



# OFFICE OF INSURANCE AND SAFETY FIRE COMMISSIONER

**JOHN F. KING**  
COMMISSIONER OF INSURANCE  
SAFETY FIRE COMMISSIONER  
INDUSTRIAL LOAN COMMISSIONER

SEVENTH FLOOR, WEST TOWER  
FLOYD BUILDING  
2 MARTIN LUTHER KING, JR. DRIVE  
ATLANTA, GA 30334  
(404) 656-2056  
[www.oci.ga.gov](http://www.oci.ga.gov)

## BULLETIN 20-EX-3

TO: GEORGIA CONSUMERS

FROM: JOHN F. KING  
INSURANCE AND SAFETY FIRE COMMISSIONER

DATE: MARCH 17, 2020

RE: BUSINESS INTERRUPTION INSURANCE AND COVID-19 (CORONAVIRUS)

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Business interruption insurance protects businesses against income losses sustained as a result of disruptions to their operations when loss or damage has occurred. Business interruption typically indemnifies the insured for loss of revenue that would have been earned had there been no business interruption and the continuing normal operating expenses incurred during the time it takes to restore the damaged property.

Contingent business interruption coverage provides insurance for financial losses resulting from disruptions to a business's customers or suppliers, typically requiring that the underlying cause of damage to the customer or supplier be of a type covered for the business's property.

Typically, business interruption coverage is triggered when the policyholder sustains: (1) physical damage, (2) to insured property, (3) caused by a covered peril, (4) resulting in quantifiable business interruption loss, (5) during the time it takes to restore the damaged property.

### **Virus and Disease**

Viruses and disease are typically not an insured peril unless added by endorsement. Most policies generally exclude loss caused by or resulting from any virus, bacterium, or other microorganism that induces or is capable of inducing physical distress, illness, or disease.

### **Civil Authority Coverage**

Civil Authority coverage is additional coverage that may be purchased as a part of a business's business interruption or business income coverage. These policies may include coverage for losses caused by the forced closure of property by a civil authority. This coverage typically

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applies when an insured is unable to access its property due to a government order as a result of physical damage to adjacent or nearby property. Accordingly, these types of coverage typically require physical damage to property to be triggered. If the policy requires physical damage to adjacent or nearby property and the insured cannot establish a causal connection between the government order and that physical damage, then there likely will be no coverage.

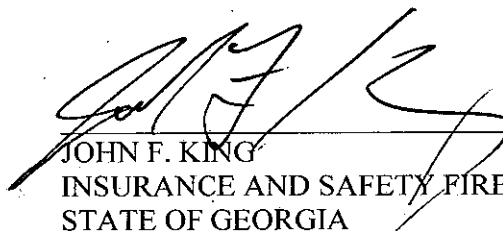
Following September 11, Hurricane Sandy, and other disasters, insurers tightened policy language to make clear that property damage was a requirement for coverage.

### **Insurance Industry Response to Coronavirus**

Standard business interruption policies typically exclude viruses and bacteria and/or communicable disease. However, in response to past outbreaks, some insurers developed specialty insurance to respond.

The Georgia Department of Insurance became aware that in early February 2020, Insurance Services Office, Inc. developed two new endorsement forms relating to business interruption insurance and COVID-19. These forms provide coverage for actual loss of business income and extra expenses caused by a government order closing the insured's premises or quarantining all or part of the premises and from government suspension of some modes of public transportation. If dependent properties are included in the coverage, such as a supplier's or customer's premises, then the coverage applies to the dependent property as well. The forms were not filed with the Georgia Department of Insurance and will not be added to ISO's form portfolio.

Upon learning of these forms, the Department elected to offer expedited review processes for these coverages. The Department intends to remove any barriers to insurers offering coverages that may protect Georgia businesses during this unprecedented Public Health Crisis:



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JOHN F. KING  
INSURANCE AND SAFETY FIRE COMMISSIONER  
STATE OF GEORGIA