

Fact sheet 1 : Loss of Income, Business Continuity Insurance and Funder & Government Support

Many local organisations are facing substantial financial losses as a result of the coronavirus situation. There are 3 things you should do:

- 1 Alert the funder to the situation. They may not be able to react swiftly or at all but if all grantees alert them to the issues then funders can work together to address the situation.
- 2 Check your insurance policy. If you have business continuity insurance there is a chance that some of your losses may be covered (see below for more details).
- 3 Keep an eye on sources of sector news for national and local answers. Central government has already put a range of measures in place for small businesses and sector leaders are lobbying for those to be extended to charities.

You may have business continuity insurance in place and this will often include cover for loss of rental income. However, it generally doesn't include cover as standard to provide for business interruption for notifiable diseases.

Even if you have the notifiable diseases cover in place you may find your insurer refusing to accept COVID-19 as it was not on the list of notifiable diseases when the insurance was taken out.

"Commercial insurance policies provide cover against a wide range of risks, that can be tailored to the needs of individual businesses, including extensions to cover. Businesses who are concerned about the impacts of Covid-19 should check the scope of their cover, and speak to their insurance adviser or broker. A small number of businesses may have cover in place that will specifically provide for business interruption arising from notifiable diseases. However, this type of extension is not commonly included as standard. Standard business insurance policies are designed and priced to cover standard risks and are therefore unlikely to provide cover for the effects of global pandemics like Covid-19."

Association of British Insurers (ABI), 4 March 2020

However, as of 5pm on 5 Mar 2020, emergency legislation reclassified COVID-19 as a notifiable disease so the recommendation is to go back to your insurers with this additional information.

<https://www.gov.uk/government/news/coronavirus-covid-19-listed-as-a-notifiable-disease>

Charities are known to have run into the issue with Zurich and Aviva policies.

NCVO, NAVCA and other nationals are trying to lobby the government and ABI to resolve it.

Sources of Support to Business that could be extended to Charities

The government announced support measures to business. Sector leaders will argue that these measures could be applied to charities but the outcome is uncertain:

- Statutory Sick Pay will be available from day 1 rather than day 4 and for businesses with fewer than 250 employees. The cost of providing 14 days of statutory sick pay per employee will be refunded by the government in full.
- There will be a £3,000 cash grant to 700,000 of the smallest businesses, delivered by Local Authorities, and worth a total of £2 billion.
- A temporary increase of the business rates retail discount in England to 100% for 2020-21 for properties below £51,000 rateable value. The discount will also be extended to cover the hospitality and leisure sector.
- A new Coronavirus Business Interruption Loan Scheme, delivered by the British Business Bank, will enable businesses with a turnover of no more than £41 million to apply for a loan of up to £1.2 million, with the government covering up to 80% of any losses with no fees.

Click [here](#) for information from HM Treasury on how to access government financial support if you or your business has been affected by COVID-19

Keep up to date with COVID-19 developments at
<https://www.nhs.uk/conditions/coronavirus-covid-19/>