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## COVID-19 Insurance Q&A

In these unprecedented times, the R.K. Tongue Co., Inc. (RKT) team takes its risk management and insurance advisory role seriously. As your MSDA-endorsed insurance intermediary, we put together the following FAQ response and general assessment of the U.S. Domestic insurance landscape as it applies to viral outbreaks and pandemics:

### **Will business interruption insurance pay for my lost collections due to office closure?**

Most likely, no. In the absence of an Act of Congress, Commercial business interruption insurance generally requires direct physical damage to a covered property as a trigger. When in doubt, file a claim since only your insurance carrier can make a final determination.

### **Does the declaration of a national or state emergency or mandatory business closure change my business interruption insurance claim eligibility?**

In this case, no. Business interruption insurance typically includes a “civil authority” provision that extends business interruption coverage when access to an insured office is specifically prohibited by the government or similar authority, but this provision still requires direct physical damage to property in the immediate vicinity of an insured office.

### **Will malpractice insurance provide for defense and indemnity expenses if a patient alleges exposure and infection due to dental services?**

Yes, assuming the exposure and infection relates to a “dental incident”. However, specific claim circumstances must be examined in order to determine coverage, and exceptions will exist. For example, exposure that occurs in a reception area or dental office building when no dental services are rendered would likely be disclaimed by malpractice insurance but very likely be covered by General Liability insurance.

### **Does the declaration of a national or state emergency change how my malpractice insurance responds?**

It may. The ADA and most state dental associations initially recommended that dental offices cease all non-emergency operations. More recently, governments and civil authorities legally mandated the total closure of dental offices. Failure to comply with the mandate triggers exclusions within the malpractice insurance policy.

### **Does workers compensation provide benefits if an employee contracts the coronavirus?**

Employees who contract the novel coronavirus virus due to a work-related exposure can experience a covered workers comp/employer’s liability claim. Your insurer will evaluate each claim on its own specific circumstances.

### **Does health insurance cover business-owners or employees who become sick or need testing?**

Medical needs associated with contracting the coronavirus are generally a covered health insurance claim.

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**Will individual or group long-term disability income insurance provide benefits if I become ill?**

Yes, if you remain ill long enough. The effects of the novel coronavirus and related COVID-19 disease can be a covered long-term disability income claim provided the sickness duration meets your waiting period. The most common waiting period for individual disability income benefits is 90-days.

**Will overhead expense disability insurance provide benefits if I become ill?**

Yes, if you meet the waiting/elimination period. The most common business overhead expense disability waiting period is 30-days.

**Will group short-term disability insurance provide benefits if I become ill?**

Most likely, yes. Most short-term disability plans have relatively short waiting periods for benefits eligibility, e.g. 7-days for sickness and 0-days for injuries.

**I heard that “pandemic insurance is available” can I get it?**

Probably not. Specific “pandemic insurance” for business interruption is generally rare. RKT has recently become aware of a London-based specialty market that may offer insurance protection for future pandemics, but this insurance cannot be purchased during an ongoing viral outbreak/pandemic. RKT was also recently made aware of a Canadian insurer that offers an optional business interruption insurance rider for pandemics as part of its business insurance policy. Although we do not know many specifics about this product or its limitations and exclusions, we know that it is not available in the U.S.

**GROUP HEALTH PLANS\***

**If an employer reduces hours for part or their entire workforce in response to the COVID-19 National Emergency, can the company continue to cover those employees on their fully insured group health insurance plan?**

For most carriers, YES. Most carriers are temporarily relaxing their requirement that employees be actively working to be eligible for coverage and will allow you to cover your reduced hour employees, as long as you pay the monthly premium. Please note that you must offer this coverage on a uniform, non-discriminatory basis.

**What continuation of coverage applies if my plan is fully insured and one or more employees are terminated as a result of COVID-19?**

If at least one active member remains on the group plan, standard COBRA and state continuation protocols apply. Virginia State Continuation applies to groups of under 20 employees and groups of 20+ employees must adhere to Federal COBRA guidelines. It is the employer’s responsibility to notify employees of their continuation rights.

**Will carriers waive any rehire waiting period for re-hired employees who were terminated due to COVID-19?**

Most carriers have come forth to say they will waive waiting periods for those employees who are rehired after this pandemic.



**What if employees are terminated and they do not elect COBRA or it is not available? What other health insurance options do they have?**

If employees are terminated and either they do not elect COBRA or it is not available, then the involuntary termination of the group health plan is a qualifying event for them to enroll in an individual health plan. Individuals must elect health coverage within 60 days of the termination, or they will have to wait until the next annual open enrollment period.

In addition, some state Exchanges are opening a special enrollment period for Individuals to enroll in health plans as a result of Coronavirus. Details and deadlines vary by state.

**What if I have to terminate all of my employees and I am the only one left on the plan?**

This depends on the carrier. Some carriers allow for “owner-only” groups while others require at least one full-time W2 non-related employee to be enrolled. Either way, in most cases, your group plan will not be in jeopardy until the renewal date.

Keep in mind that involuntarily losing group health coverage is a qualifying event to enroll in an individual health plan.

**Are medical carriers considering off-renewal changes for small businesses that may be financially impacted? What if I want to elect a different plan?**

This depends on the carrier. Some carriers permit off-renewal plan changes and others do not.

**Can employers use credit cards to pay premium for fully insured group health plans?**

No, most carriers are unable to accept credit card payments for group premium.

**When in doubt, file a claim. The foregoing Q&A is for general informational purposes. Only your insurance company can make a coverage determination based on your specific claim circumstances.**

**\*Guidelines vary by jurisdiction and carrier and are subject to change at any time.**

We understand and share your concerns, fears, and business challenges. We will provide updates to you, our valued clients, as circumstances dictate. Please take all relevant precautions to stay safe and healthy.

Very Truly Yours,

R. K. Tongue Co. Inc.

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