



# How to prepare your company for the potential impact of the coronavirus

Coronavirus, also known as COVID-19, has been declared a public health emergency of international concern by the World Health Organization and most firms are not prepared for the potential prolonged impacts on staff welfare, operations, supply chains and the broader economy arising from a globally-spreading infectious disease.

Organizations should carefully plan their response to the coronavirus to ensure they are prepared for the potential impact of the outbreak. Planning ahead rather than acting reactively will speed up recovery, cut response and reduce strain on senior management time.

## **A four-step action plan is recommended to manage the impact of the disease:**

1. Identify main vulnerabilities. Senior decision makers should be convened to identify the main areas of potential impact for the business.
2. Aim to understand how prepared you are by reviewing any existing plans and checking whether they're up to date. Business continuity and crisis management plans should be drawn up that minimize the impacts of an outbreak.
3. Ensure that plans will work by establishing and embedding response and recovery arrangements. Senior management must understand its role and support how the plan will be used.
4. Teams need to be informed and communicate with each other. Clear responsibilities for internal and external communications should be assigned. Areas of the business (including people) that you should pay particular attention to include: travel, operations, supply chains and reputation.

Companies should put staff first, supporting them through a pandemic event during which they might fall ill, need to care for sick family members or be anxious due to safety concerns.

## Crisis behaviour can impact a firm's reputation

Planning for any absences will be important. Travel policies may need to be adjusted as the pandemic spreads and official travel advice should be followed for staff. The potential risks related to visitors from infected areas should also be considered.

Supply chain vulnerabilities should be managed carefully as they may be disrupted with delays and create cost increases for inputs or services, either through suppliers directly or as a response to travel restrictions or scarcity of in-demand goods.

It is important to remember how an organization behaves during a crisis can impact its reputation in the long run, with a poor response potentially damaging the trust of staff, customers and other stakeholders.

A poorly handled crisis results in an average and sustained drop in share performance of 12%.

## Insurance coverage is another important thing companies should consider

Companies should understand what coverage they have in case of an outbreak and how it will work for responding to a pandemic. Some property and business interruption policies include specific time element coverage for infectious disease and without such language, coverage is unlikely to be triggered.

For example, coverage would not be triggered simply by a fear that a communicable disease may be present in or near the insured's property, thereby leading to employee absences or diminished customer traffic.

Coverage may be provided if an insured has been extended policy for notifiable disease, communicable disease or outbreak provision/extensions.

Property contracts generally require physical loss or damage triggers by an insured peril, either to the insured's property or to property that precludes entry rights to the insured's property.

If an insured believes it may have sustained an insured loss resulting from an occurrence of a notifiable disease, it should immediately begin the process of gathering documentation to support a potential claim.

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## Contact Us

We can assist your organization in developing claim management protocols that establish clear roles and responsibilities for personnel inside and outside the organization.

Please contact our office at **1-800-661-1518** and speak with one of our associates.