



Information for Michigan business owners about COVID-19 and its impact on business operations

What type of policy do I need to buy to cover a business loss related to a pandemic such as COVID-19?

To be covered against a loss of revenue due to a pandemic, you would need to have purchased a business insurance policy or endorsement that covers such a loss before the outbreak started. You can contact your insurance agent or company to see if such coverage is available to protect your business against future, covered events.

How will I know if I have business interruption insurance?

Not all commercial multi-peril policies include business interruption insurance. We strongly encourage businesses to review their policies, including policy exclusions, coverage limits, and applicable deductibles, and contact their insurance company to determine what their policies cover as each insurance policy is different and the coverage varies.

What if I already had a business policy that included business interruption or business income coverage? What types of losses are usually covered?

Business interruption or business income policies may have exclusions for losses due to viruses, communicable diseases, and similar perils, such as COVID-19. It is important to read your policy for all exclusions, coverage limits, and deductibles.

Business interruption insurance compensates you for lost income, for example, if your company has to vacate the premises due to disaster-related damage that is covered under your property insurance policy, such as a fire. Business interruption insurance generally covers the profits you would have earned, based on your financial records, had the disaster not occurred. The policy also covers operating expenses, like electricity, that continue even though business activities have come to a temporary halt.

If you need help understanding the business policy you bought and what it covers, contact your insurance agent or insurance company. If you do not have a copy of your policy, ask your agent or insurance company to send you the full policy, including all applicable endorsements and declarations.

If I have employees with COVID-19 and my business must temporarily close due to reductions in staffing, will my business policy cover me?

We recommend that you check with your insurance agent or company to see if your policy covers a loss due to employee availability because of an epidemic or a pandemic. Business interruption policies usually cover business closures for direct physical loss or damage to a property caused by a covered peril such as fire, a burst pipe, or a windstorm, but coverage can vary depending on what is included in your policy.

Is there coverage under a business interruption policy for a government-mandated shutdown during a pandemic?

There is a clause in many business insurance policies called "Civil Authority," which addresses the situation when government prohibits access to your business. If your policy requires a "covered cause of loss," such as fire, to be the reason why the civil authority restricted access to your business, your insurance company would need to determine if the COVID-19 pandemic is a covered cause of loss. The insurance company may take into consideration the definition of a covered loss, any exclusions that may apply, or other policy language to make a claims decision based on that determination. It is important to read your insurance policy carefully to understand the requirements and language in your specific policy.

Are there resources available to help small businesses?

The Michigan Economic Development Corporation (MEDC) has posted a list of resources and information for Michigan businesses at MichiganBusiness.org/About-MEDC/COVID19. The State of Michigan has also provided further information for employers on guidance and best practices under the Governor's MI Safe Start Plan and has launched the Michigan.gov/SmallBusiness site to assist small businesses in recovery and growth.

The [U.S. Small Business Administration \(www.sba.gov\)](https://www.sba.gov) is offering several relief options to help small businesses suffering substantial economic injury due to COVID-19. The SBA is also offering a free business counseling service which can be found on its website.

Small businesses that qualify for low interest loans are encouraged to [apply online for a disaster loan \(www.sba.gov\)](https://www.sba.gov). If you don't have online access, call the SBA at 800-659-2955.

Why might my insurance company not pay my claim?

If you file a claim with your insurance company, it must conduct a reasonable investigation. The insurance company may deny your claim after the investigation, but it must inform you of the specific language in the policy that denies coverage.

If the language in the policy, including any exclusions, is determined to exclude coverage for pandemics, such as COVID-19, the company's claim investigation will likely reflect this. It is important to read your policy for all exclusions, coverage limits, and deductibles.

If you need more information or have questions, contact your insurance agent or company.

Is there anything that can be done to force insurers to pay these claims?

If you feel that your insurance company has wrongly delayed or denied paying your business interruption claim, the Office of Consumer Services within the Michigan Department of Insurance and Financial Services (DIFS) is here to help you. We are here to provide consumer information and investigate consumer complaints against insurance, banking, credit union, mortgage, and other consumer financial products. We work to respond promptly and completely to consumers' insurance and financial questions and complaints, assist consumers in resolving those complaints whenever possible, and help consumers understand their options.

We encourage consumers to first attempt to resolve disputes directly with their insurance and/or financial service entity. If a resolution cannot be reached, our office can help try to resolve your dispute. Contact DIFS Monday through Friday from 8 a.m. to 5 p.m. at 877-999-6442, or file a complaint at Michigan.gov/DIFScomplaints.