



# COVID-19 Actions & Insurance Implications

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 (If you missed our June 4<sup>th</sup> webinar, Reopening Your Buildings - Let's Get Technical, it will be available soon!)

## Recent News

- The White House is signaling support for a fourth round of COVID-19 related stimulus. [Click Here](#)
- A large number of COVID-19 business income coverage suits were filed in Pennsylvania late last week. [Click Here](#)
- Kansas and Oklahoma passed legislation providing businesses and other organizations with liability shields for COVID-19 related litigation. [Click Here](#)
- Losses from COVID-19 may exceed \$100bn with claims for workers compensation responsible for large portions of the losses. [Click Here](#)
- Aggregate commercial insurance pricing was up 6% for the first quarter compared to Q1 2019. [Click Here](#)
- Significant numbers of retail closures will provide headwinds for landlords in the commercial retail market. [Click Here](#)
- COVID-19 and working from home environments are driving employers to create different and more healthy working environments. [Click Here](#)

## Actions & Analysis - Week in Review

- Prepare or review budgeting documents for professional and executive policies while preparing for premium increases. Be prepared to share additional documentation with your broker regarding COVID-19 due to increased underwriting scrutiny.

Preceding the emergence of COVID-19, the insurance market was hardening or tightening, resulting in higher insurance rates across a broad line of commercial coverages. Some businesses were facing double digit increases even with relatively clean loss histories and strong risk management. Despite the variety of exclusions in policies limiting the amount of losses related to COVID-19 for carriers, losses appear to still be above \$100bn across the industry. Such losses will only further drive rates higher as carriers search for ways to maintain balance sheets in an extremely low interest rate environment.

In addition to the types of coverage which come to mind first for businesses i.e. property and liability coverage, premiums for executive risk policies are poised to surge even higher. It was noted that before COVID-19, cyber carriers were already looking for increases of up to 20%. The increased reliance on technology and the concomitant risks of working from home will only further reduce the risk appetite of underwriters who will seek both higher premiums and additional underwriting documentation. Similarly, D&O policies are facing significant upward pressure on premiums due to COVID-19 related risks with some premiums increasing by 30-50%. The good news is that new exclusions for COVID-19 have not been introduced, but the bad news is that carriers have been relying upon the use of already existing bodily injury exclusions, while also increasing retentions. A similar story is developing for EPLI policies. With higher retentions, higher premiums, and potential issues with even securing coverage, organizations would be well served to begin discussions with their brokers early, while preparing to appropriately budget for higher premiums. Organizations will also need to be responsive to requests of brokers and carriers for additional information, in order to secure coverage.

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