

Many companies have questions about whether insurance policies will cover losses from the coronavirus disease 2019 (COVID-19) pandemic. Here is a quick outline of what policies generally cover in France.

1. Property Policy

If the property policy contains a section covering operating losses and additional costs, these assume that the company has suffered a material loss specific to itself (such as a fire, flood or broken machine). In this way, classic property policy will not be able to cover the operating loss generated by a stoppage in work because of COVID-19. Extensions of these property policies (however, quite rare on the French market and with sub-limit of cover and important retentions of insurance) can provide cover for operating losses linked to the loss of members in the supply chain. However, generally, this loss must be linked to a covered event and only a case-by-case analysis of the policy wording is likely to be able to determine whether COVID-19 is likely to be covered by insurance.

2. Specific Policies for the Cancellation of an Event

There are specific insurance policies for the cancellation of cultural or sporting events. These assume an event outside the control of the organiser so that decisions to cancel events taken independently by the company, and not the decision of a public authority, would not be covered. On the contrary, and subject to the definition of covered events and/or the exclusion clauses, if the cancellation of an event resulted from a decision of an administrative authority, the financial consequences of this cancellation are likely to be protected by such cover. However, we must keep in mind that given that the necessity of a contingency, only the policies, which would have been taken out before being aware of an urgent public health epidemic, could be triggered.

3. Third-party Liability Policies

Third-party liability policies generally cover liability in relation to third parties (other than employees) in cases of physical injury linked to work. The claims of third parties could be expressed in relation to a company from which it would be alleged that a fault would be mobilised. In relation to employees specifically, third-party liability policies are equally likely to be used, if the third-party responsibility of the employer is sought based on responsibility provided for by the social security code governing gross negligence. In any case, the cover is only employable subject to the conditions of the coverage and the exclusion clauses set out in the policy.

Contact

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