

Potential Coverage Implications and Guidance for Responding to Coronavirus (COVID-19)

Aerospace

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Gallagher

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The COVID-19 virus is causing massive business disruption globally. Understanding the scope and limitations of aerospace insurance policies is key to knowing how to proceed during this uncertain time. Gallagher is committed to advocating for our customers by sharing relevant information and maintaining partnership. This report is designed to help your organization better utilize our your team in the months ahead.

How can my aerospace insurance specialist help?

As day-to-day aerospace business activities slow down and, in some cases, come to a complete stop, Gallagher is working with all of our clients to help provide premium relief or coverage flexibility as feasible. Although every situation is different, Gallagher is advocating on behalf of our clients with underwriters in an effort to obtain premium credits to help them balance their budgets.

What are the coverage implications regarding pilot currency, pilot training and pilot medicals?

The Federal Aviation Administration (FAA) has granted several exemptions to air carriers and/or operators and their respective crew members and ground personnel related to time frames for training and qualifications, subject to Title 14 Code of Federal Regulations (14 CFR) part 121 and 135. While insurers are generally recognizing and allowing for these exemptions, even if they are in conflict with the terms and conditions of their insurance policies, Gallagher suggests that you contact your insurance representative to discuss any deviations. Insurance policy requirements for crew member and ground personnel training, qualifications, and medical and/or drug testing certificates are often more stringent than FAA minimum requirements.

What if my aircraft is not flying or out of service due to COVID-19 and pleasure travel restrictions?

On a case-by-case basis, insurers may sometimes agree to premium credits on aircraft hull and liability insurance policies. The actual credits, (if any), are typically a percentage (e.g., 50% of the annual premium, prorated for the actual number of days on layup or ground status, subject to a minimum number of consecutive days out of service) of the annual ground and flight insurance premium. Credits are obtained through retrospective premium layup credits or by placing aircraft on ground not in motion or ground not in flight status. For further information, discuss with your insurance representative.

How is workers' compensation coverage affected?

As payrolls decrease due to a reduced need for workers, Gallagher continues to advocate on our client's behalf to reduce the projected payroll and adjust the premium accordingly in the middle of the policy period.

Compensability for workers' compensation will likely depend on whether or not the disease/illness is considered occupational. In order for it to be compensable, the disease would have to be contracted during the course of employment and due to conditions specific to the employee's work (e.g., occupations in healthcare treating infected COVID-19 patients, or first responders who transport sick individuals to hospitals or healthcare sites). Otherwise, a communicable disease that affects the public will not usually be considered a workers' compensation claim.



How is Gallagher helping with claims mitigation?

As the impacts on the industry increase because of COVID-19, many will inevitably experience a claim or loss. Because this is such an unprecedented event, there are still many questions regarding whether certain policies will respond to future losses.

Our recommendation to all of our clients is that if you are experiencing a loss or claim, you should report that loss or claim to the appropriate insurance carrier for determination on coverage. As with any claim or event that affects your business, recordkeeping and documentation are extremely important. Tracking and documenting developments, including actions taken by federal, state and local government authorities, as they occur assists in establishing a timeline of critical events. This is particularly important as gathering the necessary information later can become more difficult.

Prompt reporting of claims to insurance companies is essential in obtaining the most desirable result. You can find contact information for a number of insurance carriers to report a claim [here](#).

Are there any policies that may cover this event?

Many liability policies have some form of pollution exclusion that relates to the escape, release, or dispersal of contaminants or irritants of any kind. Careful review of the policy's coverage terms and conditions is necessary to determine whether the exclusion applies. Additionally, umbrella and/or excess liability policies will contain a separate pollution exclusion, and may also contain a communicable disease exclusion. How the insurance industry responds to the first claims will create a precedent that other carriers will likely follow.

Pollution policies (or coverage endorsements) may reveal opportunities for payment of cleanup costs for contamination by virus.

How is Gallagher responding to the crisis?

Gallagher is committed to providing the most accurate information and coverage guidance for our customers. In this time, as companies look for clarity, we will continue to provide honest information based on facts and transparency with the goal of helping you navigate through these uncertain times.



Your Gallagher team continues to monitor this evolving situation through the CDC and the WHO. Please visit ajg.com/us/pandemic-preparedness for the latest information, or contact:

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