitate to contact your normal Rowlands & Hames contact.

## Useful Websites

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We would recommend that the following websites are reviewed regularly to keep up to date with advice / guidance:

### **NHS**

<https://www.nhs.uk/conditions/coronavirus-covid-19/>

### **Gov.UK Guidance for employers and business**

<https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/guidance-for-employers-and-businesses-on-coronavirus-covid-19>

### **Government financial support for small business – 18th March (pre 5pm Press Conference of 18th March)**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/873676/Covid-19\\_fact\\_sheet\\_18\\_March.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/873676/Covid-19_fact_sheet_18_March.pdf)

### **AVIVA – Pandemic Planning and the Coronavirus – some good advice with checklists**

<https://broker.aviva.co.uk/documents/view/aviva-pandemic-planning-lps-covid19.pdf>