

# COVID-19 Coverage Guidance

Liberty Mutual Small Commercial



The information below is intended to help you respond to questions received from customers about the Coronavirus (COVID-19). This communication highlights key coverage forms and does not address all forms contained in policy contracts.

- Our standard Property offering does not cover loss of business income caused or resulting from virus, bacterium, or other microorganism that induces or can induce physical distress, illness or disease; or by contamination.
- Based upon the policy form language, our intent is to **not cover** a loss of business income caused by or resulting from the COVID-19 or any other virus or bacteria.

Actual determination of coverage depends on the relevant facts and circumstances of each claim.

## Property and BOP

### Business income

- For a business income loss to be covered, the suspension of the insured's operations must be **caused by a direct physical loss of or damage to property at the premises described in the declarations. The loss or damage must be caused by, or result from, a covered cause of loss.**
- Since the closure of a premises due to the presence of an infected person or the fear of infection, would **not** in itself be direct physical loss of, or damage to, Covered Property, and:
  - There are policy exclusions that apply to this risk including virus and contamination

**There are policy exclusions that apply to this risk including virus and contamination.**

### The section below is key text from the coverage forms

#### Base Property form, CP 00 10

##### A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

#### Business Income (and Extra Expense) Coverage form, CP 00 30 and Business Income (Without Extra Expense) Coverage form, CP 00 32

- References direct physical loss resulting from a Covered Cause of Loss as the coverage trigger. Absent that, coverage does not apply.
- The Civil Authority provision states: "When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income sustained, and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises...."
  - Therefore, if there is not direct physical loss from a covered cause of loss, coverage would not apply.

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## Cause of Loss – Special form, CP 10 30

### A. Coverage

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

## Cause of Loss – Broad and Basic forms (CP 10 20 and CP 10 10)

- Virus is excluded
- Contamination is excluded

## Business Income from Dependent Properties (CP 15 08 and CP 15 09)

- Absent direct physical loss from a covered cause of loss at a scheduled location (regardless of country), there is no coverage.

## Exclusionary language is included in the coverage form or via mandatory endorsement (shown below).

### BOP

- Businessowner Coverage form BP 00 03 2013 and later versions include language within the form.
- Businessowner Coverage form BP 00 03 prior to 2013 versions language is provided via mandatory endorsement BP 06 01.

### Property

- Property language is provided via mandatory endorsement CP 01 40.

## Exclusionary language

- Excludes loss or damage resulting from any virus, bacterium, or other micro-organism that induces or is capable of inducing physical distress, illness, or disease for all coverage on the property policy or in the Property Coverage Part.
- Excludes loss for contamination under the pollution exclusion.

## The Property extensions below may provide coverage.

- Examples where a business income loss, resulting from contamination by a virus may be covered.
  - Food Contamination Business Interruption & Extra Expense - CP 15 05
    - ... For the purposes of this endorsement, “food contamination” means an outbreak of food poisoning or food-related illness of one or more persons arising out of:
      3. Food which has been contaminated by virus or bacteria transmitted through one or more of your employees, including temporary and leased employees.
  - Businessowners Food Contamination Coverage endorsement - BP 79 90
    - Food contamination means the occurrence of food poisoning or suspected food poisoning of one or more of the insured’s patrons. The food contamination resulting from tainted food purchased by the insured or “communicable” disease transmitted by one or more of the insured’s employees.

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## General Liability and Umbrella

There is limited General Liability, Umbrella and Excess exposure created by communicable disease outbreaks. It is important to remind you that they should submit a claim anytime a third party makes a claim, and never speculate on coverage.

### Exclusions (eCLIQ)

- All Policies contain some version of a pollution exclusion.
- The forms below are optional and state availability may vary.
  - General Liability
    - CG 21 32 – Communicable Disease Exclusion
  - Umbrella
    - CU 88 00 – Exclusion – Communicable Disease
  - Excess Liability
    - CE 88 02 – Exclusion – Communicable Disease
  - BOP
    - BP 14 86 – Communicable Disease Exclusion
    - This form is attached via radio button in eCLIQ on the Policy Information screen.

## Workers Compensation

- No exclusion forms are available. Each claim is reviewed individually by our claims experts.
- Business Lines does not have communicable disease endorsements as offered by National Insurance.

## Commercial Auto

- There is limited exposure for communicable disease.

## Resources

- Refer to the [Centers for Disease Control and Prevention \(CDC\)](#) for the most accurate and up-to-date information.
- [OSHA](#) created a specific website for COVID-19 with links to interim guidance and other resources for preventing exposures and infections.

## Questions

If you have any questions about the information listed here, please reach out to your underwriter.