

## The Minefield Of Covid-19 Insurance Claims

Lund and Williams is a firm of Chartered Loss Adjusters who represent policyholders pursuing large and complex claims against their insurers. We are an appointed representative of C.G.H.W Ltd, which is authorised and regulated by the Financial Conduct Authority. It is our mission to secure a maximum and timely pay-out to clients with a valid claim under their insurance contract.

Traditionally, we have focused on dealing with disaster recovery in the form of catastrophic fires and floods. However, since the start of the coronavirus pandemic we have provided a bespoke and specialised service to SME organisations pursuing valid business interruption claims for revenue losses resulting from Covid-19.

In March and April 2020, as Covid inevitably caused chaos, insurers responded negatively by declining the vast majority of claims on the basis that there was simply no cover. Some insurers considered that their policies never intended to deal with claims of this un-precedented nature, and therefore opted to decline claims where the position on policy liability was un-clear.

The High Court ruling in September 2020 and, critically, the Supreme Court ruling in January 2021, resulted in Insurers revisiting their early decisions under the scrutiny of the Financial Conduct Authority, legal system and mounting pressure from the media and businesses alike. Insurers are now engaging claims management companies to interpret policy wordings and review losses on a large scale. Unfortunately, the fact remains that the majority of policies offer limited, or no, cover for losses flowing from the Covid pandemic.

There are, of course, some policies which do provide cover under the business interruption provision, notably those including the following clauses where at least one must all be satisfied before Insurers will consider the claim. The basics are as follows:

- (i) a disease clause;
- (ii) a prevention of access; or
- (iii) a hybrid clause.

For any of these elements to succeed a policy must firstly provide business interruption for losses that are not caused by physical damage to property. This is known as non-damage cover.

Disease clauses generally provide cover for business interruption losses resulting from the occurrence of an infectious or notifiable disease like Coronavirus at or within a certain distance of the business premises. They may form part of a clause that covers other types of risks such as murder, suicide or vermin at the premises.

Prevention of access clauses generally provide cover for business interruption losses resulting from public authority intervention preventing access to, or use of, the business premises.

Hybrid clauses combine the main elements of the disease and prevention access clauses.

To assist further in understanding whether your insurance policy has any of the above elements you may find the policy checker tool which is available of the Financial Conduct Authority website useful:

[www.fca.org.uk/firms/business-interruption-insurance/policy-checker](http://www.fca.org.uk/firms/business-interruption-insurance/policy-checker)

If your policy does not meet any of the criteria detailed within the policy checker it is unlikely that your insurance contract will afford you cover. However, if you get a positive result from the policy checker you may well be entitled to a settlement from your Insurer. You may wish to contact Richard Lund of Lund & Williams Chartered Loss Adjusters at [rl@lundandwilliams.co.uk](mailto:rl@lundandwilliams.co.uk) to see if we can assist with pursuing a successful claim. Equally, if the policy checker is inconclusive, or raises further questions, we are happy to review any policy free of charge and negotiate a reasonable and ethical conditional fee with those wishing to formally engage our services.

**Lund and Williams**