


MEMORANDUM

To: Insurance Board, Board of Directors

From: Timothy Harris, CPCU
President & CEO 

Date: March 16, 2020

RE: Coverage Considerations around COVID-19

As we all know, the continued spread of the novel Coronavirus around the world is a significant concern and many of you have already contacted us with “is it covered” questions. In response, I wanted to arm you with information that can be shared with IB participants about coverage-related Coronavirus issues. First, I want to promote the information already on our website under ‘Safety Central’. There is a lot of advice out there; consequently, the IB team attempted to narrow the information down to what we believed to be most relevant and beneficial for churches:

Property Insurance

Is a business income loss covered if it results from Coronavirus?

Our package includes a \$25,000 business income extension for “communicable disease” and “food contamination” (form attached; automatic coverage for all IB Participants with property coverage). Please review the language closely. Key points:

- (1) In order to trigger coverage, there must be a complete business shutdown of the insured’s operations resulting from an outbreak at an insured premises, and requires an order from any local, state or federal Department of Health;
- (2) Some items are limited to \$5,000;
- (3) The “period of restoration” begins 72 hours after shutdown. The “period of restoration” is essentially the time period prior to the when the coverage commences. Otherwise, a decrease in attendance at a camp, for example, does not trigger this coverage unless there is an outbreak, government order, and complete shutdown.

In addition, there is a Property coverage extension for Event Cancellation Expense Reimbursement (policy language attached). In summary, it reimburses un-refunded expenses associated with the cancellation of an event that an employee or volunteer was scheduled to attend. The standard deductible applies and there is a \$25,000 sublimit.

General Liability & Professional Liability

Liability coverage determinations are dependent on the allegation(s) and causation. In general, we believe the standard defense and indemnity coverage should apply to most potential coronavirus allegations against churches. As always, each claim will be evaluated individually when making a coverage determination.

Workers Compensation (optional coverage)

Our partner carrier for Work Comp is the Hartford. Traditionally, to be covered under a workers' compensation insurance policy, it must be determined that the injury to the employee arose out of the course of employment, which may be difficult to establish in the event of a virus outbreak. Employees traveling on business into infected areas or those stationed permanently or semi-permanently in high-risk areas would be the most likely to make convincing cases. Churches may find themselves in a situation where some employees can work from home, but others are needed on-site. If quarantining becomes commonplace, do employees still commuting to work fall into the category of workers traveling into infected areas? Medical and lost-time claims arising from employees going to work in such conditions may more likely be compensable under a workers compensation program.

Travel Accident Insurance (optional coverage)

Our partner carrier for Travel Accident is Chubb Insurance. They have advised us that Coronavirus would be treated like any other illness or injury. If any covered person on a trip needs assistance, they should first call the assistance provider who will arrange all necessary care, treatment, evacuation, etc. All other policy conditions and exclusions apply.



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