

Does Restaurant Business Insurance Cover COVID-19 Claims?

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COVID-19 continues to take a significant toll on the nation's restaurants as government orders effectively closed restaurants except, in some states, for pickup or delivery service. In an article for FSR Magazine that was published on May 12, 2020, Don Scaramastra answers a question on many restaurant owners' minds, "will my restaurant business insurance cover COVID-19 claims?" Scaramastra writes, "for some restaurants, help might be on the way in the form of business interruption insurance."

Basic business interruption insurance covers net income and extra expenses resulting from loss or damage to property at an insured premises. But, Scaramastra notes that "some extra coverages can also protect owners from income loss that results from loss or damage to other people's property." He describes civil authority coverage as one such remedy that could be helpful to restaurant owners, which covers lost income due to a government directive that restricts access to a restaurant, even if it was unharmed, due to loss or damage to nearby property.

Yet, Scaramastra warns that insurance companies may not be quick to pay COVID-19 claims. He recommends restaurant owners consult with an insurance lawyer in their state before filing a claim. He explains, "unless a particular situation clearly rules out coverage, it will probably make sense to submit a claim, even if the insurance company will initially deny it."

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