



## Commercial Line Property Coverage - COVID-19

March 18, 2020 | CL - MA, NJ, NH

The recent outbreak of the novel Coronavirus, or COVID-19, has created widespread measures, including closures and cancellations, to slow the spread of the virus. The health and safety of our employees, agents, policyholders and business partners comes first, and we have been closely monitoring the status of COVID-19. Due to the rapidly evolving situation, we implemented precautionary measures for employee and community safety, as well as our business continuity plan in order to maintain business operations with little to no disruption. Rest assured that we are taking all precautions necessary to look out for the welfare of our employees while continuing to provide exceptional customer service.

As the response to COVID-19 continues at a swift pace into uncharted territory, businesses, in particular, may be vulnerable to the economic disruption. Although our standard practice is that each claim is evaluated based upon its individual circumstances with coverage decisions being made accordingly, the information below outlines our commercial line property coverage as it pertains to COVID-19 and business interruption due to a voluntary or government mandated business closure.

Many businesses have Business Interruption Civil Authority, and/or Income from Dependent Properties (supply chain coverage) as well as exclusions for virus or bacteria. Our policy language states that a loss must arise from a "covered cause of loss" which is defined as a "direct physical loss." Thus, in order for the coverages to come into play, there must be a "direct physical loss" which causes the business interruption or other claim. The closing of a business due to the threat or actual presence of a virus does not constitute "direct physical loss," and therefore, the closing of a business due to COVID-19 would not be covered.

Even if a virus could be considered a "direct physical loss," the exclusion on each policy states that damages caused by a virus or threat of a virus are specifically excluded from coverage. In other words, under the exclusionary language, there is no coverage for damages, including business interruption and closure, resulting from a virus, in this case COVID-19. The exclusionary language is the same for all states where we do business. For your ease of reference, links to the exclusions for MA (CP 01 76) and NJ & NH (CP 01 40) are below. Additionally, the BOP virus exclusion, exclusion (j), is pulled out below but can also be found within the base form of the policy.

Please contact your Field Marketing Representative, Specialist or Commercial Lines Underwriter with any questions. Thank you for your support, and please don't hesitate to reach out if there is anything further we can do for you, your agency, or your customers.

### Agent Portal

Please note, during this evolving situation, we will be sending out updates to agents as needed. You can also find the latest information on our COVID-19 response on the [Agent Portal](#) (Agent Portal < COVID-19 Information). If you have trouble accessing the Agent Portal, please contact our Agency Interface Team at [agency.interface@preferredmutal.com](mailto:agency.interface@preferredmutal.com) or 1-800-333-7642, go to 'Agent' prompt and then option 3 for Agency Interface.

[BOP Virus Exclusion \(j\)](#)  
[NJ and NH Virus Exclusion Endorsement](#)

## [MA Virus Exclusion Endorsement](#)

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