

# Insurance Coverage Considerations in the COVID-19 Pandemic

Venture Law Meetup Webinar  
May 1, 2020



# Presenters

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# Overview

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- “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

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- 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

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- **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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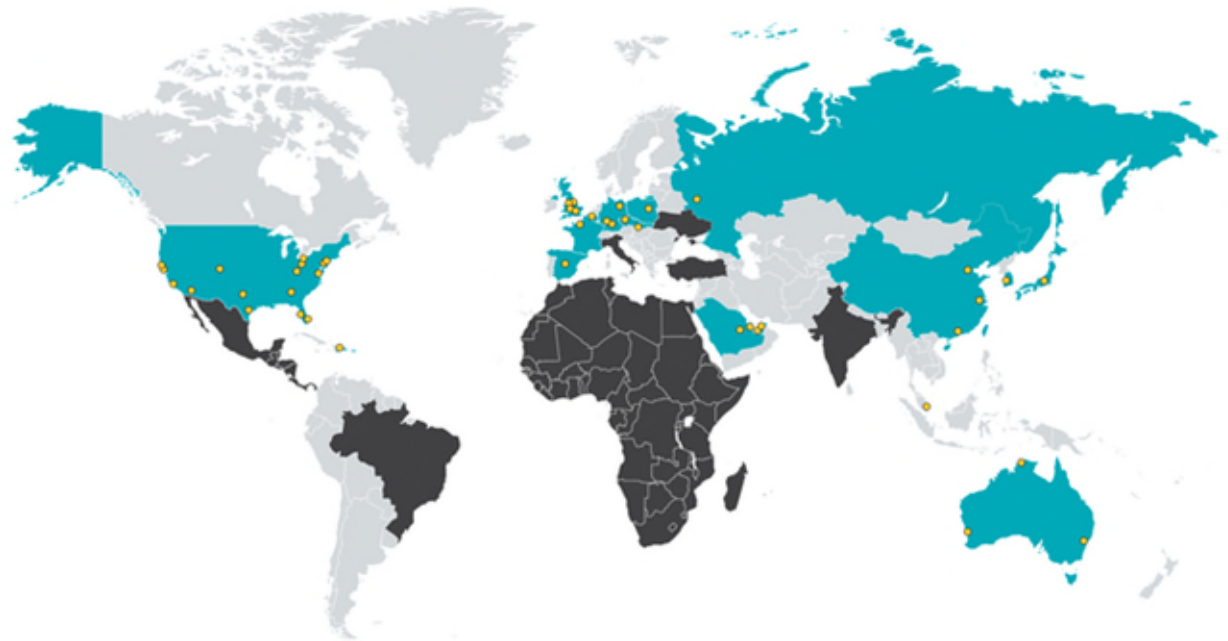
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