

COVID-19 and Business Interruption Insurance

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Most businesses in the United States are suffering diminution in revenues as a consequence of the novel coronavirus. Some have simply closed, whether temporarily or permanently. Others have reduced sales, often due to restrictions, whether self-imposed or mandated by authorities, on physical access to premises by customers and/or employees. Further, fear of contagion has fundamentally altered people's retail behavior. Many businesses purchased business interruption insurance coverage to protect themselves from reductions in revenues. The availability of such coverage in the present circumstances will depend primarily upon the language of the individual policies and, to a lesser extent, on the applicable state law. Unfortunately for many insureds, however, the standard forms of policies in the market generally do not contemplate coverage in the event of a pandemic or similar circumstances. Coverage may be available under certain specialized covers, such as for event cancellations, but this again will turn on specific policy language and applicable law.

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