

Managing Through the Coronavirus Crisis

Considerations for community groups,
voluntary groups and charities....

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Introduction and Summary

COVID-19 or coronavirus, is the sort of extreme challenge that a country has to deal with once in a generation or so. We face challenges to the health of our loved ones, friends and colleagues, unique challenges for our communities, clients and service users and to our own organisations, all at the same time. These are unique and difficult times.

The consequences of this pandemic are clearly of a scale that occurs rarely in a generation. The impact on individuals, groups and society is set to be far reaching. We have an obligation to look after each other as best as we can. We wish you and your groups the very best in coping in these times.

We have produced this document relaying and relying on other published materials to provide some information to policyholders and prospective clients.

By nature, this is generic information, it is not designed to be individual advice and should not be relied on for such purposes. It is also advised that in such a fast moving time, this information may quickly be overtaken by developments and other advice.

There is a lot of information in the public domain concerning how you should respond to coronavirus. This guide is not intended to replicate that and the first section, '**Planning your Response to Coronavirus**', is short and largely points to external resources.

We shall spend some more time looking at the insurance implications of the current pandemic.

We have a section that considers some of the potential changes to your activities. This could involve employees working from home, scaling back activities or new activities as a consequence of the crisis. How are you risk assessing such activities and what insurance implications are there?

One major consideration there is if you have premises that have recently become unoccupied.

We also take a look at how insurance will respond to the current crisis. Employer liability should continue to offer protection in the event that an employee or volunteer brings an allegation against the group due to a coronavirus related matter.

However, business interruption is a different story. This cover is designed to react when you have an insured event at your premises (fire or flood). Policies are written to meet this design, a local event. Therefore, loss of income from this global pandemic is beyond the scope of policies. We also have a brief look at the smaller extensions, sometimes available to this cover and why the promising sounding Denial of Access or Specific Disease extensions are not responding.

Finally, in these challenging times, we would encourage all of us to look after ourselves. This would include considering your own mental health.

We are living through a crisis that is causing substantial changes to our behaviour. Many of us are essentially quarantined at home, unable to socialise, see friends or loved ones. Many of us are concerned about our communities and we see terrible news stories with escalating numbers of infections and sadly, deaths. We also see a news cycle of empty shelves and people in distress, it is no doubt a time of increased pressure for many of us.

We hope you can find the time to consider the wellbeing of yourself, colleagues and volunteers. If you would like further information in this area, we would highlight the advice and resources at the [Mental Health Foundation](#).

We wish you the very best, to you, your family, communities and your organisations.

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Planning Your Response to Coronavirus

Across the voluntary and community sector, organisations and advisory bodies have been meeting and planning for some time, how best to coordinate a sector response to the current pandemic.

We do not propose to reproduce much of that information here.

Without doubt, there is a significant role for the voluntary sector in this time of crisis. There are a lot of vulnerable people in our communities, more than ever they are in need of local support.

How should you plan your response to Coronavirus from a service and impact perspective?

We feel some of the best information is being produced by NCVO. We highlight links here to their information and recommend that this is an excellent starting point for you too.

We would signpost you towards the following information:

NCVO Your Organisation and Coronavirus

<https://www.ncvo.org.uk/practical-support/information/coronavirus>

This online resource is broad and covers a number of the following matters:

- What's the best way to prevent the spread of covid-19?
- What do we need to do to protect staff, volunteers and visitors?
- Should our employees take sick leave?
- What should we do about events, board meetings or AGMs?
- How do we support our beneficiaries/service users?
- How will we develop a contingency plan and how will our insurance be impacted?
- What immediate actions do we need to take to manage our finances?
- What other financial implications should we think about?
- What should I expect from funders?
- How will our investments be impacted?
- How do we support our staff and volunteers to work from home?
- How do we support members of communities facing discrimination?
- How are charities helping to deal with covid-19?

Dealing With Coronavirus in Your Organisation

While the information from NCVO covers a lot of ground in respect of planning a response to the impact of Coronavirus, it might be that, in remaining open, you have specific risks that your organisation is exposed to. It may be that staff, volunteers or service users may even become potentially exposed to the disease while undertaking your activities.

If this is the case, please note that Ladbrook Insurance does have access to a Disaster Recovery Plan Template. If a colleague presents with diagnosed or suspected symptoms this is a useful template to document all the information for the individual. We can supply this by request but please note that it is not specific to a specialism (e.g. care environment).

Changes to your Activities

There is no doubt that the present crisis is going to impact all groups in many different ways. We would highlight some considerations, covering a number of potential areas.

It is always important that your insurer is apprised of any material changes to your activities. We would expect insurers to be as sympathetic as they can in the present climate but we would ask clients to keep us abreast as their activities change. The Financial Conduct Authority has also spoken up on this matter:

“Customer behaviour is changing. We expect insurance firms to recognise this and treat their customers fairly, recognising the circumstances customers may find themselves in. We would not expect to see a customer’s ability to claim affected by circumstances over which they have little control.”

Here are some considerations.

Scaling Back Activities

For many groups, the virus simply means that many activities will have ceased temporarily. If your group is in this position, we can tailor your policy to suit, to ensure that your remaining activities are insured and that the policy is ready to scale back up, when your group is ready.

New Activities to Help Your Communities.

It may well be, that your group is engaging in new activities to support your community. Across the UK, new and existing groups are coming forward to ensure that isolated and vulnerable people in their community are supported. This might be checking on wellbeing or supplying essentials.

Any new activities should be subject to the usual good practice of risk management preparation. Do not be tempted to skip this, organisations undertaking new activities are subject to heightened risk and it is worth pausing to consider what can go wrong.

Visiting Clients in the Home

Visiting service users in their home is exactly the sort of new activity that your insurer should be briefed about. An insurer may expect volunteers undertaking this activity to have DBS checks in place and may impose policy conditions or indeed, may even exclude such an activity (in the extreme) from their activities.

Other of our clients that do visit service user homes have to be mindful of unpredictable behaviours and also protecting the service user too.

More Children Attending the Premises

With the advent of school closures, it may be that a service user or an employee may be forced to bring children to work.

You need to risk assess for this activity and avoid it where possible. If some element of care is now provided for children. This is something that it would be imperative to ensure that your insurer understands.

Naturally, while the restrictions on social distancing are at their peak, only the most essential services will be operating.

Employees Working from Home

We understand that many employees may be working from home, like our own.

In principle, liability insurance will extend to such an activity as it is not restricted by location. However, an insurer would have to see that this is a normal part of your declared activities and so we would recommend a conversation with us to ensure you have peace of mind that it is covered.

It may be that you have provided employees or volunteers with equipment to use at home. Some insurers provide an extension for property temporarily away from the premises but it is relatively easy to add such contents where no cover currently exists. Consider the assets away from your premises and discuss it with us so we can make sure they are adequately protected.

Leaving Your Premises Unoccupied

As more and more employees are working from home, and no longer at the insured buildings, you should check the implications with your insurance provider.

Insurers generally expect to be told when a premises becomes unoccupied and they generally apply conditions to the policy to restrict cover and to mandate certain processes and controls. Often these controls involve matters like regular checks on the property and turning the water off. Ansvar Insurance, by example, ask that you ensure that:

- The buildings must be inspected internally and externally by an authorised person at least once per week to check the security and general condition of the premises;
- All waste, refuse and other disused combustible materials must be cleared from the buildings and any grounds adjacent to it;
- All external doors must be securely locked and all opening windows closed and locked (where fitted with locking devices);
- All tanks and pipes must be drained down and all taps, stopcocks and mains supply valves turned off. If this is not possible, because you need to maintain a central heating system, a minimum temperature of 7°C must be maintained within the property at all times.
- Gas supplies must be switched off unless to maintain a central heating system
- Electricity supplies must be switched off unless to maintain a central heating system or existing intruder alarm systems, fire protection systems, CCTV, security lighting or sprinkler systems.
- All existing physical devices for securing, or preventing access to, the buildings must be kept in full and effective operation at all times and to have all keys removed from the locks and kept in a secure place away from the premises;

Some insurers in this crisis have lifted restrictive cover but it is worth checking, get in touch straight away if you are leaving any of your premises unoccupied.

In the external resources section we have listed links to The Arson Prevention Forum. Unoccupied premises are at much higher risk from arson and they provide good advice on how to limit your exposure.

Insurance Coverage

As the spread of COVID-19 continues, there is a huge concern over not just the potential public health impact, but the financial consequences anticipated by businesses. Containment measures will hopefully manage the spread of the disease allowing our NHS to cope, but these measures will lead to substantial economic losses in society across business and the third sector.

A critical question is whether insurance policies offer any financial response to this unprecedented time.

We will look at a couple of cover sections that could be effected. Naturally, individual policies vary from wording to wording but we can offer some overall advice. Any information presented though is subject to any individual or group insurance policy terms and conditions.

Furthermore, we have some specific insurer responses listed below too.

In summary, there is generally cover for your liability as an employer (or to the public) if there is an allegation concerning the virus and alleging a failure in your groups duty of care. For example, failing to provide appropriate PPE for volunteers or staff.

However, with many groups losing income, there is, sadly, generally no cover provided by business interruption to protect income, we will explain this too but it is the situation that millions of organisations across the UK face and the reason that the government has stepped forward with unprecedented levels of financial support.

The following statement from the Association of British Insurers highlights the present challenge.

ABI Statement on Business insurance

17 March 2020

“Irrespective of whether or not the Government orders closure of a business, the vast majority of firms won’t have purchased cover that will enable them to claim on their insurance to compensate for their business being closed by the Coronavirus.

“Standard business interruption cover - the type the majority of businesses purchase - does not include forced closure by authorities as it is intended to respond to physical damage at the property which results in the business being unable to continue to trade.

“A small minority of typically larger firms might have purchased an extension to their cover for closure due to any infectious disease. In this instance an enforced closure could help them make the claim, but this will depend on the precise nature of the cover they have purchased so they should check with their insurer or broker to see if they are covered.”

”

Let us look more closely at the impacted cover sections.

Employer Liability

Employer Liability provides cover against your legal liabilities to employees or volunteers and this includes claims made for *Bodily Injury*, which is normally defined in the policy and we have not seen a definition not to include a broad definition of illness.

Generally it seems that there is an acceptance that there is no restriction against most policies. Therefore it is expected that claims should be met (subject to the terms and conditions of any policy). The following is a statement made by Aviva Insurance, in general, about their approach.

“Aviva - Our Liability cover provides protection for the policyholder against their legal liabilities to their employees or the public. This includes property damage and Bodily Injury; Bodily injury includes Illness (including resulting death). ‘Illness’ is not defined so could include legal liabilities incurred from COVID-19 in a situation where the insured has breached their duty of care.

For a breach of duty of care to be considered, the insured would need to be in contravention of any government guidelines or advice regarding safety at work or travel.

For example;

By sending an employee to an area affected where the FCO have advised against all but essential travel

Not providing essential equipment or guidelines for adequate sanitation

By making an employee come to work after they have travelled in an affected area resulting in others becoming exposed to the virus (either employees or the public).

To help avoiding scenarios like these, you could consider establishing whether the insured has an up to date risk assessment and updated health and safety guidelines that include COVID-19, as well as an up to date business continuity plan. If in place, this should also be reviewed regularly as both the situation and government advice continues to evolve rapidly.”

Business Interruption — *Why it is unlikely to help*

A business interruption policy, covering income, generally needs to be triggered by an event, normally property damage. The most common causes are break in, fire and flood. This is principally what these policies are designed for.

Therefore, the core business interruption cover is not going to be triggered by the coronavirus outbreak, as there is no damage to the insured property, such as break in, fire or flood. Put simply, viral infection does not cause any damage to your property or the contents within.

However, some policies have extensions which on the surface may seem to offer some protections. These are typically very limited to start with (perhaps a limit of £25,000) Let us look at these.

Notifiable Disease Extension

In some cases, specific Infectious Disease cover may be provided by extension. This means it is not part of the core cover but a small additional benefit offered by the insurer. A typical extension in this area would be limited to an indemnity of £25,000. However, the scope of cover tends to be very tight and refers to a list of diseases listed in the policy. As such, it will not extend to include novel pathogens such as the coronavirus as it did not exist when the policy was written.

GOVERNMENT CONFUSION

Some confusion to this was caused when the government made an announcement (17th March) that suggested insurers would add coronavirus to the list, or that the government had done this for them. The following statement from Avvia is typical of insurers response to this statement which ultimately created some confusion.

AVIVA: "The Government's announcement on Tuesday evening (17 March) concerning both ours and other insurers' position with regards to Business Interruption cover has caused some confusion and as a result, we've received a number of queries from clients.

To clarify, COVID-19 is not covered under our standard Business Interruption policies and, as the chancellor said, you cannot retrospectively change insurance contracts at this time without threatening the future of the insurance industry.

Our Business Interruption cover is based on a specified list of diseases and has been since the SARS outbreak in 2003. These policies exclude Business Interruption due to new and emerging diseases, like COVID-19."

Disease extensions are not designed for a pandemic either. They are created in the event that a singular outbreak of a disease has occurred at your premises. The last words are crucial as demonstrating you have had an outbreak of this virus at a specific premises is going to prove challenging.

Where the extension includes the local area, again, it is defined by Specified Diseases and the coronavirus, being new, will not appear on such a list.

Denial of Access

Where extensions to business interruption exist for denial of access, it is normally linked to property damage. Like disease outbreak extensions, denial of access tends to be very limited cover.

If a virus was to be considered against this extension, it would also require a specific breakout at the premises or within a set perimeter of the premises. Naturally, this is not going to be possible to be established. Premises are not being shut down because of a specific local incident but rather a more universal incident. Without the trigger of an incident at the premises, this extension will not be active.

Even in the unlikely event that the trigger was met, arguments over to what extent the losses are would likely result in little coverage anyway. This is because losses are not solely caused by non-access to premises. Even if your community centre could open, nobody could use it.

Business Interruption - The Stance of Individual Insurers

The following are comments made by some of our leading providers, concerning business interruption cover.

Allianz

Allianz wordings do not typically extend to cover loss of income or profit from COVID-19 related incidences.

Ansvar

For cover under BI, it would have to fall under the 'Specified Diseases' extension, and as already stated, COVID-19 is not one of these diseases nor is it related to any of those noted under the policy and as such, no cover will be provided.

Aviva

"Our Business Interruption cover is based on a specified list of diseases and has been since the SARS outbreak in 2003. These policies exclude business interruption due to new and emerging diseases, like COVID-19. Our policy wording clearly identifies the diseases we offer cover for and, in addition, highlights that new and emerging diseases like COVID-19 are not covered.

The current COVID-19 outbreak is therefore not covered under a significant majority of business interruption policies."

Markel

As a result and in line with the rest of the insurance market, the vast majority of Markel UK policies would not provide business interruption cover for the COVID-19, but some absolutely will do. It is important that each insurance policy is reviewed on a case-by-case basis

QBE

To determine what cover is in place, we would need to understand the facts surrounding any notifiable circumstance. Even if coronavirus is not expressly excluded under the policy, there will be other policy terms and conditions which would need to be considered. We recommend also considering and reviewing the following in terms of policy wordings:

The Notifiable Diseases extension would need to be looked at carefully in the context of the facts and other relevant policy terms and conditions. Not all QBE policies include the Notifiable Diseases extension. As with any business interruption claim, it needs to be shown that the business interruption was a consequence of a particular set of circumstances including the declaration of a 'notifiable disease'.

If other non-damage business interruption extensions are provided, these extensions are similarly not expected to cover a pandemic (or similar) outbreak of disease.

Event Cancellation

If you are planning a specific event, you may be seeking cover to protect your income, in case the event is cancelled. This is referred to as Event Cancellation cover.

Most event cancellation policies may simply not provide – or may exclude – cover for cancellation caused by infectious disease. For those that do, the cover may only extend to an outbreak on the insured premises or within a specified radius, and may exclude pandemic circumstances.

Certainly policies being written since January 2020 are not going to include cover in the event that your event can not go ahead.

Furthermore, the comments about business interruption apply equally to event cancellation cover.

Insurance for Trustees

Management Liability cover is provided in the event a business Director commits a "Wrongful Act". For this to be considered, they would have to show negligence in their actions that leads to a detriment suffered by either a third party or an employee.

Our general experience is that the insurer definitions of "Wrongful Act" includes any breach of duty or negligent act, error or omission. Virus related issues could be included under this cover.

This could also extend with many policies to a failure to adopt adequate workplace or employment policies and procedures which lead to virus related issues.

Other Published Resources

Here are other published resources that we recommend and hope you find of some benefit.

Aviva Pandemic Planning and the Coronavirus

<https://broker.aviva.co.uk/documents/view/aviva-pandemic-planning-lps-covid19.pdf>

This document, and the links contained in it, are designed to give a background to pandemics, and provide information and guidance, for businesses and individuals. This document is not intended to be, and should not be relied on as, specific advice.

Government Response

<https://www.gov.uk/government/topical-events/coronavirus-covid-19-uk-government-response>

The source of the latest government information including how to protect yourself and others, employment and financial support and advice for organisations.

Mental Health Authority

<https://www.mentalhealth.org.uk/publications/looking-after-your-mental-health-during-coronavirus-outbreak>

Rumour and speculation can fuel anxiety. Having access to good quality information about the virus can help you feel more in control.

NCVO Your Organisation and Coronavirus

<https://www.ncvo.org.uk/practical-support/information/coronavirus>

This online resource covers the best way to:

- What's the best way to prevent the spread of covid-19?
- What do we need to do to protect staff, volunteers and visitors?
- Should our employees take sick leave?
- What should we do about events, board meetings or AGMs?
- How do we support our beneficiaries/service users?
- How will we develop a contingency plan and how will our insurance be impacted?
- What immediate actions do we need to take to manage our finances?
- What other financial implications should we think about?
- What should I expect from funders?
- How will our investments be impacted?
- How do we support our staff and volunteers to work from home?
- How do we support members of communities facing discrimination?
- How are charities helping to deal with covid-19?

NHS Updates

<https://www.nhs.uk/conditions/coronavirus-covid-19/>

The latest updates from the NHS

Public Health England Updates

<https://www.gov.uk/government/organisations/public-health-england>

The latest updates from Public Health England