

## NEW YORK CORONAVIRUS BUSINESS INTERRUPTION AND RELATED COVERAGES ADVISORY NOTICE TO POLICYHOLDERS

This Notice is in response to a Call for Special Report, pursuant to Section 308 of the New York Insurance Law, with respect to Business Interruption (often referred to as Business Income and/or Extra Expense) and related coverages and to the novel Coronavirus (COVID-19) pandemic.

This Notice does not form a part of your insurance contract. No coverage is provided by this Notice, nor can it be construed to replace any provisions of your policy (including its endorsements). If there is any conflict between this Notice and the policy (including its endorsements), the provisions of the policy (including its endorsements) shall prevail.

The following provisions of your policy may affect coverage with respect to a Coronavirus. However, actual determination of coverage depends on the relevant facts and circumstances of each claim. Carefully read your entire policy, including the endorsements attached to your policy. If you have questions, please contact your producer, agent or insurer.

**Covered Causes of Loss:** KBIC policies require that there be a suspension of operations caused by direct physical loss of or damage to property. That means that if you have not sustained physical damage to your property, you will not be entitled to business interruption coverage;

KBIC policies require that the physical damage to property that necessitates a suspension of business operations be caused by a covered cause of loss. KBIC policies include, among other things, a specific exclusion for losses caused by virus. That means that to the extent that COVID-19 is the cause of the physical damage, you will not be entitled to business interruption coverage;

Business interruptions claims are subject to a 72 hour waiting period. That means that coverage begins 72 hours after the direct physical loss or damage to property takes place.

**Virus or Bacteria Exclusion:** There is no coverage for loss or damage caused directly or indirectly by any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

**Civil Authority:** KBIC policies that afford business interruption coverage also cover losses caused by an order of civil authority. Civil authority coverage is typically implicated if physical damage within one mile of your premises prompts the government to issue an order preventing access to your premises. To trigger that coverage, there must be physical damage that is caused by a covered cause of loss.

**Extra Expense:** KBIC provides coverage for necessary Extra Expense you incur during the period of restoration that you would not have incurred if there had been no direct physical loss or damage to property at the described premises. The loss or damage must be caused by or result from a Covered Cause of Loss. Unless otherwise noted, coverage is provided for Extra Expenses that occur within 12 consecutive months from the date of direct physical loss or damage and commences immediately after the related loss or damage.

The above are just some of the issues that may bear upon your entitlement to coverage for business interruption claims. KBIC will fully investigate and analyze every claim on its merits prior to rendering a final coverage determination. This letter is not intended to discourage you from submitting a claim to KBIC. If you would like to submit a claim to KBIC, we invite you to visit our website at [http://www.kbicus.com/m03\\_01\\_report.html](http://www.kbicus.com/m03_01_report.html)

If you have any questions, please call us at 201-720-2100, option #3, or email us at [newclaimsmail@kbicus.com](mailto:newclaimsmail@kbicus.com).

Very truly yours,



Chris Kwon, President