

How do the terms of your insurance policy apply to COVID-19? You can get a “first opinion” from your insurer

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On March 24, 2020, Lippes Mathias Wexler Friedman LLP Partner, Richard M. Scherer, wrote a client alert about commercial insurance terms relevant to COVID-19. As he stated, “each policy is different and determining if your specific policy covers an interruption to your business depends upon the policy’s language.” Interpreting the provisions of a commercial insurance policy can be daunting, especially in the case of a novel events, like the COVID-19 pandemic.

Thankfully, insurers will have to assist in this process based on new guidance from the New York State Department of Financial Services (“DFS”). In [Insurance Circular Letter No. 7](#), DFS instructed New York State insurers to:

Prepar[e] clear and concise descriptions of coverage benefits that may be triggered as the COVID-19 situation continues to evolve, which should be posted prominently on insurance company and producer websites and sent in response to policyholder inquiries.

These materials, whether publicly accessible or directed to an insured, will provide valuable insight into the terms of a policy, and the insurer’s interpretation of those terms. If an insured faces negative consequences from COVID-19, the insured should consider reaching out to his insurer for a written response. If the insured includes a policy number, the insurer may tailor its response to the terms of the insured’s policy.

Of course, this is just the first step to a coverage analysis. An insured should not accept the insurer’s interpretation as the final word on the scope of the insurance policy. The insured should review the policy and confer with legal counsel.

Finally, an inquiry to an insurer does not substitute for a claim to the insurer. If you believe that you have a claim under the terms of your policy, you should not hesitate to notify your insurer in accordance with the terms of your policy. Consider working with your attorney to draft the claim because your initial description of your claim can be crucial to establishing coverage.

Please contact James P. Blenk (jblenk@lippes.com), Richard M. Scherer, Jr. (rscherer@lippes.com), Thomas J. Gaffney (tgaffney@lippes.com) to assist your business in determining if its policy provides coverage for a COVID-19 related shut down or other effects.

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