



LITIGATION AND DISPUTE RESOLUTION

COVID-19: Insurance Considerations

by **Ian Lavelle, Shane Neville**

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With the Taoiseach, Leo Varadkar, announcing the closure of many public institutions and education facilities as a result of the COVID-19 pandemic, we look at some of the insurance issues that businesses and their insurers should keep in mind in these uncertain times.

Business interruption insurance

Many organisations have business-interruption (BI) insurance, often as part of their 'general business' insurance policies. BI insurance typically provides cover against loss of profits and additional costs arising from the interruption of, or interference with, the business of the insured party. The trigger for engaging these policies is usually physical damage to insured property, which might well exclude losses flowing from the COVID-19 crisis.

Having said that, some insurers provide extensions of BI cover for losses arising from restrictions placed on the use of premises as a result of the intervention of a public body following the occurrence of a 'notifiable disease'. Losses arising from a State-enforced closure of business due to an outbreak of COVID-19 may, therefore, be covered by some BI policies.

Cyber insurance

With a global health emergency underway, many fraudsters see opportunity in panicked individuals and businesses under pressure. Businesses should ensure in the current climate that employees maintain their usual vigilance in respect of phishing emails and other socially engineered fraud. Normal controls around bank accounts should be strictly maintained and enhanced if required as a result of increased remote working. Businesses holding cyber insurance will need to examine their policies carefully if they are the victims of cyber or similar attacks. It is common for "cyber" insurance policies to also have broader BI provisions, which may be relevant in the current climate if business continuity is adversely affected.

Corporate travel insurance

Corporate travel insurance policies will usually provide cover in the event of a cancellation or curtailment of a business trip as a result of any cause outside of the control of the insured business. Losses resulting from the cancellation of a trip booked before the COVID-19 outbreak following a Department of Foreign Affairs warning against non-essential travel to a destination might, for example, be covered. The insurer will usually require the insured party to exhaust other avenues of recourse such as applying for a refund from the flight operator or hotel before considering cover under its policy.

The position concerning losses resulting from the cancellation or curtailment of a trip booked since the outbreak of COVID-19 is less clear, however. Most travel insurance policies expressly exclude cover for claims attributable to any condition or set of circumstances known to the insured at the time of booking the trip where such condition or set of circumstances could reasonably have been expected to give rise to the cancellation or curtailment. This type of wording is bound to give rise to coverage disputes in the current climate. What if the insured party booked a trip since the first outbreak of COVID-19 but before its arrival in the country in which the business traveller resides? The answer will ultimately depend on the exact facts

and precise wording of the policy.

In these unprecedented times, businesses should carefully review the scope of their insurance policies and liaise with their insurance brokers and solicitors as necessary, whilst paying close attention to the notification and loss mitigation obligations in those policies.

Please contact [Ian Lavelle](#) or [Shane Neville](#) for more information.

For further coverage about business continuity during the Covid-19 outbreak, please visit our [designated special insights page](#).

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