

## No coverage within Property Damage / Business Interruption (PD/BI) policies in case of a business shutdown due to Corona virus

The corona virus has meanwhile led to a variety of business interruption scenarios, first in China, but now it has also affected the entire global supply chain. The question regarding any insurance coverage from property and business interruption insurance is therefore quite justified.

Trigger for any liability of compensation within a Business Interruption policy is:

- Occurrence of the insured peril (e.g. fire, storm, hail, earthquake, etc.) and
- Material Damage caused to property serving the insured's business (like buildings, equipment or stocks).

A business interruption as a result of these causes is subject to compensation only.

In the event of an official directive due to the corona virus which causes a business shutdown or quarantine and forces employees to stay at home instead of doing their work, the insured risk is not realised and cannot be considered to trigger the liability of compensation according to the existing terms and conditions for the PD/BI policies. No loss of gross profit will be indemnified. \*

Epidemics and pandemics are not included in the insured perils. Even the "unnamed perils" component cannot help in this case, as there, too, must ultimately be a property damage that has triggered the loss of earnings.



It is in the nature of things that insurers will - facing the particular, current situation - reject the now arising demand for an insurance solution regarding additional coverage for corona claims at this point in time, as the insured event is imminent.

However, the Chinese Government does appear to develop a pure local and very limited insurance solution together with the local insurance market in certain Chinese provinces in order to reduce economic hardship.

Our colleagues at EUROASSEKURANZ will be happy to advise.



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\*In individual cases, however, cover solutions may still be provided within a very limited scope due to specific case scenarios. Please do not hesitate to contact us in this regard.