

SPORT TOURISM CANADA - BFL CANADA | WEBINAR

The impact of Covid-19 on the insurance industry – Before, during and after

July 16th 2020



TABLE OF CONTENTS

BEFORE

DURING

AFTER

BEFORE

BEFORE

Insurance market status since 2003

- Erosion of the rates
- Great appetite from the insurers for a wide variety of risks
- Very competitive premiums for the consumers/businesses
- More options for everyone

THE REASON FOR THE HARD MARKET

The insurance market is primarily driven by claims activity – 2017 was the most significant year on record for insured losses



\$135 billion
US

Natural disasters

\$350 billion
US

Total losses

3.9 times the
last 30 years
average

No
profitability
for insurers

BEFORE

BEGINNING OF 2019 UP TO TODAY

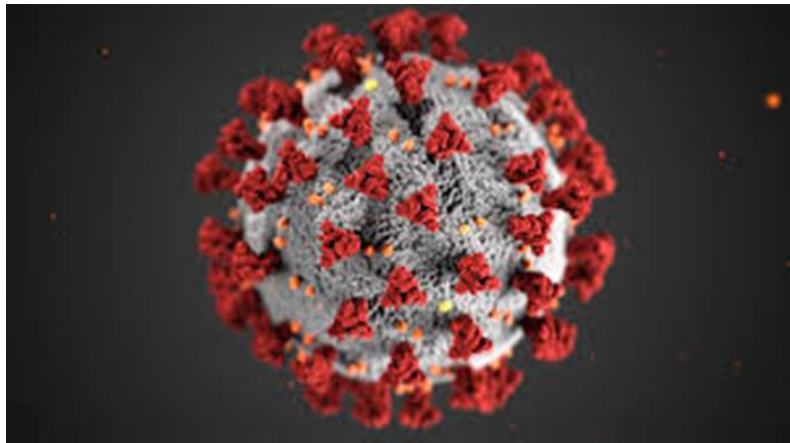
- Insurers are much more selective
- Some insurers have withdrawn completely from certain classes of risk – from certain lines
- Insurers request much more detailed information for renewals and new business
- Reduced capacity (Limits)
- Insurers are imposing additional recommendations (Loss prevention)
- Insurers are imposing new exclusions and limitations

BEFORE

SPORTS WISE

- Concussions
- Abuse and Sexual Misconduct
- High Risk Sports or Activities
- Climbing
- Trampoline

DURING



DURING

THE 3 PHASES

- Phase 1: Waiting mode
- Phase 2: Questions (Are we covered...)
- Phase 3: Return to play – reopening

PHASE 2: Are we covered - General Liability

- No insurer took a formal position or made an interpretation of their policy wording without a claim being submitted
- Liability: Various businesses may be exposed to claims from third parties alleging negligence managing the virus outbreak, that due to their negligence, resulted in bodily injury or damages to third parties
- Some policies contain exclusions for claims arising from a pandemic, virus, or bacteria which could preclude coverage for negligence claims arising out of Covid-19
- Endorsement are added at renewal or if there is a change reported to the insurer during the policy term regarding the operation of the business — To the best of our knowledge, this is all insurers

PHASE 2: Are we covered - General Liability

- Common Bodily Injury Definition: "Bodily Injury" means bodily injury, sickness or disease sustained by a person, including death resulting from any of these at any time.
- Courts have yet to take a position regarding this coverage
- BC Government issued a Special Ministerial Order to Protect Amateur Sports Organizations

PHASE 2: Are we covered – Director and Officer Liability

- Although D&O Liability policies will generally exclude claims alleging direct bodily injury or property damage to a third party, such exclusions do not tend to exclude downstream or indirect claims that are based upon, in consequence of or in a way related to bodily injury or property damage, also referred to as an “absolute” exclusion. The absence of such “absolute” exclusion is a **determining consideration** in your D&O policy providing coverage for the likely scenarios presented above, as its presence would substantially limit your policy coverage.

PHASE 2: Are we covered – Business interruption

- Business interruption coverage is usually an extension of an insurance property policy
- Coverage provided by property insurers are subject to damage to insured property by an insured peril (Physical damage)
- Business interruption coverage extensions such as denial by civil authority, extra expense and contingent business interruption also share the same caveat that damages must be from an insured peril under the policy
- The insurance industry simply does not have the financial resources to insure policyholders against the catastrophic consequences of a global risk of this magnitude

PHASE 3: Return to play - Reopening

- Follow the guidelines of your respective Province Health and Safety Authorities
- Adapt your risk and safety procedures to this new reality
- Have a complete return to play or reopening plan that should be shared with your members – Specific to Covid-19
- If needed make sure your plan is approved by competent authorities
- Provide guidance, support and training when needed to your members
- Waiver or Assumption of Risk form adapted to your activities (Seek legal counsel)
- Make sure you are in constant communication with your membership
- Make sure you communicate any changes to your broker and insurers – More is better (Example Virtual Training)

AFTER

Event Cancellation Policy

Event Cancellation typically covers additional costs and expenses or lost revenues when a planned event is cancelled, postponed, interrupted, or relocated due to unforeseen circumstances.

- Optional coverage available:
- Limited Terrorism
- Communicable Disease ***
- Catastrophic Non Appearance
- Severe weather
- Strike risk

Can be bought up to 36 months in advance – Must be purchased a minimum of 30 days prior to the event

AFTER

What's next?

The Covid-19 crisis is still very much prevalent

Keep monitoring the evolution of the your Provincial Health and Security Authorities

What to expect from the insurance market

Communicable disease exclusion to be added to your insurance policies at renewal

No possibility at this time to include Communicable disease for an Event Cancellation Policy (Covid-19, SRAS, Swine flue etc...)

Insurance rates higher fluctuation

What we hope for

Insurers to accept to add a sublimit to cover legal defense on a general liability policy related to Covid-19 procedures taken against the insured by a third parties

Return of the option to include new Communicable disease to an Event Cancellation Policy

QUESTIONS

THIS DOCUMENT WAS ISSUED BY:

BFL CANADA Risk and Insurance Inc.

2001, avenue McGill College, Suite 2200

Montreal, Quebec H3A 1G1

Sacha Vaillancourt – Commercial Line Insurance Broker

Vice-President, Unite Leader – Sports and Leisure and Film, Media & Entertainment

T. 514-315-4523

Svaillancourt@bflcanada.ca

