

Stradley Ronon Stevens & Young, LLP
2005 Market Street
Suite 2600
Philadelphia, PA 19103-7018
215.564.8000 Telephone
215.564.8120 Facsimile
www.stradley.com

With other offices in:
Washington, D.C.
New York
New Jersey
Illinois
Delaware



www.meritas.org

Our firm is a member of Meritas. With 189 top-ranking law firms spanning 97 countries, Meritas delivers exceptional legal knowledge, personal attention and proven value to clients worldwide.

Information contained in this publication should not be construed as legal advice or opinion or as a substitute for the advice of counsel. The enclosed materials may have been abridged from other sources. They are provided for educational and informational purposes for the use of clients and others who may be interested in the subject matter.

Copyright © 2020
Stradley Ronon Stevens & Young, LLP
All rights reserved.

Please click [here](#) to visit our **COVID-19 RESOURCE CENTER**

ATTENTION LENDERS: COVID-19 Take-Away Regarding Business Interruption Insurance

The outbreak and spread of COVID-19 have caused many businesses to experience a dramatic reduction in revenue, to reduce operations or shut down entirely. As a result, many businesses are suffering, or will suffer, substantial economic injury.

Affected businesses (and the lenders which extend credit to support their operations) may expect that business interruption insurance will cover the losses suffered as a result of COVID-19. Unfortunately, most business interruption insurance policies only provide coverage when there is damage to property required for operations, and for many businesses, the policies exclude coverage for communicable disease outbreaks such as COVID-19. There are insurance endorsements available that specifically provide coverage for such business interruption, but those endorsements must be specifically added to the insurance otherwise in effect.

Lenders should include on their insurance diligence checklists a review of the borrower's coverages to determine whether and to what extent business interruption coverage resulting from COVID-19 like events is available. Lenders should also expand insurance covenants in loan documents to specifically require such available coverage.

If your borrower is in line for coverage renewals, you are beginning a new transaction, or you are entering into an amendment with respect to an existing transaction and have the ability to require as part of that amendment that your borrower obtain additional insurance coverage, Stradley is available to assist you in navigating the insurance issues arising from COVID-19 and potential similar future outbreaks, and the insurance available to your borrowers to protect against losses from such events.



Richard M. Zucker



Hilary Hannan Saylor

For more information, contact Richard M. Zucker at 215.564.8547 or rzucker@stradley.com or Hilary Hannan Saylor at 215.564.8553 or hsaylor@stradley.com.