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The following sets out the position with regards to Business Interruption insurance:

The coronavirus emergency has resulted in supply/manufacturing disruptions, restrictions on travel, import/export hold-ups and financial market jitters. So where does insurance come into the equation? Regrettably, there are very few insurance products that provide cover for such losses.

Travel Insurance has the most direct impact with most insurers having now removed cover for travel to China. Cancellation cover to other regions may apply although it is important to remember there is no cover for 'disinclination to travel' e.g a person postpones their travel due to concerns they may come into contact with other potentially infected travellers.

Material Damage and Business Interruption policies generally require a physical loss to the premises of the insured business. Furthermore, following the SARs outbreak of the early 2000's, the global insurance market introduced pandemic or infectious disease type exclusions. Even some of the contingent extensions, such as denial of access or loss of transport routes, still need an insured peril as a prerequisite for coverage.

Cargo Insurance for shipments to or from New Zealand, is also unlikely to provide cover as losses simply due to delay are generally excluded.

Finally, most insurance policies will exclude losses from failure to meet contractual obligations for example, a business' inability to fulfil a supply order.

In summary therefore, as coronavirus does not cause physical loss or damage to property and infectious diseases are generally expressly excluded, there are very few insurance policies that will provide cover.

David Rush

Vision Insurance