

ICF Podcast Series Navigating COVID-19 Aid—FAQs

icf.com

Episode 4: [Insurance](#)

1 What are clients' greatest concerns that you are hearing?

A: Clients are concerned about the health and safety of their employees and their families. Business continuity is also a major source of concern: clients want to keep employees on payroll, but in many cases very little money is coming in. As a result, local and state taxes are significantly lower than usual, which impacts funding for institutions across communities such as schools, fire and police departments, and so forth.

2 Why do most insurance policies not cover business income during pandemics?

A: Policy terms and conditions are not all alike; it's important to talk to your broker to see what is covered. Compensability is often contingent upon physical loss or damage by a covered peril, and most policies exclude coverage for viruses or diseases. This includes a slowdown or shutdown in business due to a pandemic.

We must continue to monitor the insurance industry's reaction to this situation. Loss of business income is really driving this debate in our country. With the pandemic, there is no damage to a building and therefore no repair or reconstruction costs to recover, but the courts forcing the industry to cover loss of business income due to COVID-19 could have a significant impact on insurance carriers. Other claims could continue to emerge that we are not yet aware of.

3 How is the industry looking at COVID-19 differently than past disasters?

A: We are already seeing some good examples of accommodations for businesses and individuals. For example, the National Flood Insurance Program (NFIP) has lengthened the grace period to extend insurance policies up to 120 days. States like Louisiana are stepping up to protect its constituents. Emergency Rule 40: Moratorium on Policy Cancellations/Non-Renewals for Policyholders in Louisiana sets forth parameters that carriers must follow as long as the rule is in effect such as not allowing changes in pricing. In other words, carriers cannot increase their pricing for individuals who have a renewal within this timeframe.

Further, we are seeing specific communicable disease exclusions being added to policy coverage documents by carriers.

The National Council on Compensation Insurance (NCCI) has decided it will not audit payroll paid for those who are working from home, which should help at the end of workers' compensation renewals.

We are actively trying to assist clients by delivering information about Federal Emergency Management Agency (FEMA) Category B and by providing risk management support. Brokers are providing information and assistance around the clock.

4 Other than their carrier, what is a good place for individuals and organizations to get information?

A: The [National Association of Insurance Commissioners \(NAIC\)](#) has a lot of detailed information and resources. Also, each state has its own department of insurance. The state insurance commissioner's office is always very helpful and can provide a lot of information specific to each community.

5 Are workers' compensation claims payable, and how are states dealing with them?

A: Workers' compensation law is unique in every state; however, most state laws require a causal connection between the injury/illness and the individual's work. There are many cases in which an individual can prove that, more likely than not, the disease (like COVID-19) was acquired at work. While some work environments, such as health care, have relative greater exposure to COVID-19, the courts will likely determine if the injury/illness arose out of the work done by the employee. South Carolina, Minnesota, Missouri, Washington, and Alaska are among some of the states that have introduced presumptive workers' compensation legislation supportive of health care workers and/or first responders who are on the front lines caring for infected patients and who subsequently develop the virus. Other states will likely follow with similar legislation.

6 How do you see carriers responding?

A: The property and casualty market began hardening well before this pandemic. We have seen some carriers clamp down on terms and conditions. One large property carrier recently announced it will be reducing communicable disease sub-limits to \$1,000. Some carriers are offering supplemental COVID-19 applications as part of the underwriting process, and some are tightening exclusionary language.

Due to COVID-19, it is likely we will see higher premiums, broader coverage imposed by legislation, new insurance policy forms, and a significant rise in the number of claims, which will bring an increased drain on our judicial system. COVID-19 will create—and is already creating—a new norm for the insurance industry; only time will reveal its total impact.

7 What can risk managers do to influence renewal outcomes?

A: Risk managers can speak directly with the carrier managers and brokers who communicate directly with the underwriters to understand how they are managing the challenges within the communities. Underwriters will be able to better understand how they can help with more information.

This is also a good time for businesses and individuals to ask for premium payment options or perks. Some clients are rated on their amount of tuition, revenue, and so forth. If those numbers have dropped, now is a good time for clients to go back, have conversations about where they are, and ask the underwriters to step up and make some adjustments. It has never been more important to communicate with each other.

About ICF

ICF (NASDAQ:ICFI) is a global consulting services company with 7,000 full- and part-time employees, but we are not your typical consultants. At ICF, business analysts and policy specialists work together with digital strategists, data scientists, and creatives. We combine unmatched industry expertise with cutting-edge engagement capabilities to help organizations solve their most complex challenges. Since 1969, public and private sector clients have worked with ICF to navigate change and shape the future. Learn more at [icf.com](https://www.icf.com).

Questions? Please contact:

Marko Bourne

Marko.Bourne@icf.com

+1.717.818.5833

Susan West

Susan.West@icf.com

+1.225.325.5108

 twitter.com/ICF

 [linkedin.com/company/icf-international](https://www.linkedin.com/company/icf-international)

 [facebook.com/ThisIsICF](https://www.facebook.com/ThisIsICF)

For more information and insights on COVID-19, visit:

<https://www.icf.com/insights/covid-19>

8 Do you have any advice for government clients?

A: Clients should pay close attention to what's going on with [FEMA](https://www.fema.gov) to see if any of the costs they are experiencing can be covered by federal programs. Clients should speak directly to their brokers to understand what is covered and what the cost would be to determine if they should take the coverage.

Two additional forms have been added for COVID-19:

- i. Business Interruption: Limited Coverage for Certain Civil Authority Orders Relating to Coronavirus endorsement
- ii. Business Interruption: Limited Coverage for Certain Civil Authority Orders Relating to Coronavirus (Including Orders Restricting Some Modes of Public Transportation)