

Agents Can Help Small Businesses Stay Covered in a COVID-19 World

By: Steve Tombarelli

Whether employers have their staff working from home or cautiously moving back and forth to the office, COVID-19 has created new and expanded risks for many small businesses. To identify and mitigate these risks — and know what insurance coverage may be needed — businesses need the help of their insurance professionals.

In this environment, an independent agent can offer valuable insight into understanding these risks, assist in implementing risk management practices and provide the appropriate coverage.

Identifying Gaps

For independent agents, the first step is understanding their clients' businesses, from their products and services to the logistics of how business is conducted. Whether clients are contacted quarterly, biannually or at a minimum annually, before their insurance policies renew, independent agents can assess gaps in coverage if they ask the right questions:

- Has the business hired more employees and, if so, are they full-time or part-time? If employee count is

up, they'll most likely need more workers compensation coverage.

- Has the business volume changed or are they working with new vendors? For example, cleaning companies are in demand for corporate offices and retail establishments. They may have doubled their business and may be using new cleaning chemicals that require environmental insurance.
- Has the business moved its operation outdoors, adding pickup or delivery service? Restaurants that didn't deliver before may now be offering delivery only and need commercial auto insurance to reduce risk exposure on the road.
- As operations changed, has training been in place to minimize safety hazards and help their staff and customers feel more at ease?

Communication with clients is key, and agents should encourage transparency so their clients make contact to discuss any potential changes to expo-

sure. Agents should share how easy it is be reached, whether by phone, text, mobile app or email, and respond quickly.

Regulatory and Liability Exposure

According to the U.S. Chamber of Commerce, growth is happening in many industries, including cleaning services, delivery services, drive-in movie theaters, grocery stores, liquor and wine stores, meal prep delivery services, landscaping and yard care companies and more. State regulations for COVID-19 and added liability coverage must be considered for all operations.

For instance, some states have established regulations for business cleanliness which mandate that all door handles be cleaned four times a day, and bathrooms two times a day. This means cleaning company and business staff will be interacting, and any negative interactions could put either company at risk. Thorough training may be needed.

Many restaurant operations have shifted with limited indoor seating to added

outdoor seating, perhaps on a lawn or in a parking lot, creating new liability concerns. These include damage caused by strong winds sending umbrellas or other objects onto guest tables or potential vehicular hazards.

In small-business manufacturing, new products are surging in popularity now. If a business gains a new contract, and their product is used in a new and more hazardous environment, unforeseen accidents can occur. They need to know who is using their products and understand how they are using it.

Other manufacturers are making new products to fight COVID-19, which are outside of normal equipment operations. For example, making hand sanitizer for the first time can add safety concerns such as spillage and cross-contamination.

Liability concerns can also arise for a business where COVID-19 is spreading. As a hypothetical, if a mechanic in an auto shop is asymptomatic and forgets to clean the door handles of a customer's car properly when finishing the auto repair, unknowingly giving COVID-19 to the customer, a potential litigious liability is created.

In all these situations, independent insurance agents can play an important role in identifying new risks and discussing steps to mitigate them.

Coverage Considerations

Agents can provide small businesses with the coverage they need to reduce the financial impact of these emerging risks. In addition to a businessowners policy, here are eight types of insurance that may be needed to fill gaps:

- **Property insurance** — Covers everything from business property and equipment damage or failure to major liabilities like theft and fire. It also offers protection if someone other than the owner injures themselves while on the property.
- **Liability insurance** — Can encompass general liability, product liability or professional liability for a small business.
- **Key person life insurance** — Covers the executives of the company in the event of death.
- **Workers compensation** — This coverage is usually legally required by states for every employee at a small business.
- **Cyber liability** — In 2019, Verizon reported that 43% of cyber attacks were aimed at small businesses and such attacks exacerbated as businesses moved to remote work environments. Agents should talk with clients about this important

coverage they may have overlooked.

- **Environmental exposures insurance** — Pollution coverage for small businesses is often excluded from general liability or property insurance policies. Operational changes can mean that this important coverage should be considered.
- **Employment practices liability insurance** — More employees can create more risk of lawsuits against management. This can be costly and damaging to the small-business owner.
- **Commercial auto insurance** — Having commercial auto is essential for all vehicles used by any business that offers delivery service.

COVID-19 has brought significant changes to the ways in which businesses operate, the products they produce and the people they hire. Independent agents should communicate with clients to help them understand such changes, mitigate new risks and add new coverage, if needed. This is also an opportunity for agents to expand their business and build a reputation in the community as a trusted advisor. ■

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