



AgCom Insurance Agency

1362 Highway 59

Holstein, Iowa 51025

"Service Above the Rest"

19 Mar 2020

Our dear customers and friends,

To begin, please note that many of our companies are beginning to announce that they will work with customers on billing if the COVID-19 pandemic is affecting your income or employment. **Please contact us BEFORE your payment is late so we can work on your behalf.** This is for all lines of business: home, auto, farm, business, and so on.

Unfortunately, we do not have great news currently about business income coverage and the COVID-19 pandemic. We received training presented by the Independent Insurance Agents of Iowa to gather as much information about how insurance policies are likely to respond in this time of crisis.

As always, we are happy to report a claim for you and let the claims adjusters decide whether or not there is coverage. However, the policy language of most commercial policies does not appear to provide any business income coverage at this time.

First, in order for business income to respond, there must be "direct physical loss" caused by a "covered cause of loss". That means something had to physically happen to cause the loss of income. Second, maybe we could get coverage from "Civil Authority" if you are required by the government to shut down. But...again, that is limited by "covered cause of loss" and "Access to the...property".

The real kicker is that there is a mandatory exclusion placed on ALL commercial insurance policies: CP-0140. The complete title is: CP-0140 Exclusion of loss due to virus or bacteria and it states: *"We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease."* That **makes it pretty clear that the insurance companies will not be paying for any losses due this illness.**

But, there is a glimmer of hope. You have probably already seen and heard about the Small Business Administration receiving additional federal funds to assist small businesses. (If you have not, please contact your local Small Business Development Corporation or SBDC.) There also is movement toward additional government intervention. New York and New Jersey have already proposed legislation that would provide a Business Income-style payment to businesses domiciled in their states. There will almost certainly be some additional relief, but a whole lot of wait-and-see is needed.

What you can do: **keep detailed records of any lost income.** If you can document an average number of sales calls resulting in average sales in the month of March and that is greatly reduced, be prepared to report that. If you typically have 320 customers walk through your door in a day and yesterday you only had 12, document that. If your business is dependent on travelers, start counting how many folks from out of town are shopping with you. You get the picture.

We really wish we had more hope or better news to share with you, but we want you to be prepared for this time. Please contact us anytime for clarification on any of this and let us know how we can help you manage during the closures. Even if our offices must close, we will have our cell phones and access to email to respond to you promptly.

Peace,

Sheryl Leonard & Cheryl Ellis

Rejoice in hope, be patient in tribulation, be constant in prayer. Romans 12:12