

COVID-19: Corporate Risk and Broking Road Map – *Restoring Stability*

Responding to the COVID-19 pandemic

Overview

The COVID-19 pandemic has disrupted business globally and is a rapidly evolving event.

The pandemic has underscored:

- The impact of proactive business continuity planning
- The importance of strategic risk management and well-designed risk transfer programs
- The value of strong relationships with the insurance market

Guiding principles

1. The global market is functioning. North America, London, Bermuda, European markets and Asian markets have been able to work remotely.
2. Be aware of market conditions. There may be impact to certain industries, tightening of terms and conditions, and some underwriters may be slow to quote new business. Stay on top of market updates to know where your risk stands.
3. The underlying theme from insurers around the world is they are handling issues ‘case by case’. When it comes to coverage extensions, mid-term changes, collateral issues, etc., all carriers are considering the individual circumstance of their insureds.

Key stages of action

Broadly speaking, the pandemic will unfold in three stages for an organization.



Restoring stability – Prepare and execute

	Issues	Solutions
Work from home 	<ul style="list-style-type: none"> Minimal ergonomic equipment and furniture, improper setup and postures, exposures to workers compensation claims from working at home Permanent change to working from home 	<ul style="list-style-type: none"> Work From Home coaching videos, online self-help tool and remote professional ergonomics assessments Employment Practices Liability coverage for defense costs and indemnity associated with covered employment related claims
Vacant buildings 	<ul style="list-style-type: none"> Creation and implementation of new policies and procedures – ensuring impact to workforce does not violate laws 	<ul style="list-style-type: none"> Consult a Property Risk Control expert regarding loss prevention in idle plants, boiler inspections, vacated buildings, etc.
Workforce reductions – Layoffs, furloughs, etc. 	<ul style="list-style-type: none"> Creation and implementation of new policies and procedures – ensuring impact to workforce does not violate laws Reductions in force, employee pay cuts Increase in employment-related claims against the company as well as directors and officers 	<ul style="list-style-type: none"> Risk management practices – consistent application of company policy changes to the workforce due to COVID-19 Employment Practices Liability coverage for defense costs and indemnity associated with covered employment related claims
Impacted operational and financial results 	<ul style="list-style-type: none"> Securities litigation arising from diminished investment value (private company) and market capitalization/stock price (public company) Risk of personal assets for directors and officers Government proceedings/ investigations relating to alleged and potential violations of law Litigation arising from insolvency/bankruptcy 	<ul style="list-style-type: none"> Program design solutions – creative solutions to reduce limits if necessary and increase retentions to lower premium outlays D&O insurance protection for directors and officers (indemnifiable/non- indemnifiable) and company (entity coverage), including defense costs Strategic Solutions Group – Proprietary Willis Towers Watson risk services team exclusive to distressed organizations
Data breaches and cyber liabilities 	<ul style="list-style-type: none"> Increased cyber liabilities due to IT security project cuts, delays or cancellations, as well as disgruntled employees Remote workforce access - increased opportunities for hacker – ransomware or malware 	<ul style="list-style-type: none"> Cyber liability coverage to address first party exposures (breaches) and third-party liabilities Commercial general liability/crime – coverage for theft of proprietary information Prepare for increased or new underwriter questions regarding cyber security and safety practices

Restoring stability – Prepare and execute *(continued)*

<p>Claims</p> 	<ul style="list-style-type: none"> ▪ Claims issues (WC, GL, EL, Property) ▪ Valuation of potential damages 	<ul style="list-style-type: none"> ▪ Determining best strategies to align potential coverages with exposures – Claim Advocacy and Consulting, Additional claim consulting FINEX, National Property Claims, Liability Casualty Claims ▪ Claim Closure Solutions projects should be considered for organizations in favorable cash position ▪ Forensic Accounting & Complex Claims team can assist clients in quantifying economic damages
<p>Financial considerations</p> 	<ul style="list-style-type: none"> ▪ Unpredictable future economic conditions ▪ Challenging market conditions requiring businesses to manage to maintain financial viability 	<ul style="list-style-type: none"> ▪ Alternative Risk Transfer - tailor-made risk financing solutions are a key response to some of the limitations of traditional insurance markets and provide access to different forms of capital ▪ Consulting expertise and management capabilities to assist clients with their captives

Each applicable policy of insurance must be reviewed to determine the extent, if any, of coverage for COVID-19. Coverage may vary depending on the jurisdiction and circumstances. For global client programs it is critical to consider all local operations and how policies may or may not include COVID-19 coverage. The information contained herein is not intended to constitute legal or other professional advice and should not be relied upon in lieu of consultation with your own legal and/or other professional advisors. Some of the information in this publication may be compiled by third party sources we consider to be reliable, however we do not guarantee and are not responsible for the accuracy of such information. We assume no duty in contract, tort, or otherwise in connection with this publication and expressly disclaim, to the fullest extent permitted by law, any liability in connection with this publication. Willis Towers Watson offers insurance-related services through its appropriately licensed entities in each jurisdiction in which it operates. COVID-19 is a rapidly evolving situation and changes are occurring frequently. Willis Towers Watson does not undertake to update the information included herein after the date of publication. Accordingly, readers should be aware that certain content may have changed since the date of this publication. Please reach out to the author or your Willis Towers Watson contact for more information.

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WTW431986/06/2020

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