



Coronavirus Update: Post Supreme Court Decision

Covea Insurance plc was not one of the Insurers taking part in the High Court nor subsequent Supreme Court Test Case.

The Insurance community as one agreed to review their policy wording to ascertain whether the High Court decision would have had a direct impact on their original decision/ policy wording at the time of the first lockdown.

The Supreme Court's ruling (Friday 15 January 2021) relates to insurance policy/s which include an unspecified diseases extension.

The media coverage does not cover the ruling/s of the 162-page document, merely providing a headline giving the impression that all insurance policies would pay out on COVID-19 claims; some media outlets are now stating the following wording – “The Supreme Court has this morning ruled in favour of policyholders in appeals against a High Court judgment that said insurers should pay out for Covid-related disruption **on some business interruption insurance policies**”.

The main trigger is the Disease Extension; the Insurers involved in the Test Case had an unspecified diseases extension and as COVID/ Pandemics were not excluded the Court has decided that the Insurers appeal has no substance.

The situation for most businesses remains the same.

The ruling relates to policies that have an unspecified diseases extension.

Majority of insurance policies including Covéa defines the diseases so no change we are afraid.

The FCA issued a Dear CEO letter to all Insurers on 15 April 2020 detailing what was required of them and commenting on the wording/s. Paragraph 4** is the key and reason why Covea and other Insurers were not part of the Test Case brought by the Insurance Regulator.

extract: Based on our conversations with the industry to date, our estimate is that most policies have basic cover, do not cover pandemics and therefore would have no obligation to pay out in relation to the Covid-19 pandemic. **While this may be disappointing for the policyholder we see no reasonable grounds to intervene in such circumstances.

Covea's wording states what diseases are covered under the Compulsory Closure Extension of the Business Interruption section of cover; COVID-19 is not listed and thus not insured.

Pages 24 -25 of the Policy document states the cover and how it triggers: -

- Page 24 notes the definitions under the Business Interruption section which illustrates what disease/s are covered under the Notifiable Human Infectious extension
- Page 25 notes the Compulsory Closure cover & Denial of Access**

**relates to 'damage' only



As reported/ documented in our update of 10 October 2020 (as issued on [Just Hair website](#)) following the High Court decision, any amendment to original decision will not impact nor change and will therefore mirror the policy wording and Dear CEO FCA letter.

Insurers have reiterated their position following the Court's ruling and have stated:

“Not impacted by this judgement are policyholders with specified disease cover which sets out an exhaustive list of diseases of which COVID-19 is not named. Unfortunately, these policies do not provide cover for the reasons previously communicated to policyholders and brokers”.

In view of this, there is no recourse to Insurance for COVID and subsequent lockdowns as cover does not extend to include Pandemics.

Please accept our sincere apologies.