

Coronavirus and Insurance

We are already beginning to see the effects of this Virus on the Event Industry with Conferences and Events being cancelled on an international basis. The purpose of this article is therefore to provide some general guidance and possible tips for the Industry. Overall Coronavirus is viewed as a business risk rather than an insurance one.

Further information can be obtained from our Events Team at events@lukerrowe.com or on 01494 733337.

Event Cancellation Insurance

"Communicable diseases" is a standard exclusion under most Cancellation Policies. It was possible to buy back this cover and Organisers who arranged their Policies before the outbreak may have this cover. It is generally no longer available in the Market which means that most Events will not have Insurance Cover for cancellation arising from Coronavirus. When considering new contracts, you therefore may need to take the view the organiser will have no cover if the event does not proceed.

Travel Insurance

Cancellation cover applies where the Foreign Office advises not to travel. At present this has only been issued for a few specified countries and areas. Policies will provide Insurance Cover against Medical Expenses and Repatriation Costs providing not against Foreign Office advice.

Where an event is cancelled, Policies will vary as to how they respond. Because technically it is still possible to travel, some Insurers, especially if arranged under an individual Holiday Insurance, may not provide cover. At present we have seen the majority of Business Travel Insurers take a practical approach and a reasonable view that if the event is cancelled the Policyholders will be entitled to claim back their hotel and flight costs.

Business Insurance

Business Interruption Policies will not pay for disruption to your business from any form of disease or illness to your customers or suppliers.

Where Business Interruption Policies give cover against notifiable diseases, this will usually only be in respect of specified diseases listed in your policy which will not include Coronavirus. The recent Government announcement that this is now deemed a "notifiable disease" will not change the position with insurers.

Employer's Liability

If an employee alleges they have contracted this arising from their employment, such as they were required to travel to a specific area and have caught the disease, this should be immediately reported to your insurer as a possible claim. This will include freelancers working for you at the time it was contracted. Where an employee holds an employer responsible for contracting the disease this would be covered under your policy if you are liable.

How Can Companies Protect Themselves?

The first area is to check the Cancellation Rights under your standard Terms and Conditions. Also, to check that all Contracts are under your standard Terms and Conditions. It is standard practice to charge Cancellation Costs and the example may be 100% if cancelled within 72 hours and 50% if cancelled within 10 days. These will vary from Company to Company and we would suggest that you review your Terms and ensure these are in force for all new Contracts.

Where possible, collecting additional deposits up front to protect you may help. Even if the Terms and Conditions are enforced, your Client must have the resources to be able to pay these, especially remembering that they will generally not have Cancellation Insurance Cover in force.

Our recommendation is therefore to review your Company Procedures and ensure that all staff are fully enforcing these. Unfortunately, if a substantial number of Events are cancelled, there are likely to be collapses in the Industry and it is therefore best to try to protect your own Company as much as possible at this time.

Business Continuity Planning

Companies should have a plan in force which not only covers fire or water damage to the premises but also other events that could substantially disrupt the business. It is therefore suggested that all companies should review the consequences of premises closure or a substantial number of staff being unable to attend work. The following are points you may wish to consider, although not all of these will apply to all business.

1. Ensure you have a plan. This should cover pandemic / mass absenteeism from production facilities, head offices and suppliers. It should also cover loss of key suppliers and major supply chain disruption.
2. Identify your crisis team. Depending on the size of your business, this may be a single head office crisis team or a series of local tactical teams around the world reporting into a global strategic team. The teams should comprise people who are very familiar with your business and come from different functions.
3. Assign specific tasks to key members of the team (communications, HR, production, logistics, finance, procurement, etc.)
4. Hold crisis team meetings to fit urgency. This may be several times per day at peak, reducing as the severity passes.
5. Identify clear steps to protect workers.
6. Monitor the progress and impact of the disease and report daily to the crisis team.
7. Develop a protocol for advice to employees if the virus is detected locally or if they suspect they have the virus.
8. Communicate actions to prevent spreading disease.
9. List business critical competencies.
10. Plan how and when you would reduce staff attendance to minimum to enable business to continue.
11. Identify which critical staff can work remotely.
12. For manufacturing companies, identify what are the minimum operational conditions. Identify a plan for ceasing production or a controlled reduction in production.
14. Are there any company locations or key suppliers in higher risk regions?
15. Risk assess decisions to ensure there are no adverse unintended consequences of actions.
16. Identify vulnerable workers (older, pregnant females, others with a history of poor health).
17. Continue to communicate with all staff and stakeholders through all relevant media.
18. Monitor social media and engage with your audience.
19. Reference government advice in communications.
20. Make sure your plan includes steps for recovery, when the worst of the impact has passed.