

COVID-19 and Insurance Concerns

A General Guide #1

INTRODUCTION

The COVID-19 outbreak is causing significant widespread concern for nations, businesses and families. At Willis Towers Watson Ghana, we understand the difficulty as businesses seek to take the right decisions to minimize the impact of the crises.

This concern of business losses puts a spotlight on insurance and as expected there is an increase in general enquires and questions about potential claims across multiple lines of insurance; travel, business interruption, liability, health etc.

We have prepared this document as a general guideline to aid our clients to answer two questions:

- **does my current insurance offer protection against potential losses**
- **Is my business exposed to new risks**

Generally, we advise our clients to:

- Adhere to all the guidelines and protocols issued by WHO
- Follow the directives announced by the State or Government

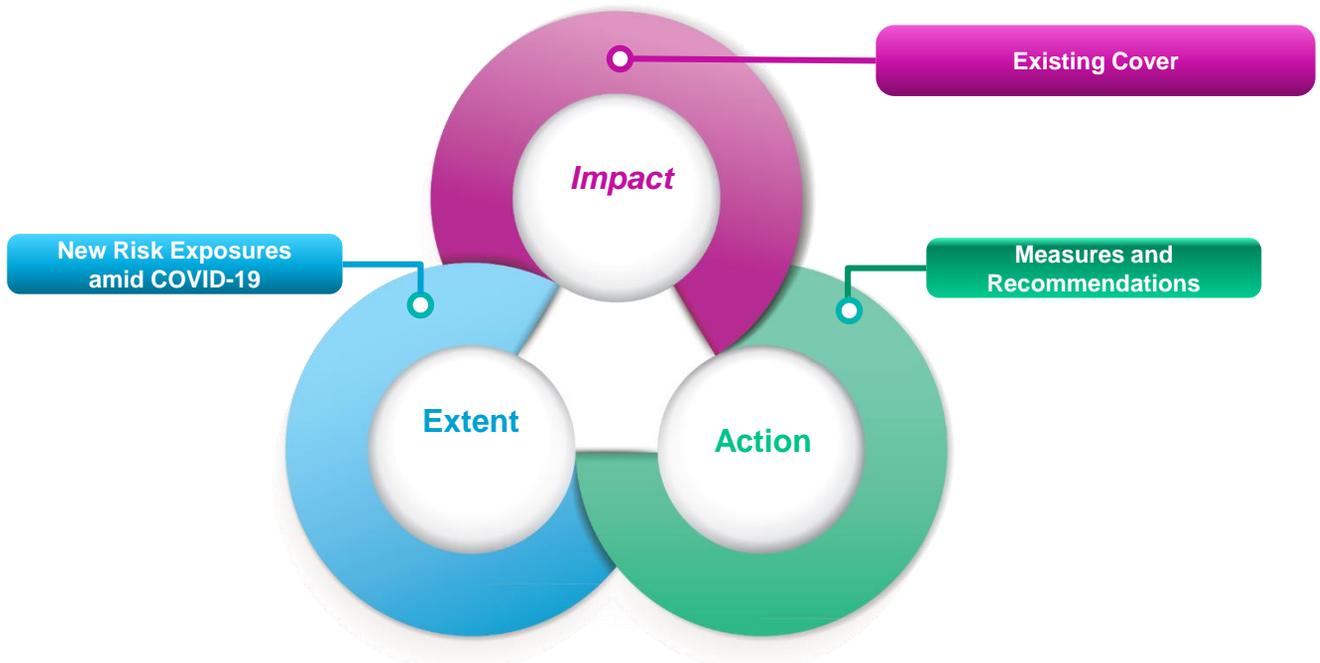


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We have **45,000** employees serving more than **140** countries and markets.



We **serve clients** on **all of the world's continents** except Antarctica

MATERIAL DAMAGE AND BUSINESS INTERRUPTION

» Risk Exposure

Physical/Material damage losses are covered. COVID-19 shouldn't affect or hamper your ability to claim for any damage caused by an insured peril under your Assets All Risk policy.

Business Interruption is often triggered only by physical damage to covered property. The introduction of a virus does not constitute direct physical loss or damage to insured property nor is it a covered peril. Therefore, business losses resulting from COVID-19 may not be covered by the business interruption policy.

» Impact

What if my business is made to shut down by government order?

Regrettably, a business interruption claim is still likely to be denied when a business is closed on the order of a civil authority such as the government because of the COVID-19 pandemic.

But isn't there an exception for epidemics or pandemics?

Sadly no – in fact, it is often the opposite. Many business insurance policies will specifically exclude any coverage for infectious diseases or viruses. These exclusions may include specific illnesses such as influenza but will usually include blanket terms like epidemic or pandemic.

» Measures/ Recommendation

As most business premises would see reduced business activity resulting from closures and work at home schemes, **we recommend that additional security measures are taken to safeguard property.**

Any loss or damage resulting from a lack of security or failure to adequate mitigating measures may lead to a rejection of claim by your insurer.

Ensure enhanced security measures are in place to prevent any damages or losses.

Points to note :

Asset All Risk: your usual guarantees are still in force - Fire, Flooding, Theft, etc can be triggered during this period.

Business Interruption cannot be triggered, loss of revenue following business closure is not insured.

New exposures are imminent due to the COVID-19 pandemic. Ensure measures are in place to avert losses.

LIABILITY INSURANCE

» Risk Exposure

Liability claims can still be made against you during this period by Third parties and customers as well as employees if they can prove that they got infected with the virus as a result of being on your premises, using or consuming your product and/or services. Customers or members of the public may be owed a duty of care to be adequately protected from contracting Coronavirus or to be warned of the risks of exposure. Various liability policies could be triggered:



Public Liability — your customers or members of the public may bring a claim against you for failing to adequately protect them whilst engaging with your business

Employers' Liability — Employers have a legal duty to take reasonable care for the health and safety of their employees. If that duty is breached, they can be found liable to compensate employees for injury and losses which they prove were caused, or materially contributed to, by that failure.

Directors and Officers (D&O) liability — In the same way that employees may drag company liability under COVID-19 crisis D&O liability can also be raised for not taking appropriate measure to protect employees.

Stakeholders can also trigger D&O Liability for misrepresentation and wrong financial information.

In these cases the D&O can be triggered to cater for the legal expenses and legal liabilities that may ensue.

Workers' Compensation — This covers accidental injury or work related disease of employee, so it would not suffice in the case of COVID-19

» Measures/ Recommendation

All insureds should consider and implement protocols to minimise harm. **Failure to take reasonable steps in that regard may result in liability.** Most importantly is ensuring that any such claims, circumstances or allegations are reported to the insurer(s) once known, any delay may adversely impact the claim.

Points to note :

You have legal exposures towards employees, partners or stakeholders. Your liability insurance(s) may be triggered.

Your direct responsibility on the contamination needs to be proven, however your caution, action and measures can limit or avert your liability.

It's not yet clear on how your cover would respond adequately to claims. Measures taken must be in the best interest of the business, employees and shareholders.

CYBER RISKS

» Risk Exposure

COVID-19 has affected the mode of working for entities. Many companies are working remotely, potentially less secured.

In addition, most staff take home company devices (laptops, routers, ...) that also increases the risk of exposure for losses.

» Impact

Cyber insurance policies are intended to operate and cover the financial consequences of these claims provided that the level of your security protocols have not reduced to accommodate changes to your mode of working during this pandemic.

» Measures/ Recommendation



Efforts should be put into **maintaining and improving the security of the company's systems.**

In the event of significant changes made on security of the company's systems as a result of changes to the mode of work, the insurer must be notified immediately.

Inform also of any major changes to your approval processes.

Points to note :

Additional exposure due to remote working. Cyber insurance can be triggered.

Assess and test the new process to assure security and integrity.

Inform for any major or significant changes to your mode of security protocols.

FRAUD (ROBBERY, EMBEZZLEMENT, INFIDELITY...)

» Risk Exposure

Changes to the mode of work during this period poses a high risk to your operations. Risks such as internal fraud, stock theft, infidelity of staff are to name but a few.

» Impact

Losses out of fraud are still covered by the policy once such policies are already in place.

Cover like Money insurance, fidelity guarantee are more exposed during these period.

» Measures/ Recommendation

Maintain and enhance existing security measures.

If there are any new processes for cash collection payment or new approval process, covers must be adjusted accordingly.

Points to note :

More vulnerability due to new process and staff working remotely and its attendant risk cyber crime

Insurance cover should be in force during this period

Maintain and enhance security

Adjust insurance cover according to the changes where necessary

TRANSPORT/ GOODS-IN-TRANSIT

» Risk Exposure

Some goods may get damaged while in transit or delay in their delivery. Demurrage might also affect some goods not cleared at the port.

» Impact

Any losses or damages or delays as a direct result of the pandemic may not be covered by the policy.

Additional cost of warehousing or demurrage are also not claimable

» Measures/ Recommendation

Appropriate measures must be taken to avoid losses and also closely monitor information regarding trade that may be issued by government

Points to note :

Delays that are as a directly result of the pandemic may not be covered by your policy.

Loss of goods (perishable goods) are also excluded.

Additional cost of warehousing, demurrage are not covered.

TRAVEL

» Risk Exposure

Staff may be stuck due to flight cancellations, contamination or infected with the virus as well as travel insurance expiring ahead of their arrival at their destination.

» Impact

In the unfortunate event of death, repatriation of the dead is covered, medical expenses are also covered but limits are quiet low. However, additional expense for extended stays are not covered.

» Measures/ Recommendation

Adhere to travel directives issued by Government.

HEALTH

» Risk Exposure

Medical expenses relating to this pandemic may arise; consultation, labs, hospitalization and cure.

» Impact

Usual medical cover does not exclude such expenses. These expenses can be claimable subject to policy limits.

» Measures/ Recommendation

Governments of several countries are taking care of the pandemic victims for now. However its not clear if bills will later be sent to the victims for payment.

Points to note :

Medical expenses are claimable for COVID-19 treatment.

Medical expense under your travel policy whilst abroad are covered but watch the limits!

Additional expenses for extended stays are not covered, Airlines should be contacted for such cancelations.



The Team at Willis Towers Watson Ghana remains at your disposal during this period and are fully mobilized to offer you the best services.

Do not hesitate to reach out to your usual contact(s) or our experts to discuss your specific situation.



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Disclaimer

The information in this publication is intended solely to inform you of the foreseeable consequences of the COVID-19 pandemic crisis on the main insurance guarantees on the market.

This information is general in nature and has no value as personalized advice.

If need be, get in touch with the experts at Willis Towers Watson, who will assist you in studying your specific needs.

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