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Does my business insurance cover lost income due to Swine Flu????

Infectious diseases: changes to insurance policies

Why insurers are making changes to reduce their exposure:

In many insurance policies, under the business interruption or consequential loss section, cover is provided for a loss of income following the occurrence of an infectious disease. This is usually, but not always, described as a 'notifiable' disease, which the relevant local authority has stated must be disclosed to them.

It is not always clear what these diseases are. Recent new viruses and pandemics such as the H1N1 (Swine Flu) virus have led insurers to review the cover provided. Some insurers do not consider Swine Flu as being 'notifiable'.

So, what is being changed:

Some insurers may continue to offer cover but for 'specified' diseases rather than for 'notifiable' or any infectious or contagious disease. The threat of loss on a grand scale means it may not be economically viable for them to provide cover for pandemic viruses, so with this in mind they are limiting their exposure and clarifying exactly what is covered.

At the same time some are limiting the time span they will cover to 3 or 6 months per incident and the amount payable to perhaps £250,000 or 25% of the annual Gross Profit for the business. However, some could be prepared to consider an extension to these limits for the payment of an additional premium.

As a counter to this reduced exposure insurers may well offer some extension to cover, albeit in a more manageable way. For example:

- Create a long list of these 'specified' diseases with ability to add certain others for particular occupations where it may be relevant.
- Maintain a 25 mile radius for cover (rather than just for disruption at their own premises).

If you would like more information about your insurance policy and how Scrutton Bland Insurance Brokers can answer your questions on disease cover, please contact our commercial insurance team on 01206 838400.