

# COVID-19: Insurance Implications



**Life, travel and event cancellation insurers closely engage in the rapidly unfolding global development of COVID-19 and prepare for the next few months**

**CPB Partner, Helen Tilley, comments on the insurance implications alongside local perspectives from Insuralex network member law firms in Italy, France, Spain and Japan**

The 2019 Novel Coronavirus that originated in the Hubei province of China in December 2019, and now named COVID-19 by the World Health Organisation (**WHO**), presents challenges as well as opportunities to demonstrate the underlying nature, operation and benefits of insurance cover. Currently, policyholders are likely to be showing a greater interest in the terms of their insurance cover, whether this is travel, health, life, business interruption / event-cancellation related or otherwise, in order to establish how their policy could operate in this rapidly evolving context.

The Severe Acute Respiratory Syndrome (**SARS**) outbreak of 2003 and the Middle East Respiratory Syndrome (**MERS**) that was first identified in 2012 are recent examples of the Coronavirus family that have provided valuable experience to inform the response to COVID-19 in order to contain the effects on lives, businesses and the global economy.

In response to the unfolding events, some insurers have also devised products and services to seek, in particular, to support key workers such as those delivering essential medical supplies and services.

## **Protecting against fortuitous events**

The underlying principle of insurance is that payment by the insurer shall be in relation to fortuitous events that meet the insurance contract terms. In the unfolding situation this year, there came a point in January 2020 when the circumstances were sufficiently 'known' that the unforeseen and fortuitous requirement would no longer be met. For example, in the context of travel insurance the UK insurance industry is tending to treat a date and time during the period 20 January to 25 January 2020 as the point when the then termed "2019 Novel Coronavirus" was a 'known event'. There would have been some people, with existing travel cover, who arrived in China before then, who may have become ill and whose medical expenses section of their policy could have triggered (subject to pre-existing conditions) as that event would have been unforeseen and unexpected.

The outcome of any claim will depend upon the actual policy wording, and these should always be referred to. Very broadly, where the travel policy cover had already started before the date/time selected by the insurer as the point when there was a 'known event' and the ticket/accommodation booking had already been paid then the travel policy is more likely to pay out any loss (after refund or re-schedule requests have been made). Where a package tour holiday comes within the new European Package Travel Directive of 2018, there are obligations on tour operators to offer cancellations or alternative trips for passengers affected.

If the travel insurance cover exists but the travel arrangements were booked after that date/time then losses that may arise subsequently could be foreseeable and therefore outside the ambit of the insurance contract.

#### **Elected decisions to cancel to reduce perceived risk (or to protect business reputation)**

Some travel policy customers may wish to cancel a trip due to concerns about perceived greater risk of exposure to the virus if they were to travel. However, if the Foreign and Commonwealth Office (**FCO**) has not published advice against travel or against 'all but essential travel' to that region (which is a common policy contract requirement to trigger cancellation), then the travel policyholder would be likely to be regarded as having chosen not to travel for their own personal reasons. Similarly, a corporate travel policyholder may decide to restrict travel (without there being FCO advice against such travel) with the separate aim to potentially protect business reputation as they may wish to limit the risk of their staff being infected, infecting others or simply becoming stranded in a region.

Therefore, it is sensible for travel policyholders to monitor up-to-date FCO advice on the UK Government website ([www.gov.uk/foreign-travel-advice](http://www.gov.uk/foreign-travel-advice)). In late January 2020, the FCO advised against 'all but essential travel' to China and this has since been extended so that as of 8 March 2020 the FCO also advised against 'all but essential travel' to certain areas of northern Italy and (to varying degrees) parts of South Korea.

Another useful source of information is the European Centre for Disease Prevention and Control ([www.ecdc.europa.eu](http://www.ecdc.europa.eu)) that publishes a weekly bulletin known as the ECDC Communicable Disease Threats Report (CDTR) for epidemiologists and health professionals on active public health threats (the latest being for the period 1-7 March 2020).

## Relevance of the Distinction between Death by Sickness and Accidental Death

Travel policies typically contain a section for Personal Accident insurance cover and these normally include a relatively modest sum assured for 'accidental death benefit'. However, if the proximate reason for an insured person's unfortunate death was due to COVID-19 this would likely be regarded as death due to sickness, and therefore not covered under the Personal Accident section, as that situation would not solely be due to accidental death during an insured trip.

The same principle would apply to standalone Personal Accident cover that a person may have taken out for themselves or may have under a Group Scheme arranged by their employer. The general principle is that death by sickness does not have the unforeseen/unexpected element.

A person may have Group Life Assurance as an employee benefit that covers fatalities for a wider range of circumstances, whether this is injury or sickness related, and a person may have taken out their own life assurance policy, for example, to protect their responsibility to pay their mortgage.

In the UK insurance market, death by sickness cover can only be provided by life insurers. Personal Accident insurance (which can provide cover for accidental death) is categorised as general insurance for UK regulatory purposes, whereas life / protection insurance is regulated separately and has a separate tax regime in the UK as long-term insurance business is regarded as needing greater customer protection.

Other regulatory issues can potentially arise as some jurisdictions require that their residents are only insured by local insurers in certain circumstances. However, if issues of regulatory permissions occur a common approach is that insurers should pay if a claim arises during the period of insurance, although it transpires that they were not permitted to provide such cover.

Whereas in the UK a pandemic is not regarded as an 'accident' but rather an accumulation of deaths due to sickness, some other jurisdictions regard pandemic as coming within the ambit of their insurance, which can impact upon customer expectations.

Typically, pandemic risks are not within standard insurance cover, but may be available under an extension. Therefore, the terms of the specific policy should be considered. For instance, a 'communicable disease' extension to an event cancellation policy could be feasible, but the extension would have needed to have been taken out prior to the outbreak.

## The Role of the WHO

On 31 December 2019, the Chinese Government notified the WHO of the outbreak and during January 2020 the developing story appeared increasingly in global news reports. By 30 January 2020, the WHO declared the outbreak of COVID-19 as a public health emergency of international concern.

The WHO's role is to direct and coordinate international health within the United Nations system. By 12 February 2020, 400 experts and funders had met at the WHO Geneva headquarters. With its focus being on prevention, detection, treatment and mitigation the WHO provides support through technical guidance, materials support and training of health care system personnel. As an example, between its launch on 25 January 2020 and 22 February 2020, about 11,000 African health workers had trained using on-line courses on COVID-19 via the WHO website, as part of the plan to prepare potentially more under-resourced regions.

The WHO has designated pandemic phases numbered 1 to 6, followed by a post peak and post pandemic phase, to enable it to plan and implement appropriate responses where there is an outbreak. As stated above, pandemics are regarded within the insurance industry as an accumulation of deaths by sickness, and the required triggers should be clearly specified in the policy contract.

As of 6 March 2020, the WHO published a situation report on the outbreak, including incidence and an epidemic curve<sup>1</sup>.

On 2 March 2020, the European Centre for Disease Prevention and Control (**ECDC**) published its fifth update for its Rapid Risk Assessment.<sup>2</sup> The ECDC reported at that time that *“about 80% of patients have mild to moderate disease (including non-pneumonia and pneumonia cases), 13.8% have severe disease and 6.1%....respiratory failure, septic shock, and/or multiple organ dysfunction/failure). Individuals at highest risk for severe disease and death are people aged over 60 years of age and those with underlying health*

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<sup>1</sup>[https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200306-sitrep-46-covid-19.pdf?sfvrsn=96b04adf\\_2](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200306-sitrep-46-covid-19.pdf?sfvrsn=96b04adf_2)

<sup>2</sup><https://www.ecdc.europa.eu/sites/default/files/documents/RRA-outbreak-novel-coronavirus-disease-2019-increase-transmission-globally-COVID-19.pdf>

*conditions such as hypertension, diabetes, cardiovascular disease, chronic respiratory disease and cancer. Disease in children appears to be relatively rare and mild”.*

### **Learning About Transmission and Development Efforts for a Vaccine**

Observations are on-going as to how it spreads, whether transmission changes and what protection measures are best, but transmission appears to be mainly via respiratory droplets that people sneeze, cough or exhale. The virus can also survive for several hours on surfaces such as door handles, which has prompted the current hygiene awareness campaign.

By 11 January 2020, whole genome sequences for the virus had been shared by China with the WHO and the research community, so that research on diagnostic kits and a vaccine could be carried out across the globe.

The UK was one of the first countries outside China to have a prototype lab test for the virus. After the SARS outbreak in 2003, Public Health England had developed a series of tests to detect members of the Coronavirus family, and this also enabled the first case of MERS in the UK to be detected in 2012.

However, realistically the development, clinical trials and testing required before the release of a vaccine to the market could take at least a year.

### **Protecting and Supporting Key Workers and Initiatives Supported by Insurers**

Some insurers in different regions of the world have been trying to help key workers in various ways such as one off payments to health care staff who provide delivery transport for essential medical supplies and services, if hospitalised or quarantined.

### **Latest Statistics in the UK**

On 31 January 2020, the first two cases of COVID-19 were confirmed in the UK. As of 9am on 9 March 2020, 319 of the 24,960 people tested in the UK had been confirmed positive, and three of those had sadly died, with the death rate expected to increase. However, the Health Protection (Coronavirus) Regulations (SI/2020 No.129) have been put in place in readiness for enhanced delay and containment measures, should they be required.

**Italian Perspective (by [Alessandro Giorgetti](#) of Insuralex member firm – Studio Legale Giorgetti)**

On 31 January 2020, two Chinese tourists (who arrived at Milan Malpensa Airport on 23 January) and then travelled to Rome on a tourist bus tested positive for COVID-19 virus and were immediately hospitalised and successfully treated so that they were able to safely repatriate. Following this first evidence of the virus in Italy, on 21 February 2020, a number of cases were detected in Lombardy. Italy's first death was reported the same day. Subsequently, the situation has worsened.

As of early March, Italy was hit harder by the COVID-19 outbreak than anywhere else in the EU, to the point that, on 8 March 2020, the Italian Government enacted a Decree<sup>3</sup> imposing a forced quarantine for the entire region of Lombardy and multiple other provinces in Piedmont, Veneto, Emilia-Romagna and Marche. About 16 million people have been included within the so-called 'Red Zone'.

The urgent measures for the prevention of contagion imposed by Article 1) of the relevant Italian Decree for interested territories provides draconian provisions in the hope of limiting the contagion; notably:

- all congresses, meetings and social activities are suspended;
- all public and religious events or private events with potential crowding are suspended, if not able to guarantee compliance with the safety distance of at least one metre between people;
- sporting events ('Red Zone' excluded) will be held behind closed doors until 3 April 2020;
- physical activities in gyms, swimming pools, sports centres, wellness centres, spas, cultural centres, social centres and leisure centres are all suspended for the entire period foreseen in the Decree, even if they were able to enforce the safety distance;
- all didactic activities in schools, universities and academies of all levels are suspended, similarly for educational trips and "distance teaching methods" shall be activated;
- prohibition to grant and immediate suspension of holidays/leave for all medical or nursing staff necessary to run the COVID-19 regional crisis units, emergency rooms and intensive care;
- explicit reference to "smart working" that can be expected by any employer (even in the absence of pre-existing agreements) and suggestion to the employer to have their employees take part of their holiday/ leave during the period 8 March 2020 to 3 April 2020;
- on festive and pre-holiday days, shopping centres' sales activities are limited and subject to the safety distance of at least one metre between people, otherwise prohibited;
- restriction on public entry to certain elderly care facilities;

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<sup>3</sup>See the Italian Decree (n.11 on date 08.03.2020 published into the O.J. n.60 on date 08.03.2020) at [http://www.governo.it/sites/new.governo.it/files/DPCM\\_20200308.pdf](http://www.governo.it/sites/new.governo.it/files/DPCM_20200308.pdf)

- finally, the Italian Decree includes criminal punishments for violation of Article 650 of the Criminal Code<sup>4</sup> for anyone caught entering or leaving the territory of the forced quarantine or breaching any of these provisions.

These measures, although aimed at containing COVID-19, are very likely to have a negative effect on the social and economic life of the affected Italian territory. This is a case of force majeure and the sanctions imposed for the non-respect of the cancellations, due to a legitimate authority order, make it clear that the Italian Decree is a rule of internal hygiene public order.

This poses some problems in respect of a number of insurances such as event cancellation, life, health insurance and medical expenses and/or loss of revenues that are often included.

Insurance covers loss events if the risk insured against is the proximate cause (i.e. the direct or dominant trigger) of the loss. From an Italian perspective, whether COVID-19 falls within the description of insured perils under a policy contract and is the proximate cause of the loss or injury suffered, will depend on the relevant policy conditions or exclusions.

Clearly, in a situation of forced cancellation due to the Public Authorities Decree the organiser, and its insurer/s, can rely upon the force majeure defence, arguing that the proximate cause has been the Decree and not the illness, notwithstanding that the price paid for the event shall be timely returned or the service re-scheduled at a later stage and the insurer remains at risk to indemnify the hoped-for profit or the non-refundable cost incurred.

These general principles will need to be applied and checked in respect of each insurance contract because some of them might have provisions that include specific cancellations due to public order and legitimate orders of the Public Authorities, in which case the entirety of the cancellation economic burden will fall under the Italian policy contract.

For the moment, due to the novelty of the Italian Government 8 March 2020 Decree, no insurance claims have been known to have been notified, but some recent events might lead to requests for indemnities from, for example, insured sports teams.

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<sup>4</sup> Under Article 650 of the Italian Criminal Code, “Anyone who does not comply with a provision legally given by the Authority for reasons of justice or public safety, or of public order or hygiene, is punished, if the fact does not constitute a more serious crime, with prison of up to three months or with a fine of up to two hundred and six Euros.”

The health emergency led the authorities to decide to continue the football championship with all matches in Serie A to be held 'behind closed doors' until at least 3 April 2020. This means that all 20 Serie A teams in Italy will play at least one game in the next month with an entirely empty stadium: the overall figure relating to the loss of revenue for lack of ticket sales is estimated to be equal to 28.6 million Euros. The economic stress for the football teams might lead to claims under their 'Prize indemnity insurance' or any other form of indemnities connected to the value of their team roster.

A consideration from Italy is that foreign sportspeople might want to rescind, or maybe even breach, their contracts under a COVID-19 psychosis, and that might potentially be a source of claims under the relevant insurance policies.

In respect of life insurance, major problems are expected in Italy in determining if the death should be considered as the proximate cause of the fatal event or if it should be regarded as an aggravating element of a pre-existing condition. The average age of Italian patients who have died following a positive test for COVID-19 is 81 years. In Italy, the fatalities have mostly been male (with women comprising 26.7% (28)) and in more than two thirds of cases they had three or more pre-existing conditions<sup>5</sup>. It is evident, therefore, that in all these cases COVID-19 might be a contributing factor but the claim could be contested by insurers due to pre-existing conditions, depending upon the policy wording.

This epidemic will also pose issues for health and medical expenses in Italy along with connected loss of revenues in Italy. The question of whether these insurances are triggered by COVID-19 is difficult to determine at present and the problem shall have to be addressed and resolved looking at the specific policy wording(s). In general terms, COVID-19 should fall within the usual scope of these Italian insurances. Thus, the illness itself and any private tests, treatment and drugs not provided by the National Health Service or privately bought as an alternative when the Public Structures were unable to provide the relevant assistance and treatments, should fall under the coverage of these insurance contracts. The problem here is caused by the Decree providing that any infected person who does not need to be hospitalised must remain in his house, confined in a specific room, with a series of precautions not to infect the other family members. In this case, if the infectious person were to pursue a claim for the expenses incurred privately for his/her tests, treatments and drugs, then all these costs could legitimately be reclaimed under the medical expenses insurance and the period of insurance indemnified, if the policy contract provides indemnity for temporary disability. However, in that instance insurers will look to establish whether the claim was actually due to COVID-19 or has the causation link been interrupted by the

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<sup>5</sup> An analysis of 105 Italian patients' data, who died up until 4 March 2020, which was conducted by the Istituto Superiore di Sanità (the Higher Institute of Public Health at the Ministry of Health).



Government Decree of 8 March 2020 directing the contaminated person to remain at home. In fact, without the Decree the person might eventually have been hospitalised and the cost might have been absorbed by the National Health Service and not by the Insurers.

Another problematic aspect of this virus is in respect of the loss of revenues indemnities that some insurances provide for. Was any loss of revenue due to the (underlying) illness or due to the public COVID-19 psychosis that caused the recovered person to remain at home for fear that he/she could still be infectious. Here again, much will depend on the policy wording and the facts that the insured can substantiate and prove in support of his/her claim.

As both the virus outbreak and the 8 March 2020 Government Decree are novel, it is hard to try to predict what impact they will have upon the insurance market in Italy. Certainly, the defensive argument of force majeure, based on COVID-19, and on the internal hygiene public order, based upon the 8 March 2020 Government Decree, if properly adapted, might help in minimizing the extent of the impact of this epidemic for Italian Insurers.

#### **French Perspective (by [Jean-Marie Coste-Floret](#) of Insuralex member firm – SCP Soulie & Coste-Floret)**

On 24 January 2020, COVID-19 arrived in Europe, when the very first case in France was diagnosed in Bordeaux. It involved a 48-year-old Frenchman who returned to France from China. Since then the epidemic has rapidly spread in Europe and in France different clusters have been identified in areas such as Oise Region, Brittany, Hauts-de-France and, more recently, Ajaccio (Corsica).

Given the epidemic nature of this virus, several public policies were adopted either regionally, to treat specific clusters and to adapt to local issues, or nationwide when appropriate. These measures are adapted on a daily basis. For example, in regions identified as clusters, schools have been closed whereas they remain open in most of the French Territories.

In addition, pursuant to a Decree of 4 March 2020, on all French Territories, any meeting or gathering of more than 5,000 people in a closed area was forbidden until 15 April 2020. On Monday 9 March 2020 this was extended to any meeting or gathering of more than 1,000 people.

In the meantime, many events have already been cancelled such as the last day of the Agricultural Show, the Paris half-marathon, the Book Fair and the concerts of Maître Gims and Matt Pokora. It has also been

announced that the Paris Saint-Germain / Dortmund Champions' League match will take place without any spectators. Therefore, the economic impact of such epidemic may be severe.

From a legal perspective, consequences of COVID-19 essentially relate to contractual issues linked to the application (or not) of penalties, for non-performance, delay or termination. If actions, inactions or decisions are motivated by public health measures linked to COVID-19, they should be assimilated to force majeure, particularly regarding "public contracts" i.e. contracts in relation to public services as well as contracts concluded with public entities. However, the question remains for all other contracts and business relations - and especially public procurements; the French Minister of Economy, Mr Le Maire, announced on 28 February 2020 that this virus will be considered as a case of Force Majeure, justifying the *"inapplicability of penalties in the event of late execution of contractual services"*.

Force Majeure also seems to be able to be retained in private law contracts in application of article 1218 of the Civil Code, which provides:

*"In contractual matters, there is force majeure where an event beyond the control of the debtor, which could not reasonably have been foreseen at the time of the conclusion of the contract and whose effects could not be avoided by appropriate measures, prevents performance of his obligation by the debtor. If the prevention is temporary, performance of the obligation is suspended unless the delay which results justifies termination of the contract. If the prevention is permanent, the contract is terminated by operation of law and the parties are discharged from their obligations under the conditions provided by articles 1351 and 1351-1."*

Application of this text, however, requires establishing that the COVID-19 epidemic made it *impossible* to perform the contract.

As for tourism, the applicable regime is that decreed by the European Directive 2015/2302 of the European Parliament, transposed by the Ordinance of 20 December 2017 in France and applicable to contracts concluded after 1 July 2018. It does not cover the notion of force majeure as it exists in ordinary law, but that of *"unavoidable and extraordinary circumstances"* defined as being *"a situation beyond the control of the party who invokes such a situation and the consequences of which could not have been avoided even if all reasonable measures had been taken"*.

Recommendations published by the Ministry of Foreign Affairs for travelers, and regularly updated, will be decisive in assessing whether or not penalties are applied in the case of cancellation of a stay by a travel agency and/or its client.

In view of previous case law, it can be considered that only trips in so-called "at risk" areas could fall under the concept of unavoidable and extraordinary circumstances justifying cancellation.

Furthermore, as for travel insurances under French law, risks of epidemics/pandemics are generally excluded from cancellation guarantees subscribed by the insured. Only the insured's illness is usually covered, which would imply that the insured is infected, even if a debate could exist for the insured who would be quarantined.

As for other professional risks, non-life insurance conventionally contracted for by companies generally cover operating losses and additional costs resulting from insured material damage and/or consequent upon named events that do not encompass epidemic risk/pandemic. All-risk policies generally exclude epidemic or pandemic.

Cancellation guarantees for risks linked to pandemics and/or administrative prohibitions therefore constitute specific risks, which are insured by subscribing to guarantees specially providing for a specific event and in return for the payment of adapted premiums.

In practice, only organisers of major events will contract those type of guarantees as redemption of pandemic/epidemic risk is costly for the insured.

Ultimately, in this rapidly changing environment, all matters will need to be reviewed on a case-by-case basis having regard to the policy terms and conditions; it being highly likely that significant debates as to the application of specific wordings will arise.

### **Spanish Perspective and Event Cancellation (by [José Garzón García](#) of Insuralex member firm – Belzuz)**

Spain is currently undergoing a gradual expansion of COVID-19. The Spanish Government is continuously assessing the differing scenarios advanced by their health experts in coordination with other European Union member states. Likewise, a package of financial measures is being prepared in order to mitigate the foreseeable impact on various industries and the broader Spanish economy.

As in other European countries, in Spain, insurance policies (such as travel, life and healthcare) give no coverage to 'exceptional phenomena' such as armed conflicts, civil unrest, extreme weather events, pandemic or epidemic. However, in order to ascertain if coverage can be rejected by insurance companies, an epidemic alert would need to be declared by healthcare authorities. At present, the Spanish Government is refusing to consider a scenario where the disease spreads in an uncontrolled manner. Insurance companies are bracing themselves for any exclusions of coverage to be challenged.

At the very beginning of the COVID-19 outbreak in Spain, the World Mobile Congress (**WMC**) was about to take place in Barcelona. The WMC is the most important technology exhibition worldwide. It is not only a crucial international event for the industry, but also a source of economic revenue for the host country.

The organisers decided to cancel the WMC alleging that safety of participants could not be guaranteed in a 'coronavirus outbreak context'. At that time, 12 February 2020, there were only two cases reported in Spain, none of them in Barcelona or in the nearby area. The WMC asserted suspension of the event was by way of 'force majeure' in order to avoid compensation being paid to the participants. Insurers refused to pay any compensation as (i) the decision to suspend the WMC was unilateral and, not forced, and (ii) if an epidemic context was to be considered, no insurance policy would cover an exceptional phenomena as such. It is anticipated that the WMC organisation will receive numerous claims for losses arising in relation to healthcare assistance, accommodation etc.

The main issue regarding insurance and the cancellation of public events in Spain relies on the general principle known in Spain as "*solve et repete*", according to which, insurers may be forced to pay compensation to prejudiced third parties even if there is an exclusion of coverage. Afterwards, insurers can file a return action against the insured party. The onset of the COVID-19 outbreak is so recent that it is extremely difficult to make any informed predictions as to its impact upon the insurance industry but it is anticipated that there will be wide-ranging insurance implications sooner, rather than later.

#### **Japanese Perspective (by [Tomoki Debari](#) of Insuralex member firm - Anderson Mori & Tomotsune)**

After the implementation of the Japanese Government's emergency counter-measures to prevent a wider spread of the coronavirus (including temporary closure of schools in Japan), there have been various legal issues, such as:

- Business interruption issues (sports and cultural events being cancelled) and associated insurance coverage (in most cases, the coronavirus outbreak falls under exclusion of coverage);

- Application of 'force majeure' provisions (or other exemptions from liability) where the obligor is unable to provide services as originally agreed;
- Unfair competition law issues where sub-contractors are forced to accommodate unfair requests of principal contractors, and
- Labour law issues (e.g. those associated with 'smart work', where employees may work from home using secure remote access, whereas companies at the same time have to implement adequate control and supervision over such employees; compensation during forced leave where employers instruct employees to stay at home for a certain period after they come back from overseas business trips).

### CPB Summary of Overall Comments

As of 9 March 2020, with Cannes due to host their Film Festival between 12 May – 23 May 2020 when 200,000 typically pass through the area and Tokyo due to host the 2020 Olympics during 24 July – 9 August 2020, attention shall remain focused on how the outbreak unfolds worldwide.

The core principle of insurance is that it is designed to respond to fortuitous / unforeseeable events. Whilst the outcome of any claim will depend upon the actual policy wording, and these should always be referred to, key issues that shall need to be considered include:

**Travel:** whether cancellation of a trip is due to elected choice (which is not covered) or is triggered by the requisite organisation's advice against all travel to the named country/region or against 'all but essential' travel.

**Medical:** whether the insured person who falls ill whilst travelling had taken out travel health insurance before COVID-19 was a known event and did not contravene the requisite travel advice.

**PA (accidental death) and Life cover:** Personal Accident cover for deaths is not designed for this type of scenario as it would likely to be regarded as death by sickness. Life cover is primarily designed for deaths arising from wider scenarios whether this is sickness or injury, but exclusions can apply.

**Cancellation:** Standard event cancellation policies would typically not cover pandemics, but some have 'communicable disease' extensions. However, such extensions would need to be in place before the outbreak was known.

With the global number of confirmed cases of COVID-19 having passed 100,000 as of 7 March 2020 and the Italian Decree of 8 March 2020 implementing lockdown of about 16 million people across the 'Red Zone' of Northern Italy, this particular Coronavirus outbreak surpasses the previous incidents of SARs which caused more than 8,000 cases in 33 countries over a period of eight months (but had a higher fatality rate) and of MERS which, since 2012, caused more than 2,400 cases in 27 countries, including just over 900 deaths.

The insurance industry has prior experience of dealing with claims arising from such outbreaks. However, the sheer scale and extent of COVID-19, and the resultant insurance issues that will (inevitably) arise, is sure to test the industry in the weeks / months ahead.

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**Helen Tilley**  
Partner

T: 0203 697 1910  
M: 0771 773 3865  
E: [helen.tilley@cpblaw.com](mailto:helen.tilley@cpblaw.com)

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