

Insurance Coverage Considerations in the COVID-19 Pandemic

Venture Law Meetup Webinar
May 1, 2020



Presenters



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Overview

- “Business Interruption” and Other Types of Claims as a Result of COVID-19
- The Future of Risk
- Strategies to Reduce Your Premiums

“Business Interruption” Claims as a Result of COVID-19

As of today, it is unlikely that property policies, as written, will respond to business interruption (BI) claims.

- Generally, BI coverage applies when property is damaged and it is temporarily unavailable
- For years, pandemic events have been excluded with special pandemic coverage sold separately, but few businesses have purchased pandemic coverage
- Significant events
 - Many lawsuits have been filed against insurers
 - Multiple legislative efforts across the country are being debated, including forcing insurance companies to pay claims, creating a fund to pay current and future claims
 - Since BI coverage not priced for pandemic coverage, no reserves to cover claims. If claims required to be paid, will raise costs for all, and could cause solvency issues

Other Types of Claims as a Result of COVID-19

- Workers' Compensation
- Employee Benefits
- Health Insurance
- Unemployment
- Cyber
- Directors and Officers
- Employment Practices
- Fiduciary Liability

What are the potential risks of employees working from home?

- Cyber exposures are exponentially increased
- Privacy
- Protecting important information
- Communication is critical
 - Video versus phone conferences

Risk mitigation for “reopening”

- Operate in a testing and contact tracing environment
- Employees/contractors and customer contact

How are insurance policies likely to change?

- Higher premiums – the market had already begun to harden
- Restrictive terms or clarifications regarding pandemics
- On the good side, waiver of cancellation for non-payment of premium, in the short term
- Reduced premiums (especially auto)

Are there specific kinds of insurance risk that are more concerning?

- D&O/EPLI
- Cyber
- E&O/Professional Liability
- Workers Compensation
- Property Insurance – Business Interruption
- “Human Capital” Risk and Regulatory Risk

How should we be thinking about risk?

- Business Contingency Planning
- Adjusting your current programs to align with the “New World Order”
 - Review supply chain practices and policies
 - Focus on minimizing risk of loss if a key vendor or customer goes out of business or goes through a bankruptcy/reorganization
- Have strategic discussions with your broker. Many are finding out that insurance is not a commodity after all
- Be pragmatic and informed by professionals and not pundits. Now is not the time to be emotional.

Strategies to Reduce Your Premiums

- Mid-term
 - Talk to your broker
 - Reduce forecasts
- Change workers' compensation codes to reflect “distance” exposures
- Include your underwriter in these discussions if necessary

June Venture Law Meetup Webinar

- **Topic:** COVID-19: Considerations for Getting Back to the Office
- **Date:** Friday, June 5, 2020
- **Time:** 9:00 a.m. ET

COVID-19 continues to impact start-up businesses globally, posing changes and challenges in your day-to-day operations. Please utilize the resources below to stay up to date on the latest COVID-19 news and manage related business impacts:

- [Squire Patton Boggs COVID-19 Resource Hub](#) – 24/7 monitoring and regular updates on current coronavirus legal, regulatory and business continuity issues across our global platform.
- [Hylant Coronavirus Resource Center](#) – Latest updates on business insurance, employee benefits and economic support.
- [Squire Patton Boggs Coronavirus Contingency Planning Risk Assessment Tool](#) – A complimentary mapping tool, including optional contingency planning template. Within 24 hours, you will be sent a summary, which will map the factors that you may have not yet considered.

- [Squire Patton Boggs Venture Law Meetup Landing Page](#) – Access materials and recordings of our past sessions
- Hylant Blog posts, authored by Mike Cremeans
 - [What Life Science Leaders Get Wrong About D&O Coverage](#)
 - [Risk Management Begins At An Early Stage For Life Science Startups](#)
 - [As Medical Device Supply Chains Evolve, So Does Risk Ownership](#)
 - [Life Science Risks Evolve Alongside The Company](#)
 - [Risk Management: A Critical Component Of Your Life Science Exit Strategy](#)



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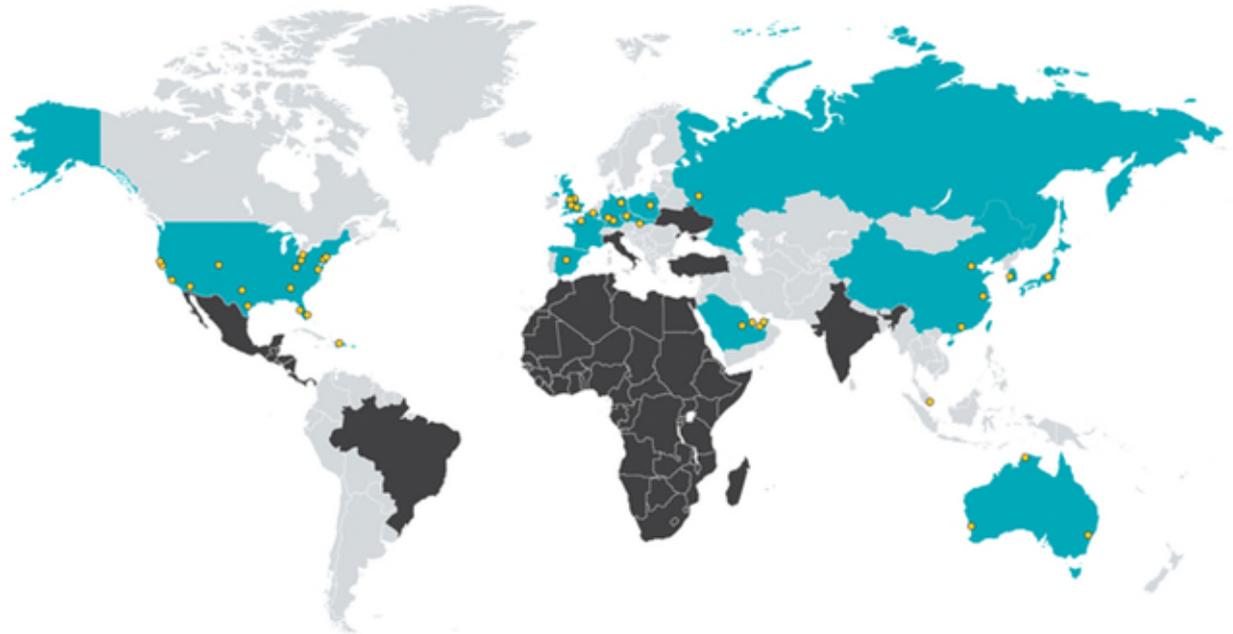
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