



Risk Management

Do Your Insurance Policies Cover Vandalism, Looting?



AS RECENT PROTESTS around the country descended into rioting and civil unrest, many businesses that were looted, or saw their shops damaged or completely destroyed, would have to their insurance to file a claim.

While many companies were unsuccessful in filing business interruption claims for the COVID-19 crisis, claims for damage and theft from rioting and looting are more likely to be paid. A number of coverages will come into play depending on the damage and lost income a business suffers.

Property damage

Commercial property policies cover damage to a business property caused by fire, explosion, riot or civil commotion, and vandalism. This would include coverage for the structure of the business, as well as any inventory, fixtures and other contents. Business owner's policies also include this risk.

The business property coverage portion of the policy would cover damage and theft if rioters break into an office, for example, and steal computers, burn furniture and destroy equipment, subject to policy limits.

Commercial vehicle damage

Riot damage to vehicles is covered under the optional comprehensive portion of a commercial auto policy. This will pay for damage to the vehicle and its contents caused by fire, falling objects, vandalism or rioting. Comprehensive coverage will pay out if a vehicle is:

- Stolen,
- Damaged, or
- Destroyed (for example, burned).

Business interruption coverage

Companies that are forced to close as a result of riot and looting damage may have coverage for business interruption under a business property policy.

The policy may also cover lost income if a business had to close after riots. Also, coverage can apply if a firm suffers a loss of income because of curfews or if authorities close the area.

Coverage is typically triggered if there is direct physical damage to the premises.

You should note that many policies require a 72-hour waiting period before a policyholder can begin making a claim. That's because the first three days of business shutdown, access constraints or limited hours of operation because of a civil authority action are often excluded from coverage.

Filing a claim

When filing a claim, read your policy. It's important to understand the policy limits and deductibles before spending time documenting losses that may not be covered.

If you are going to file a claim, document all damage. You should have receipts for all your inventory and fixtures. Here's what you should do:

- Take photos of all damage.

See 'Repairs' on page 2



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New Telecommuter Class Code in the Works

DUE TO the COVID-19 pandemic, California's workers' compensation rating agency plans to implement a new class code for telecommuting employees on Jan 1, 2021.

The Workers' Compensation Insurance Rating Bureau of California started work on the new classification as companies ordered employees to start working at home after stay-at-home orders were issued to contain the spread of the coronavirus.

The new code for telecommuting workers will be 8871. Under a prior emergency rule, the Rating Bureau had recommended that employees who were thrust into telecommuting because of the COVID-19 outbreak be assigned the 8810 "Clerical Office Employees" code.

This is a major change in the class code structure and will affect employers throughout the state. If you have telecommuting staff, you should prepare for this change now.

The specifics

Until now, telecommuting employees whose duties meet the definition of clerical employees in the California Workers' Compensation Uniform Statistical Reporting Plan have been assigned class code 8810 or their employer's standard classification if that classification specifically includes clerical office staff.

Rating Bureau staff has proposed that class code 8871 be the code for clerical employees who work more than 50% of their time at their home or other office space that is not on the employer's premises.

As mentioned, the class code will be used only if the class code for the employer does not include clerical employees. Currently there are 41 class codes that include clerical staff. There are also two codes that specifically exclude them. If a company includes all of its staff in the same code, any clerical staff on its payroll are not assigned the 8810 class code and instead assigned the code for the company as a whole.

For the sake of continuity, the Rating Bureau staff has recommended that those 43 class codes be amended to specifically include or exclude clerical telecommuting staff.

What you should do

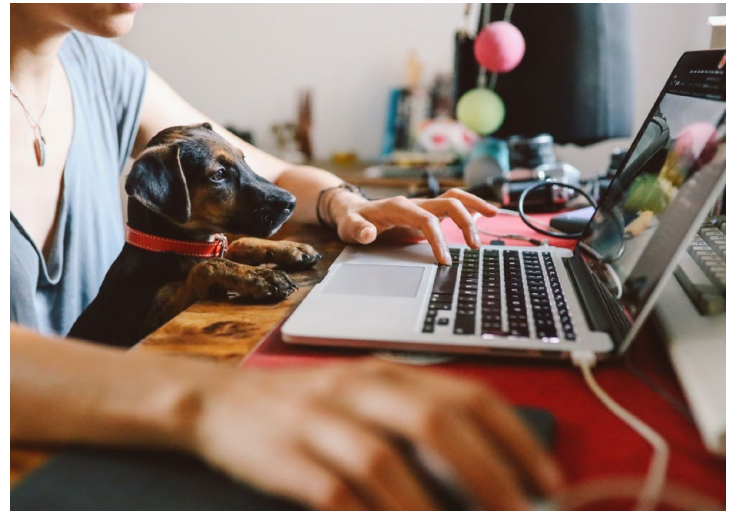
If you have staff on your payroll who are telecommuting, you should start preparing your accounting or bookkeeping software to add in this code for when your policy comes due in 2021.

Starting work on this now can help your insurer more accurately price your future policies, or when they decide to audit your payroll.

Conversely, you should not attempt to change the class code for your currently telecommuting employees now or at any time before Jan. 1, 2021, as the final rules have not yet been written, approved or promulgated. They also need to be approved by the state insurance commissioner.

The Rating Bureau plans to apply the rate for the class code for clerical employees to the new class code for the first few years, and until it can gather enough data to set a unique rate for the code.

That could take a few years as the Rating Bureau typically uses a window of the past three years of claims experience and costs when setting class code rates. ❖



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Talk to Your Insurer Before Making Major Repairs

- Contact your agent and file a claim immediately.
- Clean up to protect your building, but do not make major repairs until you talk to the insurance company.
- Keep receipts for any remediation work.

If you're going to file a business interruption insurance claim, you will need:

- Pre-riot financial statements and income tax returns.
- Post-riot business records.
- Copies of current utility bills, employee wage and benefit statements, and other operating expenses.

- Receipts for building materials, a portable generator and other supplies needed for immediate repairs.
- Paid invoices from contractors, security personnel, media outlets and other service providers.
- Receipts for rental payments, if you move your business to a temporary location.

A final thought: Filing a business interruption claim is not easy, particularly when estimating losses. The process is complex and can be contentious. If the insurer disagrees with your loss estimates, they may have specialists audit your claim. ❖

What Insurers, Employers Expect in Pandemic Aftermath



A NOTHER STUDY has come out predicting that COVID-19, as devastating as it has been, will have little effect on 2021 group health plan rates as well as offerings.

The study by eHealth Inc. also found that many insurers have increased utilization of telemedicine and that many of them are extending benefits related to coronavirus testing and treatment.

Here are the main points of the study:

- **Waiving COVID-19 testing costs** – 97% of insurer respondents say they are waiving out-of-pocket costs for coronavirus testing.
- **Waiving treatment costs** – 58% of the insurers say they're waiving out-of-pocket costs for COVID-19 treatment. Among insurers who say they have done this, 80% say they have waived all out-of-pocket costs, while 20% say they have waived only a portion of members' out-of-pocket expenses.
- **Premium assistance** – 60% of carriers are letting enrollees financially affected by the coronavirus defer premium payments.
- **Few insurers anticipate raising 2021 premiums due to coronavirus** – 83% say they do not anticipate raising rates for 2021 in response to the crisis, while 17% anticipate raising rates no more than 5%. Eighty-seven percent of respondents offering Affordable Care Act plans say it is unlikely they will leave the ACA market due to coronavirus.
- **More telemedicine services** – 96% of insurers say they are seeing increased demand for telemedicine services that include virtual doctor visits. Eight-five percent think the crisis will drive increased demand for telemedicine benefits into the future.
- **Elective or non-emergency services spike** – 80% of insurers expect a spike in these claims after the crisis is over. Seventy-three percent of those who anticipate a spike believe it will come within the next six to 12 months.

- **More use of mental health benefits** – 33% of insurers say they have seen an increase in utilization of mental health benefits by members since the beginning of the coronavirus crisis.

Rate hikes, but more involvement

The Centers for Medicare and Medicaid Services has predicted that the country could spend \$4 trillion on all forms of health care this year, which is 5.2% higher than in 2019.

Willis Towers Watson's "COVID-19 Benefits Survey" estimates that due to COVID-19 testing and treatment, health insurance premiums could increase as much as 7% on top of the 5% increase employers previously projected for 2021.

At the same time, the survey found that despite facing unprecedented challenges and rapidly shifting business priorities due to COVID-19, many organizations are taking steps to protect the health and wellbeing of their employees. ❖

STEPS EMPLOYERS ARE TAKING

- Employers are focusing on promoting virtual medical care by raising awareness and reducing point-of-care costs.
- Over 80% of employers have offered or are planning to offer expanded access to virtual mental health services.
- Nearly two-thirds of companies will prioritize access to mental health solutions in their 2021 health care program.
- About two in five employers are planning to revise their 2021 health care strategy.
- Employers are looking to communicate more on existing benefits.
- Companies are addressing benefits for employees on leave and furlough.

Nation's First Pandemic Standard Being Crafted

VIRGINIA IS on the cusp of creating the nation's first pandemic workplace safety requirements for employers, a standard that many in the occupational safety and health community expect could be a model for other state-operated Occupational Safety and Health Administrations to follow.

With no signs that Fed-OSHA is looking to develop similar regulations, some state OSHAs have been discussing creating safety rules specifically covering employer responsibilities for protecting their workers during a pandemic, such as the nation is in now with COVID-19.

Virginia is pressing forward following a 9-3 vote by the state's health and safety board to create pandemic workplace safety rules that they will work on immediately.

The governor's office said that the state had to forge ahead developing the new standard because of the lack of enforcement of COVID-19 workplace safety complaints by Fed-OSHA.

The draft standard requires employers to develop policies for workers dealing with COVID-19-like symptoms, while barring staff who are suspected of having contracted the virus from coming to work.

Another part of the rules would require employers to notify their employees that they may have been exposed to an infected co-worker within 24 hours of learning that a worker has tested positive for COVID-19.

These regulations and standards must address personal protective equipment, respiratory protective equipment, sanitation, access to employee exposure and medical records, and hazard communication.

The draft standard can also serve as a guide for employers to protect their own workers regardless of where they are located. It would require that employers:

Enforce social distancing – The employer shall require that 6 feet of space is maintained between workers, and between workers and customers, by using one or more of the following measures:

- Implementing flexible worksites (e.g., teleworking);
- Implementing flexible work hours (e.g., staggered shifts);
- Increasing physical space between workers at the worksite to 6 feet;
- Increasing physical space between workers and customers (e.g., partitions, and limits to the number of customers at one time);
- Implementing flexible meeting and travel options (e.g., postponing non-essential meetings or events);
- Delivering services remotely (e.g., by phone, video or web);
- Delivering products through curbside pick-up or delivery; and/or
- Reconfiguring spaces where workers congregate, including lunch and break rooms, locker rooms and time clocks.

Provide face masks and shields – All workers shall be provided (free of charge) cotton face masks (double-layer cotton) by their employer. Face shields shall also be made available to workers.

Provide hand sanitizers, hand washing facilities, gloves – Employers must provide hand sanitizers that are readily available in multiple locations in the workplace. Workers must have the ability to wash their hands with soap and water regularly.

Gloves shall be provided to workers who request them.

Conduct regular disinfection – Employers must clean and disinfect regularly all frequently touched surfaces in the workplace, such as workstations, touchscreens, telephones, handrails and doorknobs.

Increase ventilation rates – Employers must increase the percentage of outdoor air that circulates in the system.

Notify workers, maintain confidentiality – If an employee is confirmed to have COVID-19 infection, the employer must inform fellow workers of their possible exposure to COVID-19 in the workplace while keeping the infected individual's identity confidential, as required by the Americans with Disabilities Act. ❖

