



## The Effects of Covid on the Insurance Industry

With COVID-19 nearing its second year of being a part of our collective consciousness, it has continued to become evident that the virus is here to stay, and the changes it forced onto many industries are as well. Although insurance, as a whole, has largely been able to adapt to the necessity of remote working, it has not been exempt from overcoming challenges specific to the pandemic.

While there is no definite end to COVID-19, the insurance industry is prepared to reflect on the previous two years to move forward with a better understanding of coverages and where the markets are heading.

Property and casualty insurance have significantly been impacted after the pandemic. Peter Jacavone, Senior VP Assistant Sales Manager & Construction Practice Group Leader says,

“COVID-19 has affected three phases of property and casualty insurance, one being property coverage, the second being Worker’s Compensation coverage and three, the marketplace stance on COVID-19 moving forward,”

The insurance market before COVID-19, was already going through a difficult time, but now it’s worse. “Carriers have added broader exclusions to their policies to show that COVID-19 is an excluded cause of loss moving forward. For example, most carriers on profitable clients are still looking for larger premium increase on good accounts. This is very similar to what is happening in the housing market with inflated pricing across the line,” shares Jacavone.

Due to at-home workforce cyber security risk has increased. “We see more demanding requirements from carriers to offer cyber security coverage. One example would be multi-factor authentication for all company users. I believe that the insurance market will take some time to rebound moving forward,” explains Jacavone.



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In addition, Property and Casualty have seen some of the biggest changes during COVID-19 the commercial insurance space. With many businesses having to close or severely slow their revenue for a myriad of reasons, so has increased the number of claims for coverages such as Business Interruption. Many carriers are denying claims under this clause, stating that there has been no direct physical damage to the business to interrupt their revenue and output.

In the General Liability space, specifically, this has translated to the addition of Communicable Disease Exclusions, which address the large influx of claims of both employees and third-party claims of contracting the virus on the insured's property. Because of these exclusions, many insureds are forced to spend out of pocket to fight the allegations against them. This can be both a costly and ineffective use of the insured's revenue.

Large contingents of the workforce are still confined to working from home and in other less than ideal circumstances, having a risk control plan in place can assist in all sectors of insurance. "We have seen a great deal of employers unequipped to handle the challenges COVID-19 has brought to the forefront of the health and safety community," explains Jonathan Cuneo, Loss Control Specialist.

"One of the top trending issues we saw during the COVID-19 outbreak was companies challenging to navigate handling COVID-19 outbreaks in the workplace because of the lack of safety programs.

Having a strong and clear safety program allows companies to set their expectations for work practices and behaviors. Businesses need to specify employees how they intend to handle adverse situations, while making sure the message is clear. The health and safety of employees is at the forefront of their operations no matter the unexpected adversities," shares Cuneo.

The landscape is regularly changing across all the insurance industry. Understanding and adapting to these changes is something that Starkweather & Shepley has met head-on, with their individualized attention to their clients and increased contributions to their surrounding communities.



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