



# Commercial Insurance and COVID-19

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# The case study

# The business

- Small family restaurant, in business for 15+ years
- 25 people employed on a full- and part-time basis
- Well established in the community
- Limited takeout service and delivery
- Operates out of a self-owned strip plaza
- Plaza is home to several retailers





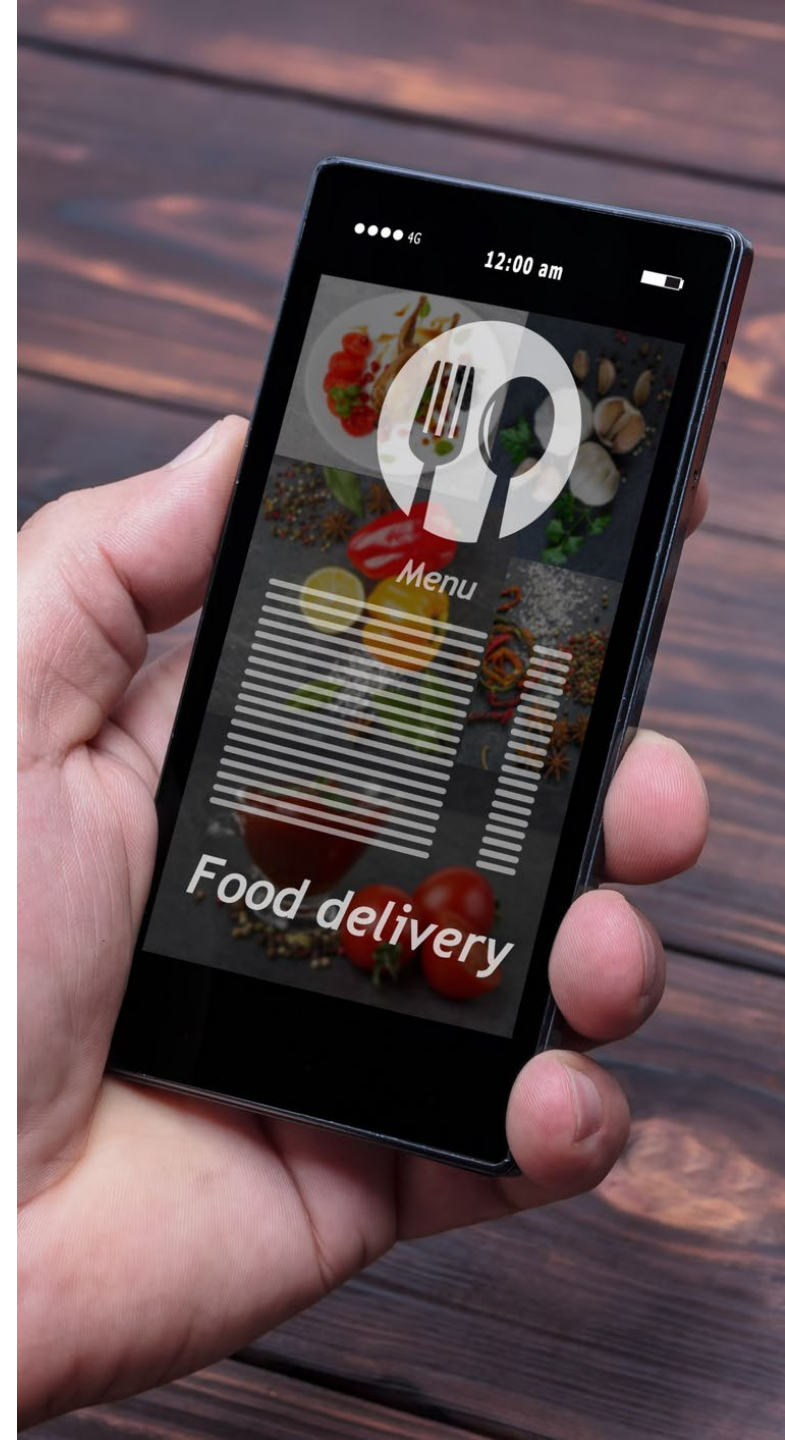
# Current commercial insurance



- Building, equipment, and stock
- Business Interruption
  - Profits
  - Rental income
- Equipment breakdown
- Crime
- Commercial General Liability

# COVID-19, now what?

- Restaurant deemed non-essential
- Business must now adapt
- Restaurant launches small takeout menu featuring popular items
- One kitchen staff and small number of servers continue to work
- Food orders limited to the dinner rush
- Only servers will make deliveries
- Social media is now actively used
- Majority of staff are still not working



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# Business Interruption and COVID-19

- **How does Business Interruption coverage work?**

- Direct physical damage to premises
- Also applies to rental income

- **What is the current insurance environment?**

- Limited or no coverage
- Recommend reporting claims
  - Record of denial in case of future changes
  - Possibility of coverage
- Legal proceedings or government legislation
- Pandemic exclusions going forward

- **Liability insurance**





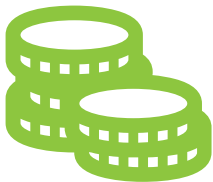
# Insurance premiums

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## Reduction in revenues

- Insurance premiums are based on revenue and a reduction in revenue may result in a reduction in premium



## Moving of monthly payments

- Most insurance carriers allow for a one-month deferral of insurance premiums



## Do not cancel your policy

- Products and completed operations
- Gap in insurance

# Vacancy and COVID-19

- **Meeting policy conditions**

- Must notify insurance carrier of changes
- Review exclusions

- **Preventing loss**

- Water shut off (ensure sprinklers are still in working order)
- Heating (keep heat between 5°C to 15°C)
- Regular visits to premises including updates to logs (between one and seven days)
- Outdoor cleanliness (garbage, landscaping)
- Access to parking lot
- Extra security measures (locks, lights, CCTV, security company)

# Changes in operations

- **Employee safety**
  - Monitor the health of employees
  - Additional protective measures such as split shifts and additional cleaning
- **Curbside pick up, online orders, delivery**
  - Designated area
  - Clear protocols
  - Reputable contractors
  - Credit cards – PCI compliance
- **Review current insurance offering**
  - Non-owned automobile
  - Crime



# Additional considerations



# Cyber insurance



- Both physical and virtual information
- First-party
  - Business interruption
  - Cyber extortion
  - Notifications costs
  - Social engineering
  - PCI fines
- Third-party

# Fleet insurance

- Minimum of five units
- Move vehicles to comprehensive-only, or use OPCF 16
- Leased or financed vehicles
- Crime prevention
  - Keep them empty
  - Flood lights
  - Park inside
  - Security cameras
  - Fenced lot



# Government support

- **Canada Emergency Business Account**
  - \$40,000 interest-free loan until December 31, 2022
- **Canada Emergency Wage Subsidy**
  - 75% wage subsidy to eligible employers for up to 12 weeks, retroactive to March 15, 2020
- **10% Wage Subsidy**
- **Canada Emergency Response Benefit**
  - A flat rate of \$2,000 a month for up to four months.

For a complete list of government support programs please refer to: <https://greaterkwchamber.com/education/covid-19/>

# Presenters

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# Questions/Discussion



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