

# COVID-19

Motor Dealerships Business  
Continuity – A Business  
Interruption Insurance Update

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## Motor Dealerships Business Continuity – A Business Interruption Insurance Update



### **Background**

There is much uncertainty surrounding Business Interruption Insurance and whether cover is available should a dealer be forced to close their sites due to an outbreak of COVID-19 at their business premises.

### **Existing Insurance Policies**

These are unprecedented times and the position seems to be changing on a daily basis. Unfortunately, there is no simple answer as all insurers' policy wordings differ quite considerably. Whilst some insurance policies may provide an extension for "Infectious or Notifiable Diseases", under their Business Interruption wordings, this would usually list specific diseases and will not include COVID-19. Insurers cannot cover risks they are unable to assess. Standard business insurance policies are designed and priced to cover standard risks, not for the effects of global pandemics like COVID-19.

### **Infectious Disease Policy Extension**

Furthermore, an Infectious Disease extension to a Business Interruption policy coverage was designed to provide cover for loss of profit on a short-term basis whilst a business premises is closed for 'clean-up' following an infectious disease outbreak, in addition to any ongoing financial loss resulting from the temporary closure of premises. The cover was not designed for global pandemics or for unknown diseases, which is why the vast majority of business insurance policies do not include COVID-19.

### **Latest Communication from the Government**

You may be aware that the Government recently added COVID-19 to the list of notifiable diseases under the Health Protection (Notification) Regulations 2010, but (currently) insurers are not adding the disease to their policy wordings. That said, we were encouraged by the Chancellor's announcement on Tuesday 17th March when he said "let me confirm that, for those businesses which do have a policy that covers pandemics, the government's action is sufficient and will allow businesses to make an insurance claim against their policy. But many of those businesses don't have insurance – so we will go further."

### **Final Comments from Hamilton Leigh**

Whilst the above statement from Government was very much welcomed, it is too early to know exactly what help the government plan to offer or the terms and subjectivities that will undoubtedly apply. Hamilton Leigh is lobbying insurers as well as the industry associations (ABI for example) on a daily basis and we hope the position will be made clearer in the coming days. We will keep the motor trade regularly updated.

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