

COVID-19

Risk Management Advisory

We are witnessing unprecedented upheaval caused by COVID-19 throughout the world in addition to our country, states, hometowns and families. Every day brings new developments, questions, concerns and issues for us to deal with in our personal and professional lives. As COVID-19 sends shockwaves throughout the entire economy, Stephens Insurance is here to help. Please reference the following points as you evaluate potential claims.

Property/Business Income Insurance: Potential Claims

Every policy is different, and coverage terms and conditions vary widely across policy forms and carriers. Because of this, we cannot give general guidance to all policyholders. Stephens Insurance is available to help each client carefully review its unique policy. We recommend that each client evaluate any affected property/location as though a claim is being made only for that location. Circumstances that trigger coverage may vary based on location. Some areas are experiencing shelter-in-place orders, others are experiencing government-ordered closures of specified businesses, yet others have no such restrictions. We expect that claims at certain locations will be covered, while claims at different locations may not.

Generally, business income coverage applies when a property is closed or out of service due to suffering physical damage at that location. Sometimes business income coverage is triggered when a local dependent property is lost by physical damage. Government-ordered closures or restrictions may not be enough to trigger coverage under the policies. Each state may define physical damage differently in court decisions or through legislation. We recommend that clients preserve their right to obtain coverage for losses and operate as though a claim will eventually be filed. Documentation of clean up, contamination testing, governmental orders for shut downs and the like should all be saved for later use.

After consulting with claims professionals and insurance carrier representatives, we have been encouraged to consistently message to our clients to turn in claims if they have suffered financial loss. Here are several suggestions to help you through the process:

- Call your Stephens Insurance consultant so that we can discuss the best way to explain your loss to the claims professional before you have a conversation with them.
- Assign a point person to take charge, make decisions and provide communication to your claims professional.
- If you have loss due to stock life or perishable food, gather an inventory of damaged items and set them aside. If possible avoid discarding things that might be able to be used later or salvaged.
- If approached by the media for an interview, appoint one person to be the spokesperson for your company. Any request for information or comment should be directed to that person. Otherwise respond with "no comment, thank you."
- If you incur extraordinary expenses, capture them in a special account and exclude them from your ordinary accounts payable records.
- Any continued payroll should be posted as usual and carried on your profit and loss records.
- We can consult with you regarding the aspects of how to capture your loss documentation, or suggest a forensic accountant who can consult with you.

If you have suffered a financial loss as a result of COVID-19 related events, we recommend that you notify your Stephens consultant in order to begin claim processing. Circumstances are fluid and things will change, but a claim can be reported with less than complete information in order to get the process underway.

Workers Compensation/Non Subscription/ Employers Liability: Potential Claims

Claims involving exposure and/or illness caused by a work-related exposure to COVID-19 may be covered under these programs. However, there will be questions raised by carriers and claim administrators relating to the actual workplace exposure. Each state's compensability law is different, but generally speaking, an employee will need to demonstrate that their exposure to the virus took place during the course and scope of their employment. Furthermore, employees may be required to establish that the workplace exposure was unique in a way uncommon in their everyday lives.

General and Professional Liability: Potential Claims

Clients in the healthcare space are on the front line of these claims. We can expect to see claims involving injury or illness due to late diagnosis and/or failures to properly clean or sanitize treatment facilities. Likewise, we should expect claims involving failure to warn, or failing to exercise reasonable care to prevent exposure to the virus while on your premises or exposed to your employees. General liability policies may respond to such claims, but there are policies that contain broad exclusions for pollutants or contaminants which could apply to these events. Once again, a close examination of your policy will be necessary if you are faced with such a claim. In the event that this type of claim is made against you, we recommend reporting it to your Stephens Insurance consultant as soon as possible.

This alert is intended to provide general information on employee benefits issues. It should not be construed as legal or tax advice and you should seek legal advice for application of this information to your specific circumstances.

Life Safety and Health

Every organization will have unique concerns and perspectives in regards to COVID-19. The following references may be useful as you develop your response to this ongoing pandemic:

- CDC COVID-19 Website: <https://www.cdc.gov/coronavirus/2019-ncov/index.html>
- CDC COVID-19 Information for Schools, Communities and Businesses: <https://www.cdc.gov/coronavirus/2019-ncov/about/index.html>
- OSHA COVID-19 Website: <https://www.osha.gov/SLTC/covid-19/>
- Guideline On Preparing Workplaces For An Influenza Pandemic: www.osha.gov/Publications/OSHA3327pandemic.pdf
- UK Health and Safety Executive, COVID-19 Including 'Guidance for Employers and Businesses' and for Workers in Specific Sectors: <https://www.hse.gov.uk/news/coronavirus.htm>

Stephens Insurance, an affiliate of Stephens Inc., is headquartered in Little Rock, Arkansas and is one of the largest privately owned insurance brokerages in the United States. There are currently more than 170 associates throughout Stephens Insurance's network of offices:

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