

Coronavirus (COVID-19) – Frequently Asked Questions

RSA Commercial Insurance Broker

In these times of uncertainty and constant change, we're doing our best to support you. We've compiled a list of FAQ's to help address your questions and needs.

March 26, 2020

First things first...

Q (1): Is there any change to RSA's current Underwriting practice?

A (1): There are no changes to our New Business flow-through or our Underwriting practices at this time. We are open for business and will continue to handle any challenges as required.

We are mindful that more time may be required to respond to requests when we are following up on requirements for Underwriting information. We understand that these are unprecedented circumstances and our teams are committed to exercising the required patience needed.

Q (2): In the event there is a delay in issuing new business or renewals due to the extenuating circumstances taking place related to COVID-19, how lenient will RSA be around holding coverage or issuing extensions? Delays could include not being able to get a hold of the customer, a customer not able to make certain maintenance requests or waiting for outstanding information.

A (2): While there are no changes to our New Business flow-through or our Underwriting practices at this time, we recognize that accommodations relating to COVID-19 may be required.

If there is a delay in issuing renewals, RSA will review on a case by case basis to determine if it is appropriate to hold coverage and provide extensions.

Q (3): Will there be a change to how policies are cancelled at renewal or midterm based on underwriting decisions?

A (3): No. All cancellations or non-renewals for underwriting reasons will continue to be processed as business as usual (BAU). If a cancellation can be attributed to COVID-19, we will entertain exceptions on a case basis, however, if the policy is cancelled for unrelated reasons (ie. underwriting), we will proceed as usual.

Q (4): How will RSA treat the Declaration of Emergency Endorsement?

A (4): At this time RSA Canada is NOT automatically extending the Declaration of Emergency Endorsement to all renewals. The majority of our policies will continue to be issued and policyholders will receive their renewals and continue coverage. For cancellations where the policyholder demonstrates they were impacted by the emergency, we will consider the specific request on a case by case basis.

The majority of our policies will continue to be issued and policyholders will receive their renewals in the usual manner.

Q (5): How are Direct Bill payments being handled? What is RSA doing about cancellations for non-payment? How are NSF charges being handled? Are there alternate options?

A (5): Our teams are fully staffed and customers and brokers should call to discuss any concerns with payment and cancellations as they relate to COVID-19.

For cancellations where the policyholder demonstrates they were directly impacted by the emergency, we will be taking the approach on a case by case basis. Brokers should be contacting their underwriters to discuss specific policies.

Letters are being produced notifying customers of non-payment or non-renewal due to non-payment. Our standard letter wording is under review including the possibility to include wording specifically related to COVID-19.

NSF

As government restrictions continue to impact the personal household finances of Canadians, including our policyholders, With respect to **Non-sufficient Funds (NSF)** fees, as government restrictions continue to impact the personal household finances of Canadians, including RSA customers, **we have made the decision to waive our fees for NSF until further notice for all Personal and Small Commercial policies. All other commercial policies will be considered on a case-by-case basis.**

Q (6): Are there any changes to how we will deal with Property/ Liability/ Fleet/ EBI surveys/inspections?

A (6): Yes.

RSA Risk Control Services team: With immediate effect, we have decided that all external surveys/inspections will be suspended until further notice.

There may be exceptional circumstances in which a survey/inspection cannot be postponed to a later date. We are working on this at present and will advise once we have landed on a solution. We will review over next few weeks and change/adjust plans as necessary including extending the suspension period for site visits.

External Risk control consultants: Working with our partner vendors, we have temporarily suspended in-person commercial surveys and are reviewing our options with respect to obtaining key underwriting information.

Property

Q (7): Is there any coverage under RSA's standard property policy related to COVID-19 for Business Interruption including civil authority and ingress/egress?

A (7): Standard business interruption policies require some form of property damage to apply. As a result, even where a business is shut down due to a government edict, there would be no cover. RSA's Core Wordings require there be direct physical loss, destruction or damage to insured buildings or contents at an insured premises caused by an insured peril in order to trigger coverage.

Civil Authority: This clause requires there be damage to neighboring premises by a peril insured that causes a civil authority to prohibit access to your property. There would be no coverage related to COVID-19 as there is no physical damage present to trigger coverage.

Ingress/egress: Coverage requires there be direct physical damage by an insured peril that prevents access to or from the insured premises. The damaged property must not fall within excluded property under the policy; as with civil authority COVID-19 would not constitute physical damage so this clause would not be triggered.

Q (8): Is there any coverage under RSA's property policy related to COVID-19 for Contingent Business Interruption (CBI)?

A (8): CBI coverage is meant to protect against economic losses stemming from supply chain disruptions resulting from physical damage on the premises of a named supplier of the insured meaning disruptions due to COVID-19 would not be covered. RSA wordings all require there be insured physical damage to trigger coverage.

Q (9): How is RSA handling with Vacant/ Unoccupied/ Idle facilities?

A (9): RSA's standard wording provides 30 days of coverage automatically; for those areas of the country where businesses are being forced to close we will allow an additional 30 days (60 days in total), for vacant or unoccupied risks during this pandemic. Claims are being apprised of this extension to the standard policy for vacancy or un-occupancy.

Construction Sites are addressed separately; currently these are still considered essential. Should this change, we will be flexible in incorporating similar considerations.

There remains an expectation that customers take action to protect their property as best they can; RSA has developed tip sheets with best practices on how customers can protect their vacant and unoccupied/idle risks which are available for download at any time. We advise that you share these tip sheets with your customers. As things change we will revisit and reassess as needed.

Q (10): How will RSA deal with requests for removing or reducing coverages to reduce premiums?

A (10): It is always advisable that business coverage be maintained as things can happen to idle locations and in many cases liability is still at risk. The appropriateness of coverage deletion will be assessed and explored on a case by case basis by our Underwriters.

Q (11): Is there any coverage under RSA's property policy related to COVID-19 for Outbreak Extra Expense?

A (11): Outside of SME business, this is not a standard policy cover. If the shutdown of the premises was due to the civil authority request for non-essential business activity to cease then there would not be coverage under the policy. If, however, the business was closed due to a confirmed case of the virus being present at the insured's premises and a civil authority shut it down, our claims team will conduct a thorough review and proceed as appropriate.

Q (12): How is the best way to deal with a Builder's Cessation Clause?

A (12): Currently, the RSA standard wording restricts coverage if a site is idle for 30 days which should remain. Brokers must notify RSA on circumstances related to impacted construction sites including some details that would help us underwrite the exposures moving forward. We will deal with these on an individual case basis. Our underwriters will be requesting verification of some or all of the information listed here:

1. Risk characteristics and risk management required to keep coverage in place for a vacant or idle construction site:

- Weekly site visits (perimeter walks, documented site visit records with photographic evidence)
- Trespassing signs posted
- Strict security requirements (restrict site access, fenced in area must be closed and locked, buildings locked, CCTV cameras on entrances and key areas, watch service personnel on site in some cases)
- Additional active and operational lighting in entrance areas
- Ensure materials/equipment have been removed from project site to secured area
- No temporary heating (open flamed) in service but standard building heating in place as necessary
- Water mitigation controls/wind exposure controls/flood damage mitigation techniques
- Wrap-up – additional walks around premises for liability, secured hoarding (pedestrian cover areas)
- Unique considerations dependent on what stage construction is at & size of project

2. How do we deal with standard endorsement and provide flexibility in coverage?

- Broker to contact RSA underwriter advising of potential delay greater than 30 days
- Underwriter provides the above risk characteristics list
- Upon receipt and review, underwriter accepts the information, and “waives” the 30 day requirement
- Once waived, on a case by case basis, we need to confirm:
 - Do we endorse extending policy to a period greater than 30 days
 - Do we endorse the policy removing the period of time clause completely
 - Do we not endorse the policy at all, rather, noting the file of our agreement, and in the event of a claim, advise claims accordingly

As a reminder, once a project reaches 30 days of inactivity, the policy does not get cancelled. However, in the event of a claim, the claims adjuster would traditionally determine if there was a stoppage greater than 30 days. If there was, we would have ability to deny claim.

Liability

Q (13): Does RSA standard policy wordings include or exclude liability that might arise from a communicable disease?

A (13): With respect to RSA base CGL forms (57300, 57700, 57400), we do not have a specific exclusion for Communicable Disease; however, depending upon the allegations of a given claim, other base exclusions may apply.

For any claim as a first step, allegations must fall within the insuring agreements, i.e. bodily, property damage, etc. for which the insured is legally obligated. Movement beyond the insuring agreements would be dictated by the exclusions, conditions and definitions.

Q (14): How is RSA handling requests for reduction in coverage including reduction in projected revenues/fees, cancellation, or change in exposure?

A (14): Given the current situation, customers are understandably looking for areas of cost reduction and potentially new avenues of revenue stream. For all change requests, we will continue to underwrite according to standard underwriting practices, guidelines and authority.

Coverage reductions (usually limits for GL) and cancellations, are not likely in the best interest of insureds, and thus not recommended. In order to proceed with any change requests, we will need to obtain written confirmation from brokers that the ramifications of the coverage change have been clearly outlined in writing to the insured.

RSA will not be making any mid-term adjustments based on declined exposure. The usual underwriting practice associated with premium adjustments is to apply, i.e., on expiry of a policy term.

Automobile

Q (15): The client is changing their operations mid-term as a result of the changes in the economy? For example, a common carrier is expanding the radius of their operations from 160km to 500km to haul more cargo.

A (15): Inevitability in these challenging times our customers will adapt in order to keep operating or take advantage of emerging opportunities. Each situation will be managed on a case-by-case basis by our Underwriters.

Q (16): The client has advised they are parking a number of vehicles as a result of a drop in business. How does this affect Auto 21B policies?

A (16): Midterm 21B policies will be adjusted at the policy term as per the wording and standard procedure.



We are here for you during this time. For more information or any other questions, please contact an Underwriter.