



# COVID-19 CLIENT SUPPORT UPDATE

With many COVID-19 government restrictions now in place, we understand this is placing our clients under enormous pressure as businesses are being forced to close or operate in a limited capacity. Unfortunately, general insurance is unlikely to provide the protection that it does for traditional risks such as fire, burglary or storm. This bulletin is to support and provide clarity around:

- Personal Service and Support
- How specific Policies will respond
- How the Insurers and Premium Funders have responded
- Risk Management
- Keeping You informed

## Personal Service and Support

During these turbulent times AEI Insurance Brokers is here to support you.

We are focused on continuing to provide our clients with the care and attention we always have. We aim to minimise the impact and disruption to our clients and our business activities as much as possible. As a 'people' business, the best service and support we can offer is access to your brokers' expertise. Whilst this bulletin is designed to assist you, our recommendation is to speak with your broker regarding any specific queries you may have.



[Click here for our Website](#)

We also wish to bring to your attention that we proudly service many diverse businesses throughout the country. In an attempt to help connect our clients in need, we would like you to consider AEI as a business directory. If you require any service, or in turn you are in a position to help another, please contact us so we can assist in these connections.

You have our service commitment as we assist you through these difficult times.

## How Specific Policies will Respond

### Business Interruption / Loss of Rental Insurance

***Will my business interruption insurance cover me for any loss of revenue / loss of rental suffered as a result of the COVID-19 virus?***

This may include reduced sales and additional expense relating to conducting business, cleaning of premises and losses due to the cancellation of events under the Commonwealth legislation. As COVID-19 has been declared by the Federal Government as a listed human disease under the Biosecurity Act 2015, policy exclusions apply, as a result, business interruption losses directly attributable to COVID-19 are not covered by insurance. At this point insurers continue to confirm to us that no cover applies.

Unfortunately for many in Australia, there is no insurance protection for a downturn or a closure of your business.

## Public Liability Insurance

***If a third party suffers loss and alleges negligence regarding your management or handling of your COVID-19 response and decides to claim against you, would a Public Liability policy respond?***

Subject to terms, conditions and exclusions of the policy, there is a strong position that the policy would respond.

## Property Insurance

***Will my Business Insurance cover the company's assets whilst temporarily removed to an employee's home?***

General Property insurance can be considered, and/or an employees Home Contents insurance may respond.

We understand that many insurers are currently considering this position, and may look to amend the cover to include temporary working from home provisions.

***Will my business assets be covered during transit – for example – whilst located in their vehicle?***

Some policies will automatically cover this risk and in other cases you will need a 'General Property' or 'Transit' coverage. Generally motor insurance only provides a small benefit for items lost/damaged in a vehicle.

The property of the employee will not usually be covered by your business insurance, and any home and contents insurance the employee has in place will be unlikely to cover your business equipment.

## Landlords Insurance

***Am I covered if my tenant stops paying rent?***

Landlords insurance has optional coverage for Loss of Rental and for Rent Default.

The Loss of Rental coverage applies after an insured event (damage), and in the event of a Tenant not paying rent relating to COVID-19 there is no insured event that has occurred, so the insurance protection does not respond.

Rent Default is an optional coverage and the risk of a tenant default is often mitigated by the engagement of a professional property manager / real estate firm. **The real estate sector provide a valued service**, and will be the first point of contact to help manage the process if a tenant stops paying rent.

The bond can often be claimed to meet some of the losses, and is deducted from any insurance considerations.

Insurance provisions generally require 'all reasonable steps legally available' to be taken under the relevant Tenancies Act in each state to recover the loss, with the insurance benefit following the outcome of the action to recover the loss.

## Corporate Travel Insurance

***Does my travel insurance respond to COVID-19 and having to cancel my trip?***

Travel insurers have declared the COVID-19 outbreak as a 'known event' or no longer 'unforeseen'. This means any travel booked after COVID-19 was deemed to have been a 'known event' and will not be covered for COVID-19 related losses.

If you need to cancel a planned trip that was booked prior to COVID-19, you should first contact your travel agent or the airline (before submitting a claim) to seek a refund or make alternate travel arrangements based on existing tickets.

After this, the insurer will consider the difference as part of the claim.

## Commercial Motor Vehicle Insurance

### ***Does my Commercial Motor Vehicle Insurance respond if I can't use all of my vehicles due to COVID-19?***

Some Commercial Motor Vehicle Insurers have confirmed that due to the COVID-19 outbreak, if vehicles are not being used, they will consider "Laid Up" Cover. Please speak with your account manager to discuss your requirements which will enable them to have the discussion with your insurer.

## Workers' Compensation Insurance

### ***Will my Workers Compensation policy provide cover for employees who have contracted the COVID-19 virus whilst at work?***

A virus like COVID-19 may be considered under the disease provisions of the Workers Compensation coverage. Injury generally includes disease, which means a disease that is contracted in the course of employment, but only if the employment was the main contributing factor to contracting the disease.

Compared to work-related injuries, it is more difficult to prove that a disease was contracted in, or caused by, particular employment. In the case of a virus such as COVID-19, establishing the time and place of contraction may become increasingly difficult without a direct outbreak and source at the workplace.

Should you be experiencing financial hardship, please speak with us so that we may contact the relevant State Workers Compensation authorities to see how they can assist you.

## How the Insurers and Premium Funders have responded

The unexpected onset of Covid-19 on Australia and the severity with which it has hit has meant that like many industries, the Insurance and Premium Funding industries are needing to amend their standard practices. Most Insurers and Premium Funders now have their staff working remotely and this has been a challenge which has been new to most, but in the main, the service levels have remained of a relatively high standard as people adapt to their new working arrangements. The reality is that we expect there to be some delays in process, but we are talking to all Insurer and Premium Funding partners to try and limit the impact that this period has from a service perspective.

### Insurers

In terms of premium relief, the Insurers have acted swiftly with the support of the relevant Government authorities to come up with strategies to support businesses and individuals that experience financial hardship. There is no one-size-fits-all solution in how these cases will be managed as all businesses will have their own specific set of circumstances and the Insurers also have their own views on how they plan to provide financial relief. Some options that have been put forward by the Insurers to the ACCC revolve around the deferral of insurance premiums for period of up to six months and others involve amending policies mid-term to reflect the change in the businesses activity and turnover etc. The ACCC have responded by confirming their requirement for Insurers and Insurance Brokers to register with them to enable the applications for any premium relief on behalf of our clients where applicable.

**We can confirm that AEI has already submitted our registration to the ACCC to best support you.**

The good news is that all Insurers have confirmed that they are working on measures and will be there to help their clients in this time of need. We would recommend that if you are in a position of financial hardship, that you contact your Account Manager and they will be able to work with you and your Insurer in coming to a solution that is mutually acceptable.

## Premium Funders

With respect to Premium Funding, the “security” that Funders always have over the funds that they provide is the ability to cancel the insurance policies to recoup any debt should there be a client dishonour and in some cases, this ability can sometimes be limited. Placing further pressure on the Premium Funding companies is the fact that Credit Insurers – on which all Premium Funding companies rely – have tightened up on their acceptance criteria, which means that the conditions provided by the Funders are now more restrictive.

As a blanket rule, Premium Funders have now confirmed that the maximum funding period they can offer is 10 months and their ability to defer instalments has been limited further from what it previously was. While this isn't good news, AEI plan to work with any client that experiences financial hardship to explore all options to try and ease the pressure on those clients during these times. Again, communication with your Account Manager is key as our aim is to ensure that all clients survive these uncertain times.

Rest assured that our team are here to help, so please contact us for support.

## Risk Management Tips

We would like to assist and provide you with some general advice on how to protect a variety of building types, should a temporary closure be required. Each guide includes risk control measures and site closures checklists for your use.

*(Whilst these documents reference Zurich throughout, this generally applies in all circumstances). Contact AEI and not Zurich if/where it references Zurich).*

- [Temporary Premises Closure Guide](#)
- [Partial Premises Closure Guide](#)
- [Temporary Construction Site Closure Guide](#)
- [Temporary Closure of Buildings in Refurbishment Guide](#)
- [Temporary Closure of Schools Guide](#)

## Recommended Actions For Your Organisation

1. Implement a home quarantine regime for anyone who has travelled to an infected country or is likely to have been in contact with someone infected with Coronavirus.
2. Review and update, if necessary, human resources ('HR') policies in fitness for work, including possible quarantine of employees to remain off work if affected
3. Consider or extend flexible working arrangements to reduce the likelihood of the spread of the virus in the workplace or the community

4. Update travel rules and arrangements to ban non-essential business travel
5. If not already in place, provide sanitised hand washing stations for use by staff and visitors
6. Review arrangements for workplace hygiene and cleaning protocols including “cough and sneeze” etiquette
7. Protect the mental wellbeing of employees concerned about the Coronavirus
8. Ensure clear and honest communication to employees on their welfare.

## Keeping You Informed

Everyone should remain alert for updates and advice from the relevant authorities on additional steps to manage the spread of the disease and the survival of your business.

There are many excellent resources, advice and regular updates available, so we thought it prudent to house some of these in one place for your ease of access.



*For the most up to date information on the virus: World Health Organisation (WHO)*



*For the most up to date information on travel: smartraveller.gov.au*



*Having a fully documented and exercised business continuity management plan is important for every business*



*For the most up to date information on Jobkeeper Payment: ato.gov.au*



*For the most up to date information delivering support for business investment*



*For the most up to date information on cashflow assistance for employees*



*For the most up to date information on stimulus payments to households to support growth*



*For the most up to date information on assistance for severely affected regions*



*For the most up to date information on SME guarantee scheme*



*Work Place Health & Safety Considerations (Working from Home)*



*COVID-19 Workers Compensation Implications?*



*Fact Sheet for Industry – Work Safe Australia*

## COVID-19 Services you may require



[Restorx Covid 19 Rapid Response Cleanup Assistance](#)



[Australian Government – Second Stimulus Package for Small Businesses](#)



[Centrelink Unemployment Benefits – Unemployment Process](#)



[Cyber Security – Essentials in preparing for COVID-19](#)



[Beyond Blue – Looking after your Mental Health during Corona Virus Outbreak](#)

## Recommended actions for your Mortgage

If you have been affected and need to speak to your bank, most banks may consider a pause of your repayments for up to six months. Please note with mortgage pause, this does still mean you owe the interest costs and principal repayments at a later stage. Any pause in repayments will be capitalised in the rest of the loan term and payable over a longer period.

Please contact your bank if pausing your repayments.