COVID-19 Insurance Coverage and Claims

Business Interruption Challenges and Strategies
Presenters

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A COLLECTION OF ARTICLES, RESOURCES ON INSURING AGAINST THE BUSINESS RISK

Insurance Considerations & Strategies

- Policyholders’ Coverage Checklist in Times of Coronavirus, Saxe Doernberger & Vita – click here
- Coronavirus Insurance Coverage and Claims Guidance, Lockton Companies – click here
- Coronavirus Disease (COVID-19) Frequently Asked Questions, USI – click here and here
- Gallagher Report: Responding to the Coronavirus, Gallagher – click here
- Alliant Report: Coronavirus Contractor Strategy Checklist, Alliant Insurance Services, Inc. – click here and here
- What Should Construction Risk Managers Be Considering in Light of the COVID-19 Pandemic? Willis Towers Watson – click here (posted with permission from Bill Creedon, Global Head of Construction)

Quantifying Delay and Cost Impacts

Regardless of insurance coverage applicability, contractors should measure all financial impacts of COVID-19. The attachments below offer key tips to quantifying impacts from the event.

- Checklist: Documenting Project Shutdowns/Delays, Procoro Solutions + Consulting – click here
- Worksheet: Project Delay Cost Estimate, Procoro Solutions + Consulting – click here

Insurance Coverage

Insurance policies that may respond to the COVID-19 outbreak may include the following (check with your insurance broker to confirm coverages):

1. Property/Business Interruption

- Coronavirus and Business Interruption Coverage for Policyholders, Saxe Doernberger & Vita – click here
- Business Interruption Challenges [Checklist], Saxe Doernberger & Vita – click here
- Builder’s Risk Considerations During the COVID-19 Pandemic, Willis Towers Watson - click here (posted with permission from Bill Creedon, Global of Construction)

2. Workers’ Compensation Policy

- Impact of Coronavirus (COVID-19) in U.S. Casualty Claims, AON – click here

3. Environmental Insurance

- Coronavirus (COVID-19) - Environmental Insurance Coverage Considerations, Willis Towers Watson – click here (posted with permission from Robin Kellner, SVP and National Environmental Claims Director)

View All AGC Coronavirus - Risk Management Information: https://www.agc.org/coronavirus-covid-19
# Construction Project Loss/Delay checklist when impacted by Coronavirus

## Project Information

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<td><strong>Project:</strong></td>
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<td><strong>Owner / Developer:</strong></td>
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<td><strong>Time/Date (Approx.) Project Delays Began:</strong></td>
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<td><strong>Time/Date (Approx.) Project Resumed:</strong></td>
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## Project Impacts

- Prior to shut down, take ample photographs and videos to memorialize project status before closure. Slowly walk the perimeter of the site and take a 360° video of each area - Time stamps to photos and videos.
- Establish a separate Potential Change Order (PCO) in the project cost accounting system under which all Coronavirus loss-related costs will be captured.
- Identify the most recent pre-shutdown construction project schedule to memorialize status and pre-shutdown construction milestones and dates such as Temporary COO, inspections and/or final completion.
  - Pre-incident CPM project schedule(s)
  - This will be crucial when job site resumes and review of post-incident critical path schedule and impacts are compared.
- Develop a Rough Order of Magnitude (ROM) that outlines all areas of anticipated loss amounts based on a projected project delay period. Update estimates accordingly during delay.
- Identify Extra Expenses - costs above normal related to the event. Any cost or expense incurred, that would not have been incurred "but for" the event, should be tracked.
- Identify any Expediting Expenses—costs incurred once job resumes to speed up back to normal, such as overtime wages and express transportation charges.
- Identify costs related to ingress / egress delays, enforcement of laws or ordinances regulating repair, demolition, and reconstruction of damaged buildings.
- Create list to track all additional general conditions for the project related to Coronavirus impact.
  - Trade Timesheets
  - Office, trailers, overhead costs
  - Added field labor costs must be documented clearly

## Notices

- Track and compile relevant Notices, Declarations of Emergency, State or City instructions
- Track and compile relevant Notices from Owner/Client/Workers/Employees

## Impacted Subcontractors

- Instruct Subcontractors to create their own Potential Change Order (PCO) in the project cost accounting system under which all Coronavirus loss-related costs will be captured.
- Create list and track any changes in subcontractor staffing levels / workforce pre and post Coronavirus interruption by each subcontractor.
- Create a list to identify anticipated comeback, remobilization by subcontractor.
- Log correspondence related to Coronavirus (letter, notices, claims, cost proposals) from subcontractors

## Equipment

- Compile Executed subcontract or Service Agreement or Rental Agreements
- Compile invoices & lien waivers
- Compile Proof of Payment-canceled checks or ACH payments

## Narratives

- Prepare a detailed narrative / summary of job status at the time of closure

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[Procor Solutions + Consulting](https://www.procorconsulting.com)
# PROJECT DELAY COST ESTIMATE WORKSHEET

**Project Name:**

**Project Number:**

**Project Owner:**

**Project Address:**

**Current Scheduled Date of Completion:**

**Delay Start Date:** 3/15/2020

**Delay End Date:** 4/15/2020

**Total Length of Delay (Days):** 31

**TOTAL ESTIMATED DELAY IMPACT:** $ -

## ESTIMATED DELAY COSTS

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## Sample Cost Category Detail

### Direct Labor
- Project Executives
- Project Managers
- Superintendents
- Project Engineers
- Schedulers
- Estimators
- QA/QC
- Safety
- Finance / Accounting
- Administrative

### General Conditions
- Temporary Office
- Site Security
- Fencing
- Electric
- Internet & Phone
- Computers & Printers
- Waste Removal
- Toilets
Legislative/Executive Proposals on Coverage

Attempts to Void Virus Exclusions/PD Issue:
NJ, OH, MA, NY, TX (as of 3.27.20)

Cancellation/Non-Renewal
LA

Lobbying for 9/11- type Public Fund/FEMA(?)
Federal
• Establish a separate account number or charge code in your cost accounting system under which all Coronavirus loss-related costs will be captured.

• Calculate your business’ operating “baseline” – usually a 2-3 year look-back of the business performance to use for comparative purposes during the disruption period.

• Speak to your trusted business advisers, including attorneys, insurance brokers, risk management professionals and CPAs.

• Continue to monitor the news and sign up for local text alerts in your area to stay informed as the situation continues to develop.

• Keep track of all local, state or federal directives that impact your business.
Policyholders’ Coverage Checklist in Times of Coronavirus

• Assemble Your Team
• Pre-Loss Risk Management
• Define the Risk
• Be Fully Engaged with Brokers
• Prompt Notice
• Document Facts/Costs/Losses
• Be Mindful of Applicable Regulations and Laws
Coronavirus Dedicated Websites

https://www.procorllc.com/pandemic-business-resources/

https://sdvlaw.com/coronavirus_news.asp

https://www.lockton.com/coronavirus
Questions?
Latest Economic, Legislative & Regulatory COVID-19 Related Impacts on Construction

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