

# Insurers considering coronavirus exclusions - reports

by [Paul Lucas](#) 02 Apr 2020



Turn the clock back just a few months and it's fair to say that nobody would have seen the coronavirus pandemic coming. However, in this short space of time "business as usual" has become anything but – and insurers have been sent spinning as a result.

With a host of legal cases threatening to put insurance companies on the hook for business interruption claims, firms within the sector have become increasingly concerned about employees, customers and shareholders filing coronavirus-related claims against company executives. Now, according to industry sources cited by Reuters, insurers are examining the possibility of excluding the virus from policies that protect bosses.

Already in the USA, two cases have been brought against companies in recent weeks accusing them of issuing misleading statements about COVID-19, and their plans to mitigate its effects, in order to bolster share prices. Class action suits are expected to follow elsewhere too – with the UK, Australia and Canada among the regions likely to see action taken.

“An uptick in litigation targeting directors and officers across industry sectors is one likely, and unwelcome, consequence,” James Whitaker, partner at law firm Mayer Brown, told Reuters.

Typically, D&O policies have been used to pay executives’ defence costs and penalties awarded by courts – with the global market providing around US\$600 million to US\$700 million in cover. However, with award levels increasing already, the coronavirus outbreak is likely to heap further pressure on the market because whereas the likes of event cancellation cover and business interruption would typically exclude pandemics, D&O coverage offers a method to recoup costs.

“The pressure on insurers will be significant, while the legal costs...will also be huge,” AFL Insurance Brokers chairman Toby Esser told the newswire.

As such, it has been suggested that insurers are looking at ways they can avoid these claims going forward.

“We are starting to see insurers looking at the potential for specific COVID-19 exclusions going forward,” said Beth Thurston, head of management liability, UK & Ireland, in conversation with Reuters.

The newswire went on to quote Clyde & Co speculating that D&O policies may, in the future, exclude claims relating to illnesses and bodily injuries, with another broker suggesting that insurers want to have a “very broad exclusion of anything related to coronavirus.”

*As industry professionals, we'd love to hear your reaction to this story. Is the insurance sector right to look at protecting itself in this way? Leave a comment below with your thoughts.*