

Insurance companies deny COVID-19 claims, but cover vandalism damage

ABC 7 News

SAN FRANCISCO (KGO) — Businesses across the nation have been devastated by the COVID-19 shutdown. Now, many are suffering the added losses of vandalism and looting. But an odd twist to the dual crises: insurance.

Businesses were outraged to find their insurance refused to cover any of their massive losses due to the pandemic. Now that many have also been looted and vandalized, will their insurance finally come through?

It became a dismal normal during the pandemic: empty streets, shuttered businesses now struggling to survive.

Business owners thought they were covered for the pandemic since they had already purchased business interruption insurance. But carriers have denied their claims - saying viruses are ruled out for coverage in the fine print.

Amy Bach of United Policyholders disputes the blanket denials. “We all want to feel like insurance is worth paying for, and when you have a situation like COVID it makes a lot of businesses wondering: why was I paying for insurance all these years when I’m teetering on losing my business entirely, and my insurance telling me it’s not covered?”

And now for many of them, the double hit. Vandals looting, breaking windows, fleeing with expensive merchandise. A tiny ray of hope? Bach says theft and vandalism at least are usually covered.

“Ironically a lot of businesses that have been hit by the vandalism, looting, and fires have a better shot at getting insurance companies to cover their claims for losses than they did due to the shelter-in-place

orders. It's not fair, but it's at least some little bit of good news for some businesses," she says.

But it's a small subset of businesses that will get help. Only those that were vandalized will get coverage. And insurers will likely limit payments to physical losses from looting, not long-term business interruption.

"The insurers may say that most of your loss is because of the COVID situation, not because of this. But again we would always call on insurers to do the right thing," says Bach.

United Policyholders is also urging insurance companies to cover some COVID-19 losses instead of issuing blanket denials. Bach says carriers should be considering each claim separately instead of denying everyone out of hand.