

Consumer Alert: Business Interruption Insurance and COVID-19

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The Minnesota Department of Commerce regularly publishes consumer alerts and frequently asked questions (FAQs) to inform the public of ways to protect themselves and their assets.

In light of the ongoing developments related to the current coronavirus (COVID-19) situation and its impact on Minnesota consumers, the Commerce Department shares the following Consumer Alert on business interruption insurance and COVID-19.

With restaurants, bars, breweries, cinemas, theaters, bowling alleys, and other “places of public accommodation” closing on March 17, 2020 due to the COVID-19 pandemic, many Minnesota businesses are concerned about how the novel coronavirus will impact them. One common question is the extent to which insurance may cover any losses businesses experience as a result of COVID-19. While there are more specialized insurance coverages available, many businesses will need to review the coverage afforded by their business owners or commercial property policy. While these types of policies are rarely identical, they typically include coverage for business interruption.

1. What is business interruption insurance?

The purpose of this coverage is to protect businesses from lost revenue as the result of a disaster or emergency. The most common “trigger” for this type of coverage is when an insured property sustains a “direct physical loss” from a disaster, such as a tornado. Your policy should list the types of events it covers and those it excludes. If a type of event is not listed in your policy, then it is probably not covered. The only way to determine whether an event is covered is to read your policy.

2. Is my business covered for interruptions due to COVID-19?

You should read your policy to determine whether there is a business interruption coverage exclusion for viruses, such as COVID-19. The industry trend has been to exclude business interruption coverage for viruses, but this may not be universal. Each claim for business interruption coverage is unique to the specific underlying facts and policy language. As commercial insurance policies are exempt from having to be filed and reviewed by the Minnesota Department of Commerce, the number of policies affording or excluding business interruption coverage for viruses is unknown.

3. Does the Governor declaring a Peacetime State of Emergency affect my business interruption coverage?

The State of Emergency declaration does not change the terms of your business interruption coverage, but does indicate the seriousness with which the Governor has directed state agencies to treat the COVID-19 pandemic.

Many policies include very specific language regarding Emergency Declarations. Declarations in and of themselves do not automatically result in a situation where business interruption claims are within the scope of the policy language. We strongly encourage business owners to read policy language in detail and consult your business attorney regarding any specific situation for your business.

Minnesotans with questions or concerns about business interruption insurance may contact the Minnesota Department of Commerce’s Consumer Services Center by calling (651) 539-1600. [Please submit specific complaints regarding claims to our on-line portal.](#)

We encourage you to visit our partner state agencies for a comprehensive understanding of the resources that may be available to you during and after this difficult emergency.

[The Minnesota Department of Employment and Economic Development](#) can keep you informed on emerging challenges related to COVID-19 and any measures the state and federal lawmaker's are doing to assist.

Information on worker compensation, safety and health can be found at the [Minnesota Department of Labor and Industry](#).

[The Minnesota Attorney General's website](#) is also a good resource to understand potential business risk due to fraudulent activities.

With You Every Day

Wherever you are in Minnesota, the Department of Commerce is with you every day. Whether you're filling up on gas, purchasing a home, working to reduce energy consumption or rebuilding after a disaster—we are with you, no matter what.

The Minnesota Department of Commerce oversees more than 20 regulated industries, ensuring that Minnesota businesses are strong and Minnesota consumers are protected. Our mission is to protect the public interest, advocate for Minnesota consumers, ensure a strong, competitive and fair marketplace, strengthen the state's economic future and serve as a trusted public resource for consumers and businesses.

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