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Coronavirus in the Sunshine State

Brown & Brown of Florida, Inc.

Disclaimer

The information in this program is based upon the very dynamic and evolving outbreak of respiratory disease caused by a novel (new) coronavirus that was first detected in China and which has now been detected in more than 100 locations internationally, including in the United States. The virus has been named “SARS-CoV-2” and the disease it causes has been named “coronavirus disease 2019” (abbreviated “COVID-19”). The information presented is current as of the date of this program, but it may change in the coming hours and days ahead. Participants are encouraged to refer to information from the U.S. Centers for Disease Control and Prevention (“CDC” at www.cdc.gov).

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Please be advised that any and all information, comments, analysis, and/or recommendations set forth relative to the possible impact of COVID-19 on potential insurance coverage or other policy implications are intended solely for informational purposes and should not be relied upon as legal advice. As an insurance broker, we have no authority to make coverage decisions as that ability rests solely with the issuing carrier. Therefore, all claims should be submitted to the carrier for evaluation. The positions expressed herein are opinions only and are not to be construed as any form of guarantee or warranty. Finally, given the extremely dynamic and rapidly evolving COVID-19 situation, the commentary herein does not take into account any applicable pending or future legislation introduced with the intent to override, alter or amend current policy language.





Presentation Agenda

1 Florida Legislative Update

2 Clinical Insights and Employer Preparation (Considerations for Return to Work)

3 Returning Employee Eligibility Challenges

4 Employee Benefit Cost Risks and Adjustments of the Pandemic

5 Insurance Coverage Considerations, Cost Drivers, and Marketplace Updates

6 Personal Insurance and Auto Premium Refund Programs

Today's Presenters



Senator Wilton Simpson

Florida Senator

The Florida Senate



Louise J. Short, MD, MSc

National Clinical Leader

Strategic Benefit Advisors and Brown & Brown, Inc.



Bryan Koehler

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Veronica Jimenez

Senior Vice President, Regional Private Client Leader

Brown & Brown Fort Lauderdale



Bob Lloyd

Executive Vice President, General Counsel

Brown & Brown, Inc.



Florida Legislative Update



Senator Wilton Simpson
Florida State Senator

Looking Ahead

What Business Leaders Should Look For in the Coming Weeks

○ Epidemiological indicator

● Economic indicator

Depth of disruption



How deep are the demand reductions?

Indicators to monitor

- Time to implement social distancing after community transmission confirmed
- Number of cases – absolute (expect surge as testing expands)
- Geographic distribution of cases relative to economic contribution
- Cuts in spending on durable goods (e.g., cars, appliances)
- Extent of behavior shift (e.g., restaurant spend, gym activity)
- Extent of travel reduction (% flight cancellations, travel bans)

Length of disruption



How long could the disruption last?

Indicators to monitor

- Rate of change of cases
- Evidence of virus seasonality
- Test count per million people
- % of cases treated at home
- % utilization of hospital beds (overstretched system recovers slower)
- Availability of therapies
- Case fatality ratio vs. other countries
- Late payments/credit defaults
- Stock market & volatility indexes
- Purchasing managers index
- Initial claims for unemployment

Shape of recovery



What shape could recovery take?

Indicators to monitor

- Effective integration of public health measures with economic activity (e.g. rapid testing as pre-requisite for flying)
- Potential for different disease characteristics over time (e.g. mutation, reinfection)
- Bounce-back in economic activity in countries that were exposed early in pandemic
- Early private and public sector actions during the pandemic to ensure economic restart

Florida Cases

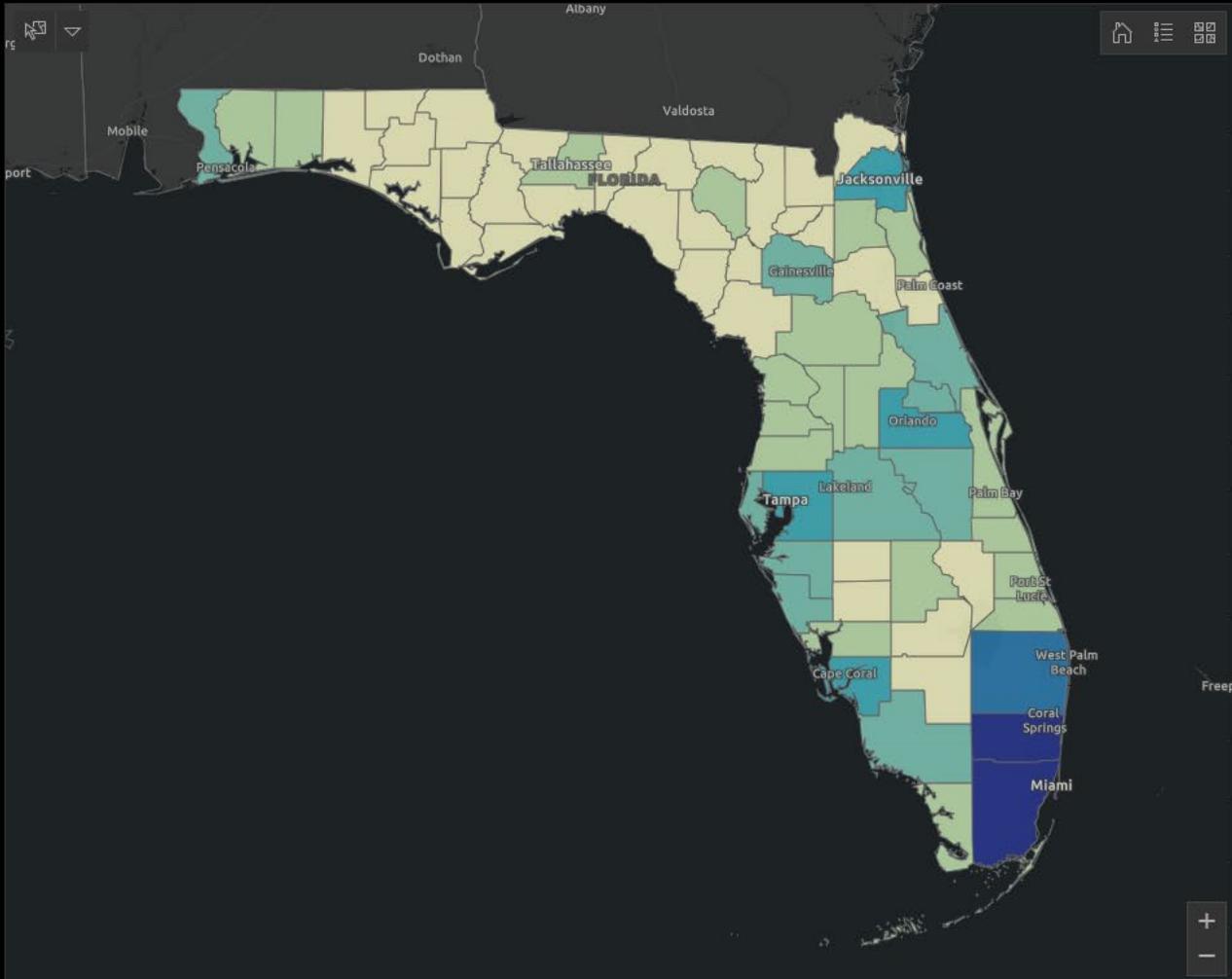
Total Cases
19,895

Positive Residents
19,337

Hospitalizations
2,672

Deaths
461

New Cases by Day: Last 30 Days



Click a county on the map or from the list below to see more

- Alachua (215 Cases)
- Baker (17 Cases)
- Bay (37 Cases)
- Bradford (29 Cases)
- Brevard (133 Cases)
- Broward (2,945 Cases)
- Calhoun (5 Cases)
- Charlotte (113 Cases)
- Citrus (71 Cases)
- Clay (163 Cases)
- Collier (361 Cases)
- Columbia (26 Cases)
- Dade (7,058 Cases)
- Desoto (20 Cases)
- Dixie (2 Cases)
- Duval (668 Cases)

Florida case data is updated at approximately 11:30 a.m. and 6:30 p.m. daily.



Florida Pandemic Modeling & Healthcare System Capacity

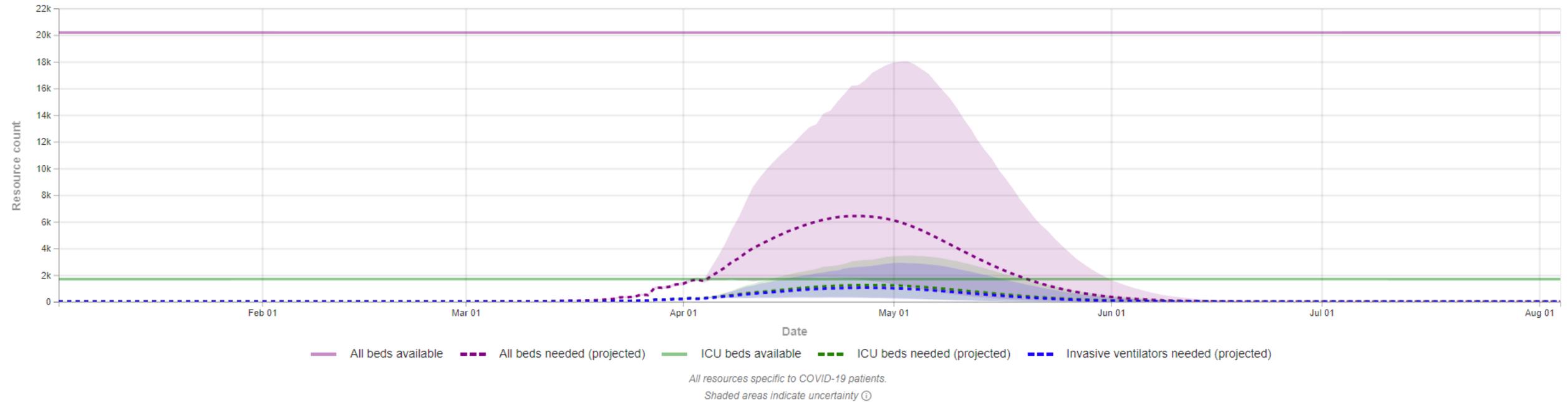
Hospital resource use ⓘ

13 days until peak resource use on
April 26, 2020

Resources needed for COVID-19 patients on peak date

All beds needed 6,431 beds	→	All beds available 20,184 beds	→	Bed Shortage 0 beds
ICU beds needed 1,241 beds	→	ICU beds available 1,695 beds	→	ICU Bed Shortage 0 beds
Invasive ventilators needed 1,041 ventilators				

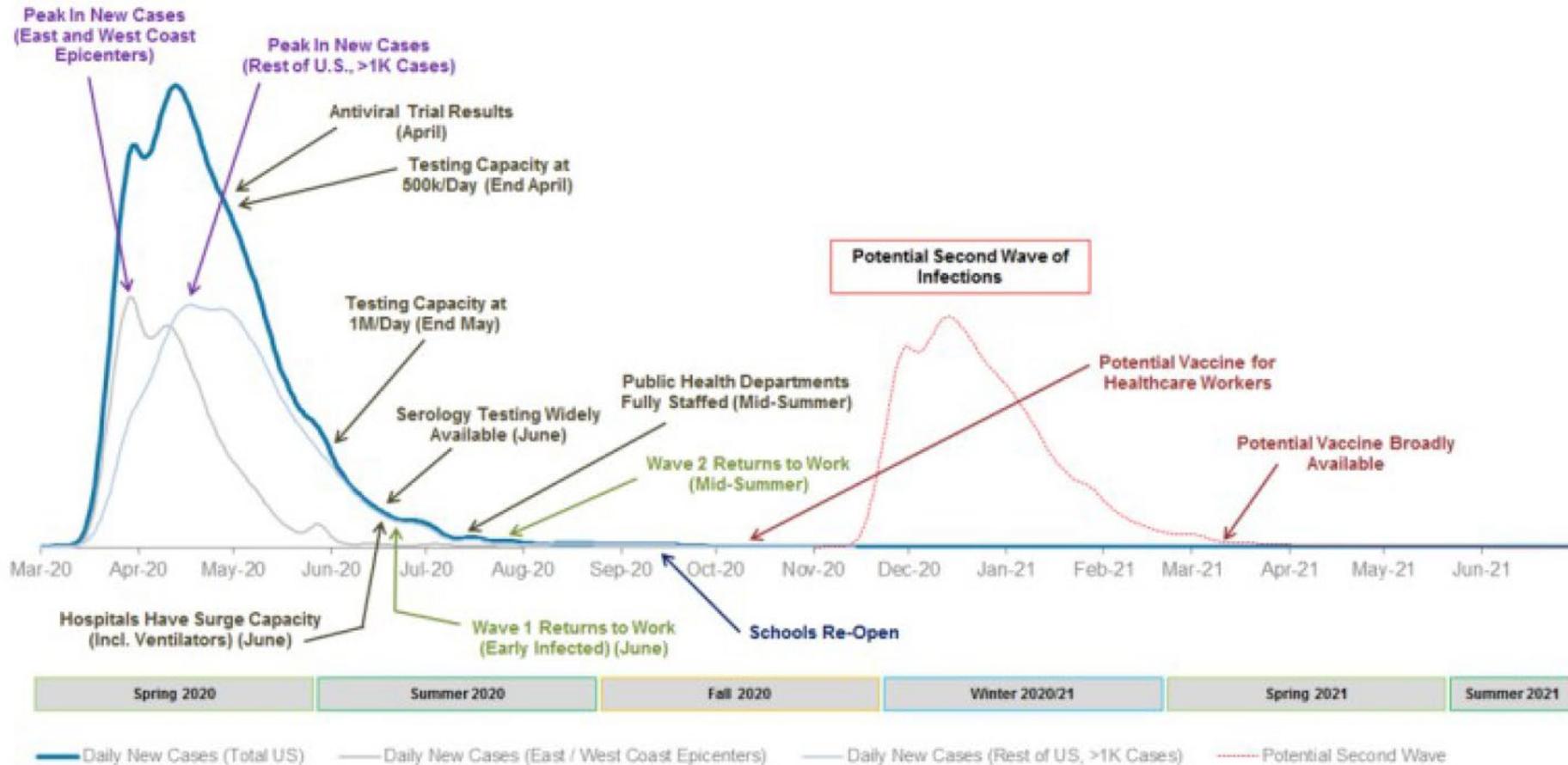
All resources All beds ICU beds Invasive ventilators



Timeline & Milestones for Return to Work

Exhibit 1: Projected timeline and milestones for a return to work in the US

Actual/Estimated New Case Count (United States, Non-Cumulative)



Defeating COVID-19: The Essential Elements

- 1** Adherence to Public Health Recommendations
- 2** Testing (COVID-19 and Antibody)
- 3** Robust Contact Tracing System
- 4** Effective Treatment
- 5** Healthcare Capacity
- 6** Vaccine

Importance of Reporting Cases



What

What Should Be Reported:

- Cases of COVID-19.
- Prolonged exposure to someone who has COVID-19.
- Someone who is symptomatic but not tested.



Why

Why Should This Information Be Reported:

- Will allow for work-force planning and protocols to be established for return to office.

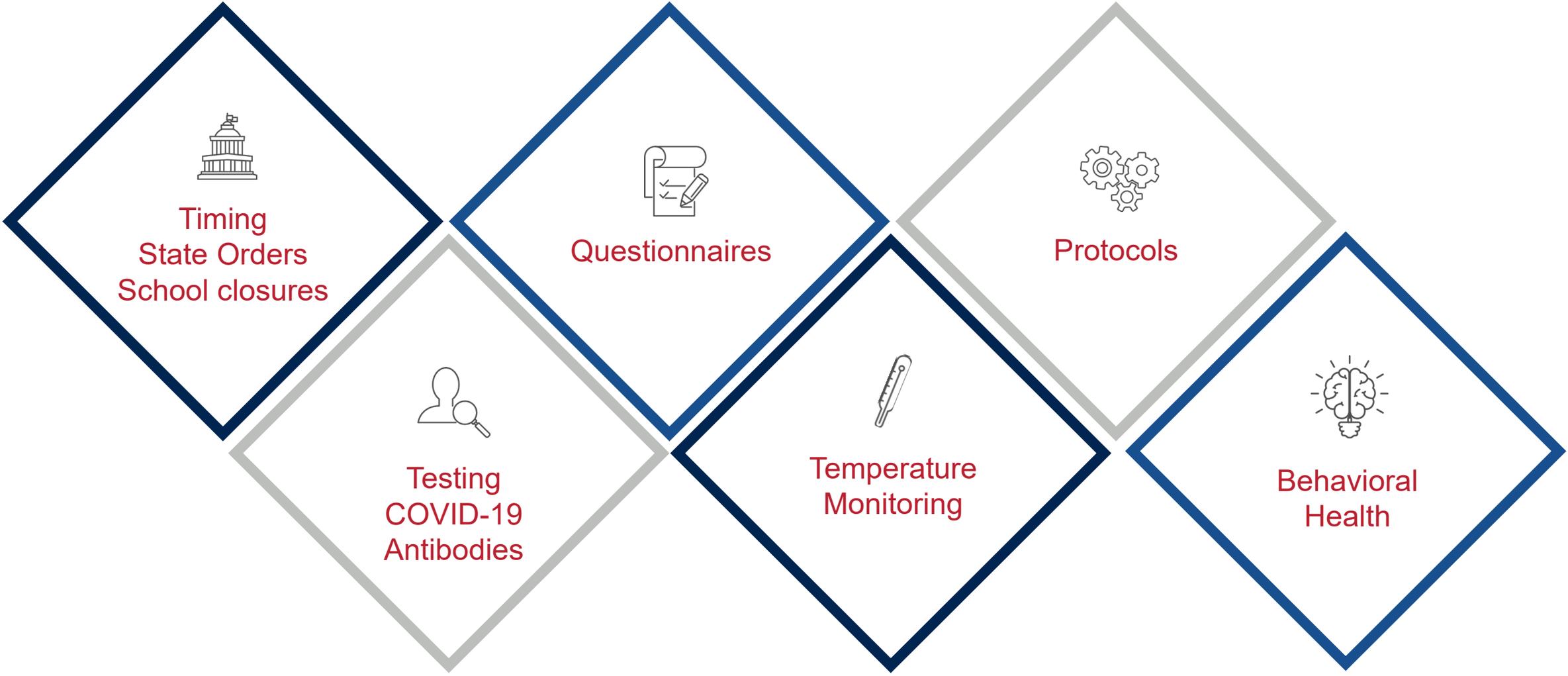


How

How Should This Be Reported?

- Establish protocol and communicate
- Record keeping and confidentiality.

Returning to Office Strategic Planning & Risk Mitigation



KEEP
CALM
I HAVE
GOOD
NEWS

#Beatcovid19

*You Can Personally Help
To Stop This Pandemic*

- *Wash hands and use hand sanitizer*
- *Practice social distancing*
- *Stay at home except if you are an essential employee reporting to work, or you need to get groceries or medication*
- *Be kind*

Premium Impact

Medical

- Population risk – low, medium, high
- Funding type
- Utilization mix – RX, I/O hospital, physician

Dental and Vision

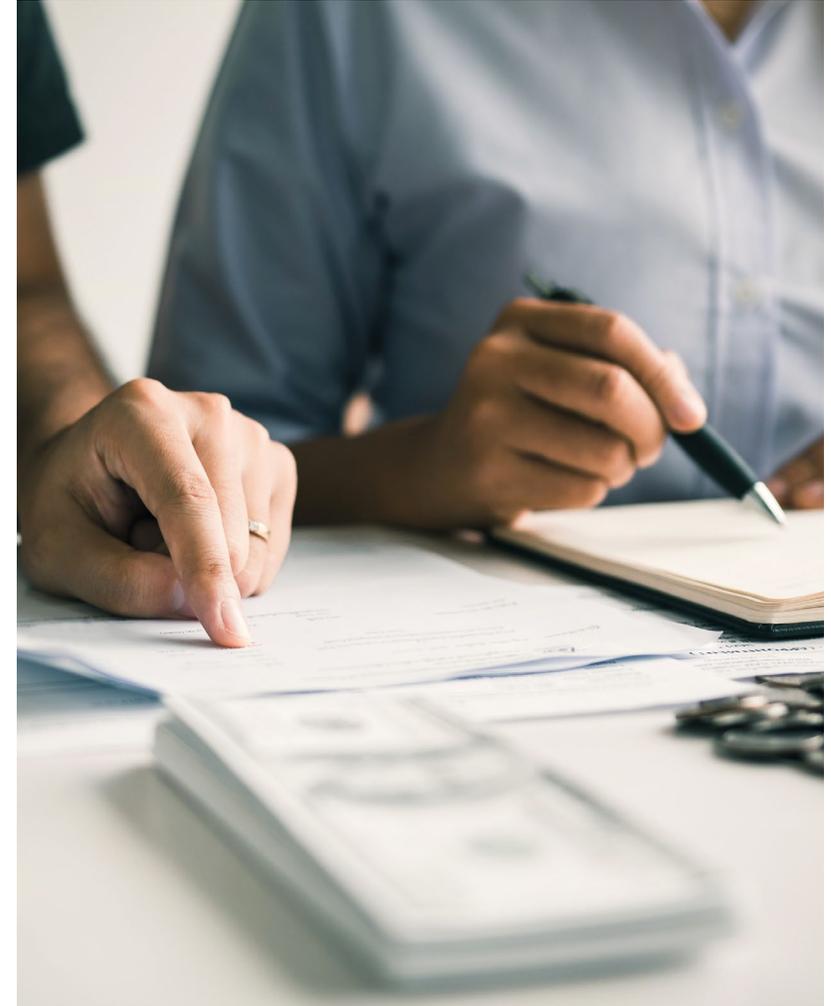
- Elimination of services, capacity challenge upon return
- Each month = - 8.3%

Disability

- Reduction in interest rates, increases premium requirements
- Job instability increases claims
 - Mental, substance abuse, chronic fatigue, pain

Reduction in Population

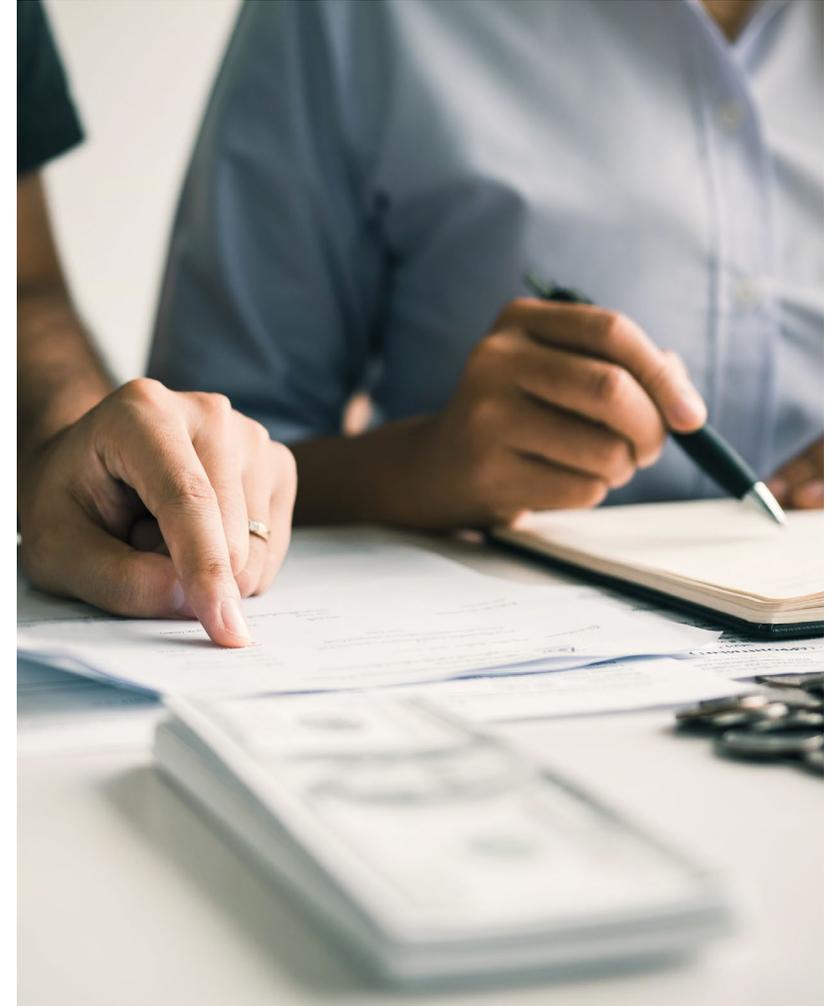
- 10% Re-rate clause



Life & Disability

Contractual Points

- Approved LOA, furlough, layoff: most contracts terminate coverage day of or end of month.
- Most carriers have extended this provision (verify with your carrier)
 - Premium must be paid
 - Base it on no loss or reduction in wages
- Return to work after specified time will be considered a new hire
 - WP, GI, EOI, Pre-Ex



Property & Business Interruption Insurance

Coverage Trigger



Property Damage

- Clear examples of property damage include fire, lightning, wind and other perils that is easily detectible
- How do you determine presence of COVID19 and did it cause “Physical Damage”



Covered Location

- Is the sustained damage at a covered location
- Covered Location defined as named on policy and/or included in definition of “insured property”



Covered Peril

- Type of policy written: Basic or Broad referred to as “Named Peril” policy. Specifically name covered Perils
- Special policy referred to as “All Risk”. The peril that causes damage cannot be specifically excluded

Exclusion of Loss Due to Virus or Bacteria

COMMERCIAL PROPERTY
CP 01 40 07 06

ISO form CP 01 40 07 06 is titled

"Exclusion for Loss Due To Virus Or Bacteria" and provides, in relevant part: We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease."

The exclusion goes on to specifically state that it applies, among other things, to "business income," i.e., business interruption

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

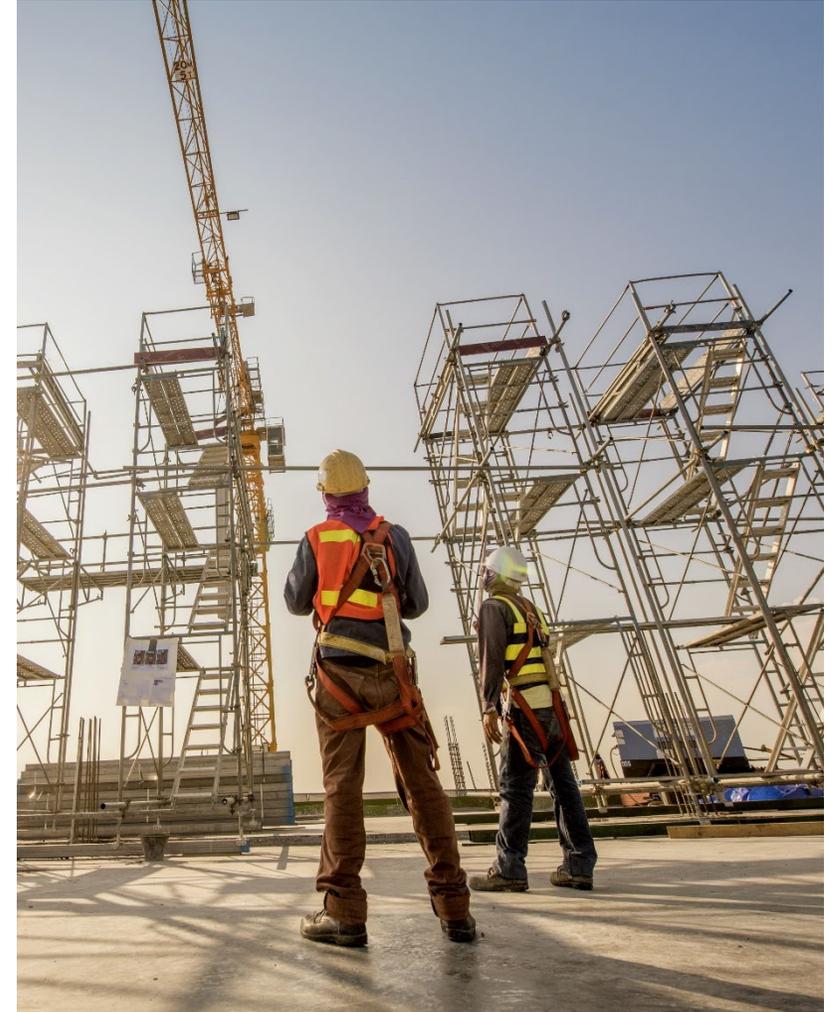
COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supercedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 - 2. Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

Insurance Considerations

Property and Business Income

- Anticipate claims due to loss of income, use, and disruption
- Dependent Property and Civil Authority coverage
- Refer to policy for potential sub limit for sanitizing, contaminated walls, equipment, counters, etc.
- ISO has two forms drafted for Business Interruption for limited coverage
- Duties in the event you are shut down and have a vacant building
- Track all losses, expenses and payrolls in a separate account – be specific rent, payroll, clean up, IT, etc.
- Maintain a timeline of events and a base line on prior years
- **DOCUMENT, DOCUMENT, DOCUMENT**



Business Income Documentation

Even if business interruption coverage does not apply to your unique business situation, it is critically important that you document your loss in real time.

COVID-19 “Coronavirus” Claim Preparation Checklist

PROJECT INFORMATION	
Property/Location:	
Site Leader/Management:	
Time/Date (Approx.) Property Shutdown:	
Time/Date (Approx.) Property Reopened:	
NOTICES	
<input type="checkbox"/>	Track and compile relevant Notices, Declarations of Emergency, State or City instructions regarding Coronavirus.
<input type="checkbox"/>	Track and compile relevant Notices from Owners/Clients/Workers/Employees.
<input type="checkbox"/>	Track and compile all notices regarding leader property closures or large-scale area event cancellations.
<input type="checkbox"/>	Details of ANY customer/employee or personnel onsite who may have or were found to be infected with the virus.
BUSINESS INCOME LOSSES	
<input type="checkbox"/>	Track specific details of all specific cancellations/lost contracts including the reason (coronavirus? Travel ban? Ban on group meetings?)
<input type="checkbox"/>	Does a shutdown of production and failure to produce specific levels for a customer have any penalties? Are these penalties being waived by the customer? Document all contracts and when penalties are incurred.
<input type="checkbox"/>	Accumulate details of all credits and returned deposits
<input type="checkbox"/>	Track weekly/monthly revenue. Compare to historical revenue to determine the lost income. Were there any additional changes in 2019 and early 2020 to the business?
<input type="checkbox"/>	Employee Payroll – Are you paying employees as “normal” even with reduced hours or customers? Have you laid off any hourly employees? Please note when any changes are made.
PROPERTY DAMAGE	
<input type="checkbox"/>	Track all cleaning costs above normal
<input type="checkbox"/>	Accumulate details regarding any food spoilage or donated food in anticipation of spoilage as a result of reduced customers or closures.
EXTRA EXPENSE	
<input type="checkbox"/>	Identify Extra Expenses - costs above normal related to the event. Any cost or expense incurred, that would not have been incurred “ but for ” the event, should be tracked.

Insurance Considerations

Workers' Compensation

- WC regulated by states: different definitions of “Occupational Disease” Florida – must be “Peculiar to a certain trade or employment” (TSA, healthcare, senior living)
- Florida CFO issued memo COVID-19 covered and testing free of charge
- NCCI providing guidance on class codes and changes due to WFH
- Claim potentials specifically ergonomic claims
- Virtual safety meeting shift in focus
- Light duty restrictions
- Disability and WC claim adjustments due to Return to Work status
- Audits
- Drug testing – pre, post, random



Insurance Considerations

Casualty

- General Liability: Could be limited coverage due to exposure of communicable disease. Potential claims for customers, suppliers, and vendors.
- Automobile: Keep carrier informed especially regarding changes of operations including: Delivery, Drive Other Car, Radius, Layup/Suspension, PD Claims, Drivers in same vehicles.
- Special Event Insurance: Weather, terrorism, and communicable diseases. Olympics, Wimbledon, Masters and SXSW
- Surety & Contracts: Review contracts and stay in touch with Surety. Owners and Contractors at risk - Force Majeure and Excusable Delay



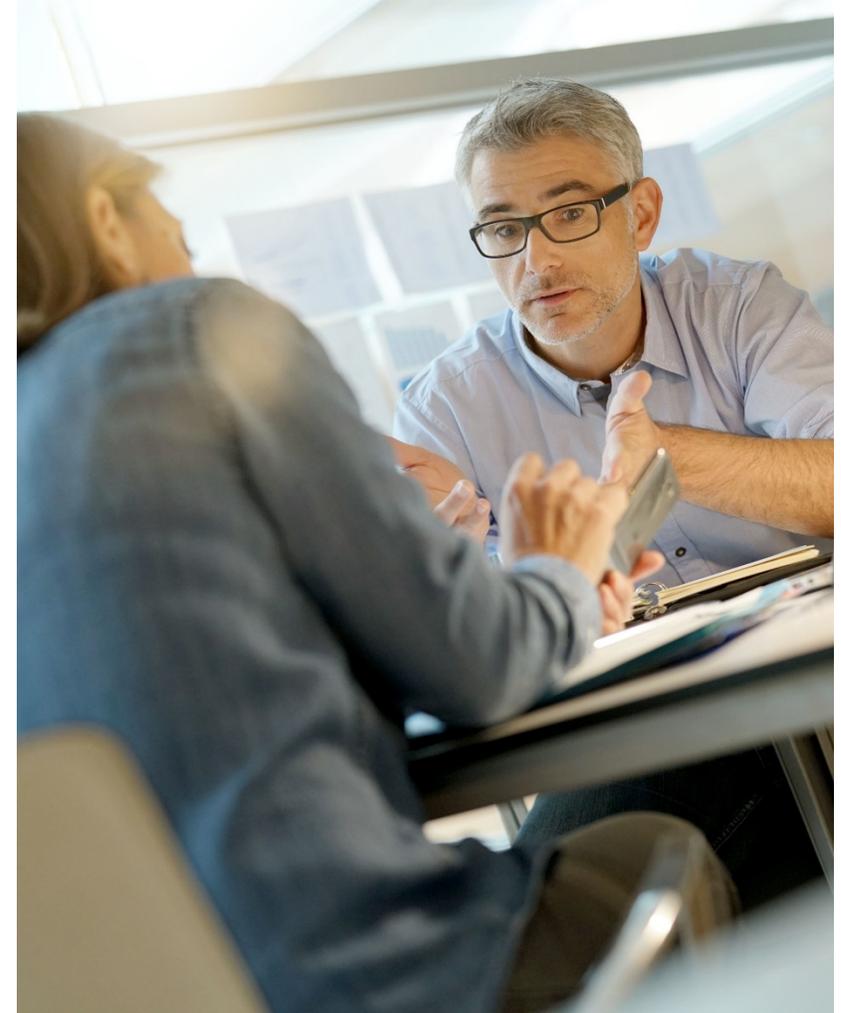
Insurance Considerations

Executive Liability

- Directors & Officers: Company negatively impacted by board's mismanagement, negligence or inaction in dealing with COVID-19.
- Employment Practices Liability: discriminating against employee(s) based on ethnicity or age in dealing with the virus testing or isolation

Cyber Liability

- Quick scale up of remote desktop and laptops has exposed vulnerabilities
- Loss of income and productivity to companies
- Hacking and phishing attempts at an all-time high
- Social engineering attempts increasing rapidly
- Ransomware and bricking
- Employee and customer information theft
- Review cyber policy and enlist IT experts



Cost Drivers

- Review current sales, payrolls, exposures and limits
- Pay as you go
- Going back on minimum and deposit policies
- Layup and suspension & credits
- Review of radius, miles and classification on autos
- Changing job functions and class codes
- Review of deductibles and limits for contracts
- EIDL, PPL, local SBA Loans
- Practice best risk management principles



Insurance Carriers

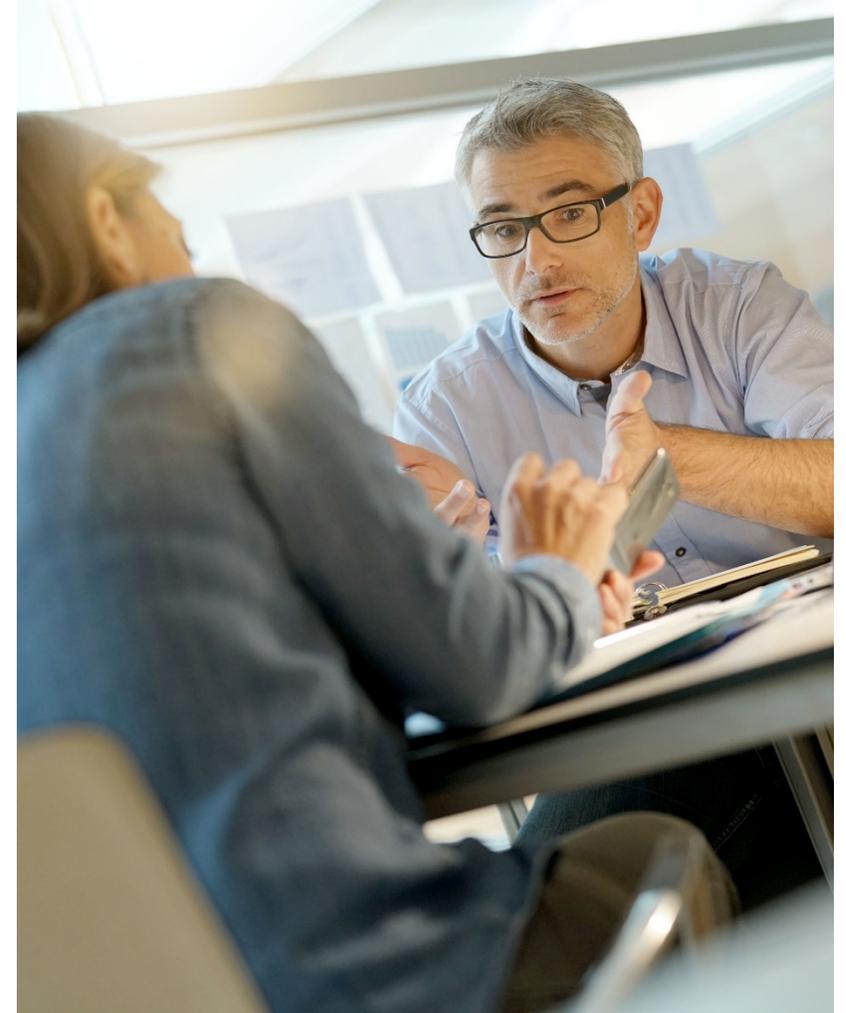
- Some personal lines carriers are automatically reducing premiums
- Commercial carriers working with insureds on case by case basis
- Some FL carriers are going ahead and delaying non-renewal and cancellations for non pay for 60 days
- Extensions on current policies for non-renewals
- Reworking of the payment plans and terms
- Waiving of late fees and assessments
- Expedited claims payments
- Potential for early dividends
- Local grants and agency loans



What's Next?

Other Items to Consider

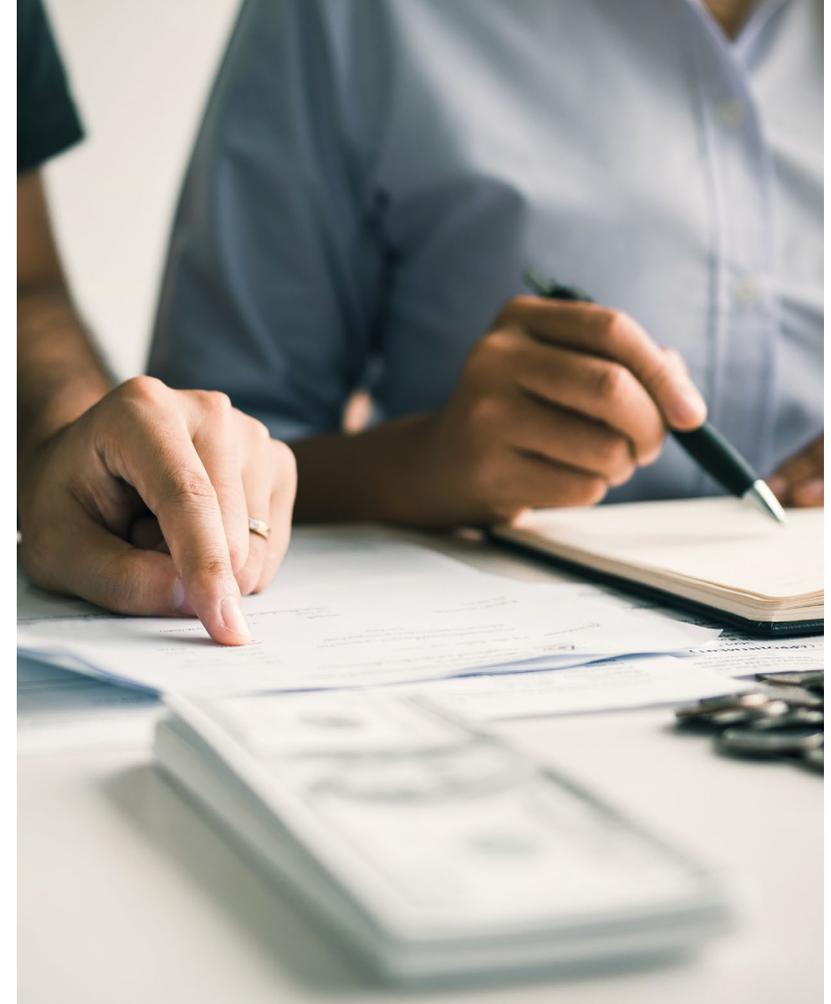
- Every claim and incident will be unique – prepare detailed claims notice that supports the claims legitimacy
- Lawsuits will run their course (French Laundry, Oceana Grill, Cajun Conti, Choctaw Nation)
- Potential help under “Crisis Management” sub limits
- Federal involvement with carriers – Pandemic Risk Insurance Act or Federal backstop
- Legislation varies by state (NY, LA, FL)
- Hurricane Season starts 6/1 and existing market conditions



Interior Home Inspection Options

Temporary modifications to carrier inspection requirements due to COVID-19

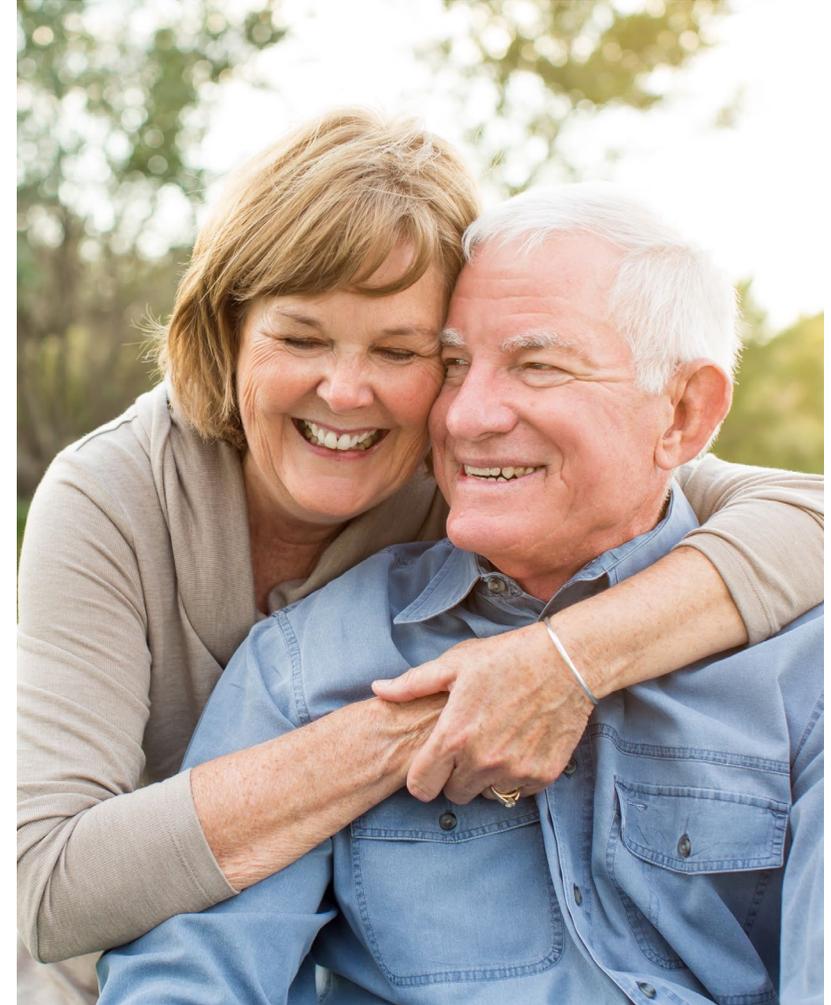
- Carriers recognize the difficulty customers may encounter obtaining a new inspection of their home's interior, so modifications have been made to the underwriting guidelines
- 4-Point Inspections
 - Inspection must be within the last 3 years
- New home or pre-purchase inspection – within the last 3 years
- Prior insurance carrier's interior inspection – within the last 3 years
- Self-directed Inspection – clients have the option to take some photos and work with a risk manager to complete without an on-site visit



Impact of COVID-19 on the Art & Jewelry Market

Cancellations and postponement of exhibitions, fair and auctions

- Most major museums are closed and exhibitions are postponed: items may not go on loan as scheduled and loan agreements may need to be revised to reflect new dates
- Given the economic downturn and other geopolitical factors, collectors may be hesitant to sell artwork at auction.
- There will be a delay in the launch of new products/artwork with the cancellation of launch summits, and with manufacturers on limited hours/closed temporarily
- Many art transportation and storage facilities are closing – they have skeleton crews check in but have put a temporary stop on shipping/receiving items.
- Many appraisers are still working, but clients may not want anyone visiting their home. It may become essential for clients to have remote appraisals completed or to postpone.



Premium Credits for U.S. Auto Policyholders

Premium Credit for U.S. Auto Policyholders reflects changing driving habits due to the COVID-19 Pandemic

- Clients will receive a credit reflecting certain percentages for the month of the pandemic starting with April
- Client will not have to request the credit, it will be applied automatically
 - Subject to regulatory approval
- The credit reflects our carriers commitments to providing fair premium adjustments to their clients, while ensuring they continue to receive the best auto coverage available
- This is a result of reduced driving activity



Brown & Brown Relief Center

Available to Anyone & Any Company In Need

Online Portal with Access to Discounts On:

- Health & Behavioral Health Services
- Family Care & Child Learning
- Financial Wellness offered by Prudential
- Pet Care
- Home & Home Office Discounts
- Food & Food Delivery Services
- General Household & Office Supplies



Questions or Issues? Email the Brown & Brown Employee Benefits Technology Center at bbreliefsupport@bbtech.com.



PART OF THE
BROWN & BROWN TEAM



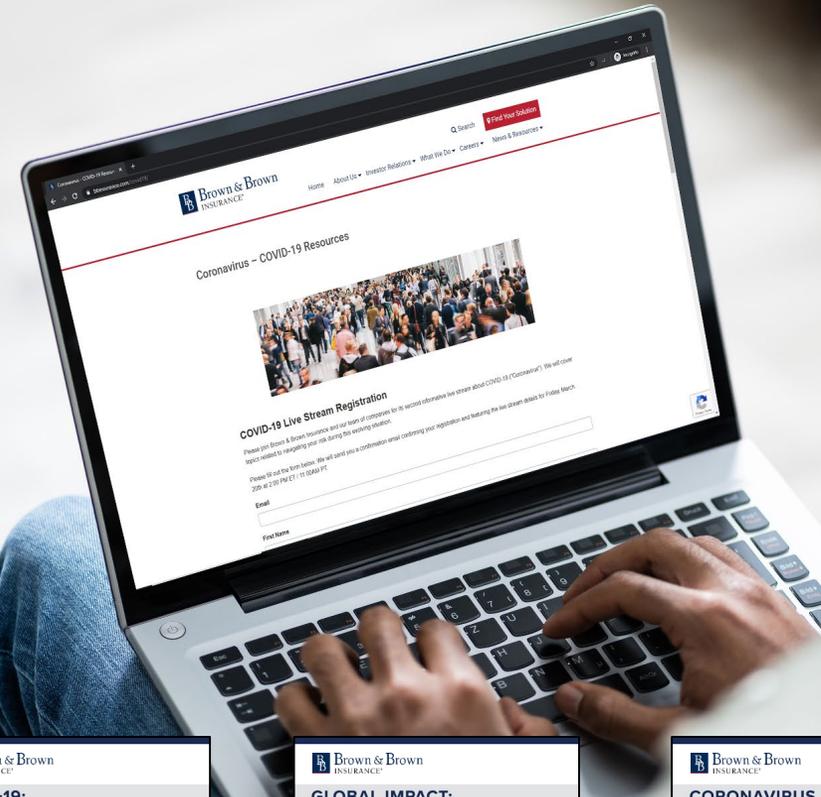
How We Can Support

Resource Center

- Find more information on other insurance implications at bbinsurance.com/covid19
- Resource Links:
 - WHO - www.who.int/health-topics/coronavirus
 - CDC - www.cdc.gov/coronavirus/2019-ncov/index.html
 - National Business Group on Health - <https://www.businessgrouphealth.org/topics/blog/the-evolving-situation-of-coronavirus-what-we-know-and-what-we-dont>
 - OSHA – www.osha.gov

Q&A

- Please submit any questions in the Live Chat feature of this webinar or direct them directly to your service team



COVID-19: TERMINATION & FURL...

COVID-19: PAID LEAVE LAWS

GLOBAL IMPACT: 2019 NOVEL CORONAVIRUS

COVID-19 UPDATE: KEY ACTIONS FOR EMPLOYERS

1. Employees and actively encourage employees to stay home when sick.
2. Encourage employees to use sick leave.
3. Encourage employees to use paid time off.
4. Encourage employees to use vacation time.
5. Encourage employees to use other paid time off.
6. Encourage employees to use other paid time off.
7. Encourage employees to use other paid time off.
8. Encourage employees to use other paid time off.
9. Encourage employees to use other paid time off.
10. Encourage employees to use other paid time off.

CORONAVIRUS TESTING: FREQUENTLY ASKED QUESTIONS

Should I be tested for COVID-19?

How long does it take to get test results?

How much does the test for COVID-19 cost?

When can I get tested for COVID-19?

How is the test performed?

A cheetah is the central focus of the image, sitting in a savanna landscape. The cheetah has a white coat with black spots and is looking directly at the camera with blue eyes. The background is a soft-focus savanna with a hazy sky. In the top right corner, there is a dark blue rectangular box containing white text.

The Cheetah: Since our beginning, we have known that doing the best for our customers requires constant persistence and vision. The cheetah, which represents vision, swiftness, strength, and agility, embodies our company culture and has served as a symbol for Brown & Brown since the 1980s.

Thank You For Joining Us

Please contact your service team for any additional information and visit bbinsurance.com/covid19

