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Date: March 11, 2010

To: Lloyds Fraternity Property Program Participants

From: Robert M. Curran, President and Chief Executive Officer
Marc S. Mores, Executive Vice President

RE: COVID-19 Coverage Questions and Recommendations

IF A HOUSE CORPORATION SUFFERS A LOSS OF INCOME AS A RESULT OF THE CORONAVIRUS COVID-19, IS THAT LOSS OF INCOME COVERED UNDER THE LLOYD'S FRATERNITY PROPERTY INSURANCE PROGRAM?

If a house corporation suffers a loss of income because undergraduate residents are forced to move out of the chapter facility due to host institution closings, restrictions, or other reasons resulting from Coronavirus COVID-19, is there coverage under the Lloyd's Fraternity Property Insurance Program for the loss of income?

The short answer is no. This answer is consistent with standard commercial property insurance policies.

For business income coverage to apply, first there must be direct physical loss or damage to the chapter facility caused by a covered peril during the policy period. Second, the direct physical loss or damage must cause or result in an impairment of operations at the chapter facility.

Lloyd's Fraternity Property Insurance Policy Form LII 182 M-9 (06/08) "Business Income With Extra Expense Coverage Form" reads:

COVERAGES

Business Income And Extra Expense

We will pay for the actual:

- ***business income*** loss you incur due to the actual impairment of your ***operations***; and
- ***extra expense*** you incur due to the actual or potential impairment of your ***operations***,

*during the **period of restoration**, not to exceed the applicable Limit of Insurance shown in the Limits of Insurance Declarations or on file with us.*

*This actual or potential impairment of **operations** must be caused by or result from direct physical loss or damage by a covered peril that occurs during the policy period to **property** at the premises on file with us, or within 1,000 feet of the premises, on file with us, unless otherwise stated.*

Coronavirus-COVID-19 is excluded from coverage under the Lloyd's Fraternity Property Insurance Program found on General Provisions Form LII 182 M-10 905/18, *Section 1. Exclusions, Pollutants* (page 3 of 22). Pollutants is defined on page 21 of 22:

Pollutants means:

- *any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fibers, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be disposed of, recycled, reconditioned or reclaimed;*
- *organisms or microorganisms, including bacteria, fungus, mold or their spores or products; or*
- *viruses or other pathogens.*

Summary:

A direct physical loss is actual physical property damage to the chapter facility or its contents. Examples include fire, storm, hail, vandalism, or other covered causes of loss. Loss of income because of a virus is not the result of a direct physical loss to the chapter facility or its contents. Therefore, a virus is not a covered peril and there is no coverage for Loss of Income caused by the virus.

Recommendation:

House Corporations should consult with their local legal counsel concerning issues that may arise under leases with a chapter, chapter members, or in the house corporation's relationship with its landlord if applicable.

IF A CHAPTER MEMBER DISPLAYS SIGNS OF POTENTIAL ILLNESS, HOW SHOULD THE HOUSE CORPORATION AND/OR CHAPTER RESPOND?

We recommend reviewing [Resources for Institutes of Higher Education](#), maintained by The Centers for Disease Control and Prevention (CDC). House Corporations and chapters should follow CDC recommendations. State and local health officials and the host institution may also provide guidance concerning working with students who may have been, or have been, exposed to COVID-19.

Recommendations:

1. Currently, CDC recommends facilities housing residents follow Interim Guidance for [US Institutions of Higher Education](#) to isolate ill persons. Contact your host institution's health center or state or local health officials for further guidance.
2. Cleaning and/or disinfecting the chapter facility is best left to professionals.
3. Under no circumstances should COVID-19 be used as an excuse to assign additional cleaning tasks to new members or pledges which would likely be interpreted as hazing.
4. Regularly check the CDC website for up-to-date information on COVID-19.