Ceding COVID-Related Losses

A Discussion of High-Stakes Issues

David Attisani, Choate Hall & Stewart LLP
Curtis Leitner, Morvillo Abramowitz Grand Iason & Anello P.C.
Jonathan Sacher, Bryan Cave Leighton Paisner
Larry Schiffer, Schiffer Law & Consulting PLLC
Michael Sevi, Guy Carpenter

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ARIAS U.S.

ISO standard for commercial property
BI coverage

We will pay for the actual loss of Business Income you sustain due to the necessary “suspension” of your “operations” during the “**period of restoration**.” The “suspension” must be caused by **direct physical loss of or damage to property** at premises which are described in the Declarations and for which a Business Income Limit of Insurance is shown in the Declarations

Two approaches to “Physical loss or damage”

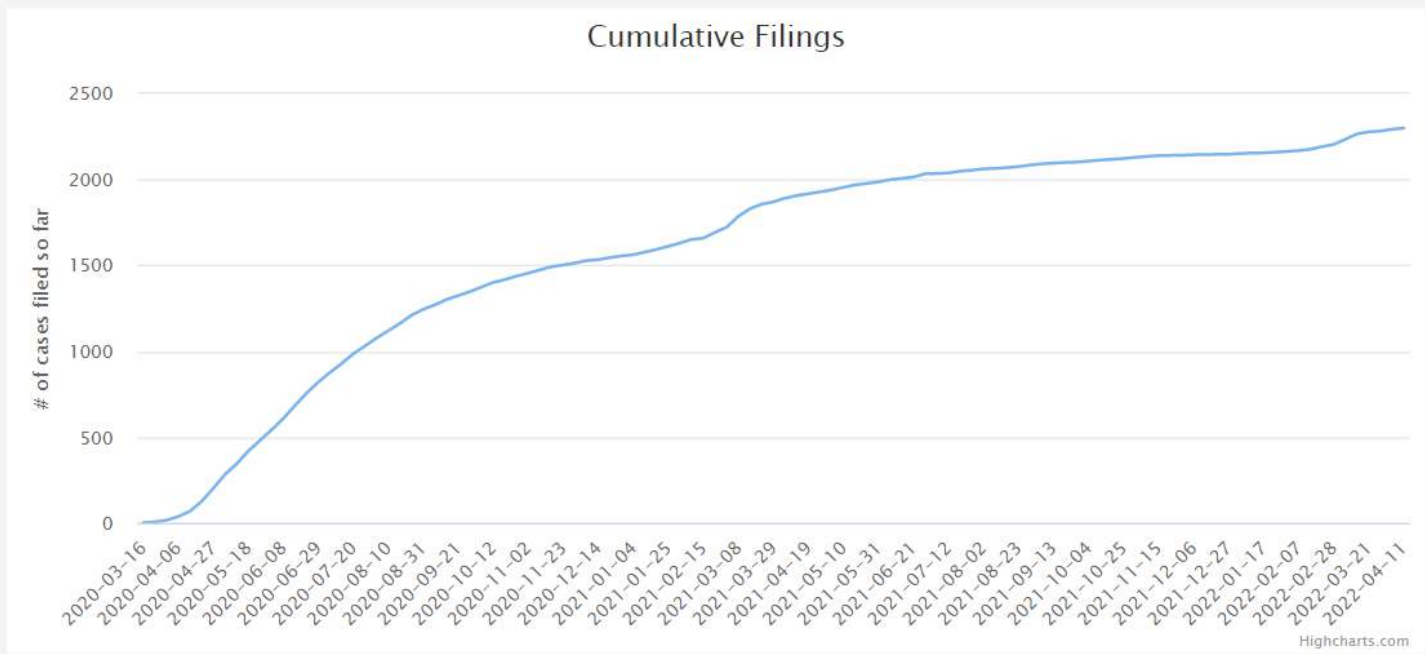
1. Some courts have required physical change resulting in material damage to satisfy the “physical loss or damage” requirement. Under this case law, “**the mere adherence of molecules to porous surfaces, without more, does not equate to physical loss or damage**”

2. Other courts have held that **loss of use** due to changes that do not alter a property’s structure but render it unusable, such as gases and odors, can satisfy the physical loss or damage requirement

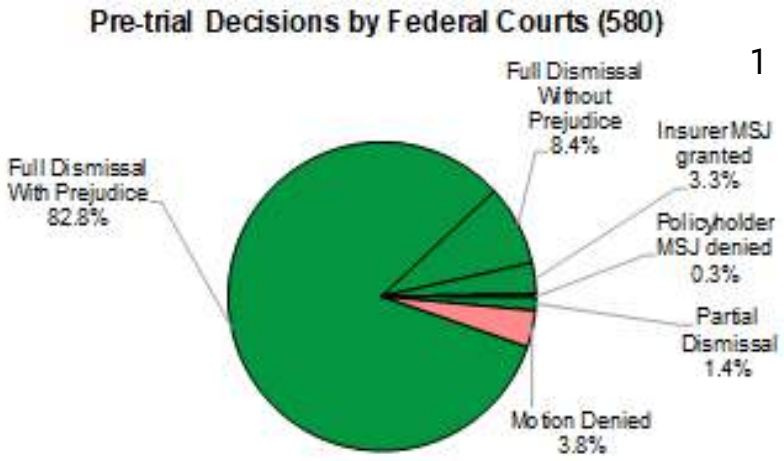
Other policy questions

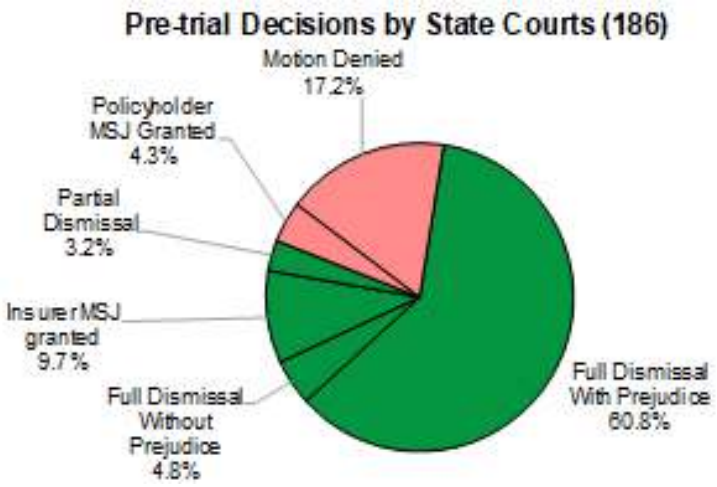
1. Mere supposition of contamination is not enough
2. Policies may exclude coverage for contamination and pollution
3. Business interruption coverage is limited to the Period of Restoration (also called Period of Indemnity and Period of Liability)
4. How many occurrences of the virus may be triggered?

Over 2,000 BI lawsuits filed (March 2020 – April 2022)



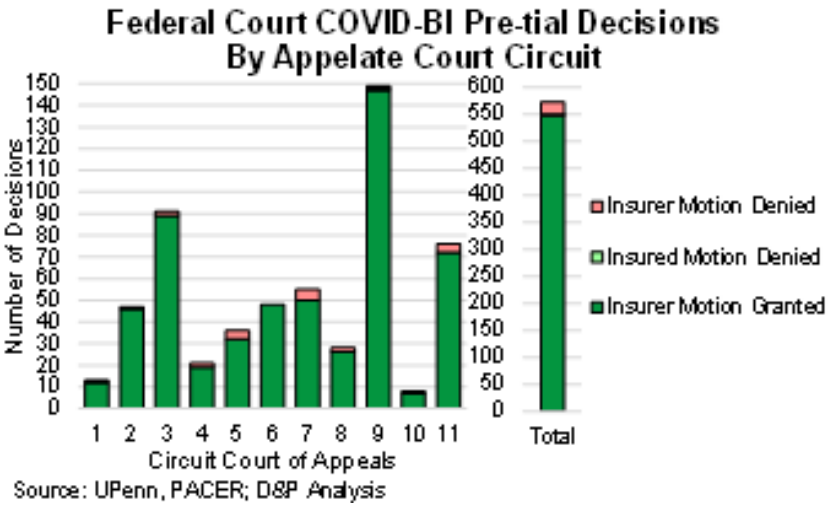
Pre-trial rulings have heavily favored insurers

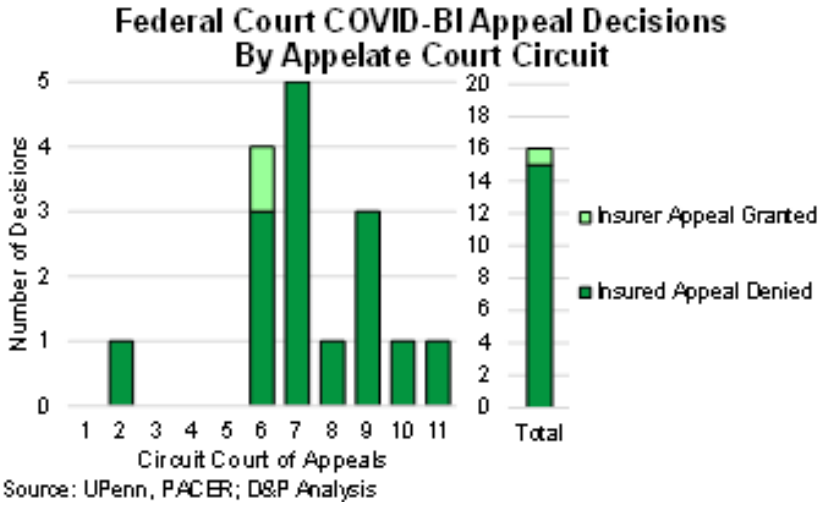




Source: UPenn, PACER, D&P Analysis. MSJ = Motion Summary Judgement

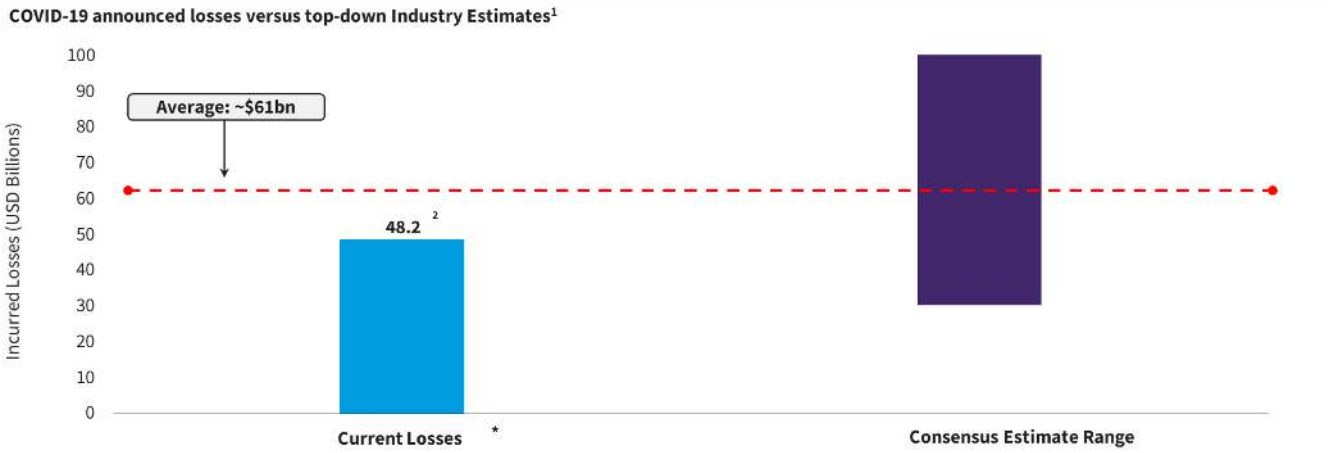
Appellate court rulings have affirmed lower court rulings





Covid-19 still difficult to estimate

COVID-19 average top-down loss estimate ~$61bn versus $48.2bn reported losses as of 3 December 2021



Source: 1Consensus estimate range includes estimates from Dowlings, Autonomous Research, Barclays, Bank of America, KBW , UBS, Lloyd's, Wells Fargo, Goldman Sachs, Berenberg, Moody's, JP Morgan; Data Updated as of 3 December 2021 | Note 1: *Represents the consolidated CV-19 losses in BI Earnings Summary list of ~91 Companies ,end of period FX rates considered; Updated as of 3 December, 2021 | 2. For the companies disclosing the percentage of IBNR reserves in their reported COVID-19 loss estimates, IBNR represents ~75% of their aggregate losses, further if we assume that all other companies reporting COVID-19 losses do not contain IBNR reserves, then the IBNR share is reduced to ~42% of the overall USD48.2bn loss.

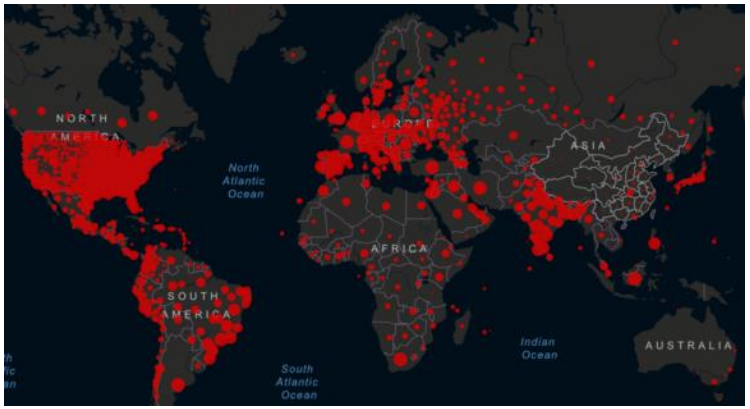
Global large loss activity 2013–2021

- The projected annual large loss total rose over **USD 100 billion** with the fourth quarter severe storms in the US. This total includes nearly **USD 30 billion** of estimated loss for Hurricane Ida. Based on a survey of insurers' current ultimate loss projections, this is a conservative estimate
- The publicly available reported total ultimate COVID-19 loss estimate is now at **USD 48.2 billion**. A significant amount of this total **USD 18.9 billion** (approximately 39%) remains incurred-but-not-reported, and the majority of 2021 reported development was life business
- The European floods, Hurricane Ida, and US severe storms drove 2021 loss experience

*The 2021 significant insured loss estimate is updated as of 1/6/2022 | *Significant Insured Losses (Est. losses > $100M); Source: PCS, ICA, AIR, Guy Carpenter. All reported COVID-19 losses allocated to 2020 for purposes of this chart

Overview [DAA]

- My practice is multinational, and -- together with Mr. Sacher who is also "multinational" -- I'm going to address a handful of COVID reinsurance issues with **international** significance:
  - **"Loss Occurrence"** definitions;
  - **Exclusions**;
  - **"Test cases"** and other legal developments.
- Later, we'll comment briefly on a few **core** coverage questions that have dominated the two-year global discourse, including:
  - The pivotal terms "**event**" and "**catastrophe**"; and
  - The possible significance of **government edicts** and **epidemics** in assessing coverage outcomes.



Global Perspective: Loss Occurrence [DAA]

- **Two** species of **"Loss Occurrence**" definition have dominated global markets:

  - **"Event" (Non-Marine Ass'n).** More common in **North America:** "All individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of **one event** . . . However, the duration and extent of any one 'Loss Occurrence' shall be limited to all individual losses **sustained by** the Company occurring during any period of **168 consecutive hours** arising out of and directly occasioned by the same event".

  - **"Catastrophe" (Int'l Underwriting Ass'n).** More common in **Europe:** "All individual losses arising out of and directly occasioned by **one catastrophe**. However, the duration and extent of any 'Loss Occurrence' so defined shall be limited to . . . **168 consecutive hours** . . . and no individual loss from whatever insured peril, which occurs outside of these periods or areas, shall be included in that 'Loss Occurrence."

  - "**Event**" and "**catastrophe**" are **not necessarily synonymous**, and I'll address their significance when we circle back to core concepts.

Global Perspective – Exclusions [DAA]

- For now, a brief word on EXCLUSIONS …

- Pollution Exclusions barring cover for "**contamination**" represent a potential COVID reinsurance coverage defense pertaining to Treaties effective during the 2020 YOA.

    - *E.g.*, "This Agreement does not cover and specifically excludes the following: . . . Any liability accruing to the Company by way of losses as a result of seepage and/or pollution and/or **contamination"**.

- In some jurisdictions, a reinsurer invoking a "**contamination**" exclusion may advance a colorable basis to decline reimbursement of COVID BI losses.

    - *E.g., Nova Cas. Co. v. Waserstein* (S.D. Fla. 2006) (interior renovations allegedly exposed tenants to "living organisms", "**microbial populations** and contaminants", and "indoor allergens"; the Court determined that each such rubric conforms to the plain meaning of "**contaminant**").

    - *E.g., First Specialty Ins. v. GRS Mgmt.* (S.D. Fla. 2009) (pollution exclusion referencing "contaminants" barred cover for swimmer's losses arising from contagious **"**Hand, Foot and Mouth" **virus** resident in **swimming pool**).

Global Perspective – Exclusions (2) [DAA]

- But, the **Ontario** courts and **certain U.S.** courts maintain that "pollution" refers only to **traditional environmental pollution** -- not to losses caused by viral agents like SARS-CoV-2.

  - *E.g., London Bridge Resort v. Ill. Union Ins.* (D. Ariz. 2020) (a resort sought to recover COVID losses under a Pollution Liability policy, but "a virus being considered a 'contaminant' or 'pollutant' in certain instances does not render a **COVID-19** outbreak 'traditional environmental pollution'").

  - *E.g., Zurich Insurance Company v 686234 Ontario Limited* (Ont. Ct. App. 2002) (**carbon monoxide** leaking from furnace was **not** "pollution": "Given the historical background of the absolute pollution exclusion and the drafters' continued use of environmental terms of art, we hold that the exclusion applies only to those injuries caused by traditional environmental pollution").

- The **Australian** courts haven't squarely addressed the question whether pollution exclusions appertain beyond "traditional environmental pollution", but they **may be poised to reject** that possibility:

  - *QBE Insurance v MCM Chemical Handling* (Vic. Sup. Ct. 2006) (after **chlorine vapor** damaged a factory interior, the Trial Court concluded that a pollution exclusion did not apply, as "the word '**atmosphere**', sitting as it does in the middle of the exclusionary phrase, is not apt to describe the air **inside** the factory. It refers to the air environment outside the factory").

Global Perspective – Exclusions (3) [DAA]

- During the **2021** renewal cycle, **COMMUNICABLE DISEASE EXCLUSIONS** were added to Property Cat wordings in response to the **pandemic**:

  - On March 27, 2020, the Lloyd's Market Association published **LMA 5394**, which excludes: "any loss, damage, liability, claim, cost or expense of whatsoever nature, **directly or indirectly caused by,** contributed to by, resulting from, arising out of, or **in connection with a Communicable Disease** or the **fear or threat (whether actual or perceived)** of a Communicable Disease regardless of any other cause or event **contributing** concurrently or in any other sequence thereto . . .".

  - On May 20, 2020, the Association minted **LMA 5502** and **5503** -- described as "**Limited** Communicable Disease Exclusions" -- which track the LMA 5394 wording, but expressly "**write back"** physical loss caused by other non-disease perils: "this reinsurance agreement ***will cover*** physical damage to property insured under the original policies and any Time Element Loss directly resulting therefrom where such **physical damage is directly caused by or arising from any of the following perils**: fire, lightning, explosion, aircraft or vehicle impact, falling objects, windstorm . . . [etc.]"

  - LMA **5394** arguably would exclude ***any*** disease-related loss -- even if a traditionally covered peril (*e.g.*, windstorm) contributed to the subject losses -- whereas LMA **5502/03** are designed fundamentally to preserve cover for traditional perils, including riot/civil commotion in the case of LMA 5503, while excluding "pure" disease losses.

Global Perspective – Exclusions (4) [DAA]

- **U.S. Courts** generally have enforced **virus exclusions**, as written:
    - *E.g., Mena Catering v. Scottsdale Ins. Co.* (S.D. Fla.) (“Plaintiffs offer no basis for construing ‘COVID-19’ or the ‘pandemic’ as a non-virus”).
    - *Boxed Foods Co., LLC v. California Cap. Ins. Co.* (N.D. Cal. 2020) ("the word 'pandemic' describes a disease's geographic prevalence, but it does not replace disease as the harm-causing agent").
- But, at least one U.S. Court has reasoned that -- **absent tangible evidence of coronavirus** on the premises -- a **virus exclusion** will **not bar** cover for BI losses resulting from government closure orders:
    - *Seifert v. IMT Ins. Co.* (D. Minn. 2021) (“The Court concludes that the policies' virus exclusion is intended to preclude coverage **only when there has been some direct or indirect contamination of the business premises**, not whenever a virus is circulating in a community and a government acts to curb its spread by means of executive orders of general applicability”).

Global Perspective – Coverage Litigation [DAA]

- The pandemic has engendered **global coverage litigation** spawning "**blueprint"** decisions in at least 6 jurisdictions: U.S.; U.K.; Ireland; South Africa; Australia; and, Germany -- plus significant disputes pending in Canada.

- In general, courts have adhered to "**direct physical loss or damage**" policy requirements -- and have accordingly declined to find direct-side cover for COVID losses.

- But, non-damage coverage EXTENSIONS -- *e.g.*, "**disease clauses**" or "**denial of access clauses**"-- have been triggered, even when a local incident, as opposed to the pandemic *writ large*, is the touchstone happening.

Legal Landscape – U.S. [DAA]

- In the U.S., our **ISO** (Insurance Services Office) BI coverage form requires **"direct physical loss . . . or damage"**. *See* Form CP 00 30 04 02 ("The 'suspension' must be caused by direct physical loss of or damage to property . . .").

- The vast majority of **U.S.** courts has determined -- to the tune of roughly 715 dismissals to date -- that a business shuttered due to **government restrictions** did **not** suffer any "**direct physical loss".**

  - *E.g., Bluegrass, LLC v. State Auto. Mut. Ins.* (S.D.W. Va. 2020) ("many courts have considered the issue in light of COVID-19 related executive orders and have held that a **direct physical loss or harm . . .** requires some type of **tangible damage** to the covered property").

- Two years into the pandemic, **U.S. Courts of Appeal** have had an opportunity to weigh in -- and they've corroborated the **near-consensus**:

  - *Goodwill Indus. v. Phila. Indem.* (10th Cir. 2021) ("**Every circuit to address the issue has held that identical or nearly identical business income provisions did not cover losses caused by COVID closure orders.** And the overwhelming majority of district courts to address the issue have so held").

  - *E. Coast Entertainment v. HCC* (7th Cir. 2022) ("In *Sandy Point*, we joined four other circuits in concluding that mere loss of use due to COVID-related closures does not constitute 'direct physical loss' when unaccompanied by any physical alteration to property . . . **Since then, three other circuits have joined this consensus, and no court of appeals has held otherwise**").

Legal Landscape – U.S. (2) [DAA]

- However, a **minority** of **U.S.** courts -- at least **68,** as of today -- has **opened the door** to direct-side coverage.

- In general, decisions denying carrier motions to dismiss are based either on: (1) well-pleaded allegations that the COVID virion on the premises **physically harmed** insured property; or (2) a trier of fact's conclusion that a government closure **order *could* cause "physical loss"** to property.

  - *E.g., N. State Deli v. Cincinnati Ins. Co.* (N.C. Super. Ct. 2020) (after N. Carolina suspended operations at restaurants in March 2020, the policyholder deli filed suit but did not allege that SARS-CoV-2 damaged its property; the Court entered SJ on its behalf: "'**direct physical loss**' describes the scenario where business owners . . . **lose the full range of rights** and advantages of **using or accessing** their business property . . . precisely the loss caused by the Government Orders").

  - *Studio 417 v. Cincinnati Ins. Co.*, (W.D. Mo. 2020) ("Plaintiffs further **allege** that COVID-19 '**is a physical substance**,' that it 'live[s] on' and is 'active on inert physical surfaces,' and is also 'emitted into the air.' **COVID-19 allegedly attached to and deprived Plaintiffs of their property, making it 'unsafe and unusable, resulting in direct physical loss to the premises and property.'** Based on these allegations, the Amended Complaint plausibly alleges a 'direct physical loss' based on the plain and ordinary meaning of the phrase").

- In that connection, Courts denying motions to dismiss have emphasized the disjunctive nature of "direct physical loss ***or*** damage" -- and have accordingly concluded that "loss" can transpire in the absence of "damage" to property.

  - *E.g., Valley Lodge Corp. v. Soc'y Ins.* (N.D. Ill. 2021) ("Remember here that the operative text is 'direct physical loss of or damage to covered property'. **The disjunctive 'or' in that phrase means that 'physical loss' must cover something different from 'physical damage**'").

Legal Landscape – U.K. [DAA]

- BI policies issued in the **UK** (and **Canada)** generally require **"damage".**
- **Consistent with the majority of U.S. Courts**, a sole **English decision** concluded that "mere **temporary loss** of use is **not** **'Damage'".** *See TKC London v Allianz* (Commercial Ct. 2020).

Legal Landscape – Canada [DAA]

- At least **79 Complaints** -- including more than **2,000 plaintiffs** -- have been filed in Canada to address the question whether the SARS-CoV-2 virion and/or a government closure order can cause "***physical loss or damage to property***".
    - The ***Workman*** class action litigation, pending in the **Ontario** Superior Court against **14 insurer defendants** (*e.g.*, Co-Operators, Continental, and Gore Mutual), is national in scope. A class was certified and, in January 2022, the Superior Court denied insurers' motion to consolidate the class action with other individual cases. *See Workman Optometry Professional Corp. v. Certas Home and Auto Insurance Co., et al.* (Ont. Sup. Ct. 2022).
- In August 2021, the **Quebec** Court of Appeals concluded that a wording covering loss caused by *"**direct physical loss or direct physical damage***" was **not** triggered by **government-ordered closures**. *See Centre de santé dentaire Gendron Delisle inc.* c. *La Personnelle, assurances générales inc.* (Quebec Ct. App. 2021).
    - **Quebec** is the only **civil law** Canadian province which does not follow British common law. As a result, the Quebec decision may have limited influence on *Workman* and other Canadian actions.
- In the meanwhile, **3 class actions** brought against **Aviva** -- which implicate "**non-damage**" policy wordings similar to those formerly at issue in the FCA Test Case -- were severed from the ***Workman*** class action and are pending separately before the **Ontario** Superior Court. *E.g., Nordik Windows Inc v Aviva Insurance Co of Canada* (Ontario Sup. Ct. 2021) ("This form insures the actual loss of 'business income' . . . when ingress to or egress from the 'premises' is restricted in whole or in part . . . by order of civil authority resulting from . . . an outbreak of a contagious or infectious disease . . .").
    - In Fall 2021, the Court appointed 4 class representative plaintiffs, and it observed that their claims may be **viable**. *Id.* ("In my view there is at least some evidence that some part of the business interruption losses sustained by the plaintiff were **caused by an 'order of civil authority'**").

Legal Landscape – Australia (1) [DAA]

- On February 21, 2022, the Federal Court of Australia issued two significant -- and **insurer-friendly** -- decisions concerning direct-side COVID losses: (1) ***LCA Marrickville v. Swiss Re****;* and (2) ***Star Entertainment Group v. Chubb.***

- In ***LCA Marrickville,*** the Court concluded that **one** of the four policy wordings at issue was triggered only by **local instances of disease** confirmed at insured premises -- as opposed to the national threat of COVID-19.

    - The relevant wording provided: "We will pay for loss that results from an interruption of your business that is caused by: (a) any legal authority closing or evacuating all or part of the premises **as a result of: i. the outbreak of an infectious or contagious human disease occurring within a 20-kilometre radius of your premises** . . ."

    - The Court concluded that the policy's "**causal requirement**" was not satisfied: "The text of cl 8 requires that the authority close or evacuate all or part of the premises 'as a result of' the outbreak of an infectious or contagious human disease occurring within a 20 kilometre radius of the premises. **There is no indication here that the directions were made as a result of the outbreak or outbreaks of COVID-19 within the 20 kilometre radius of Taphouse's [a restaurant's] premises** . . ." Para. 21.

    - The Court **distinguished the UK FCA Test cases** based on the relative **paucity of infections Australia faced** in March 2020**:** "Nor were the directions made as a result of an outbreak or outbreaks of COVID-19 in each and every part of Queensland, such that it could be said (by analogy with the situation in the United Kingdom considered in *FCA v Arch*) that the directions were a result of the outbreak or outbreaks within the radius of 20 kilometres of Taphouse's premises". Id.

Legal Landscape – Australia (2) [DAA]

- In both ***LCA Marrickville*** and ***Star Casino***, the Court considered whether a different policyholder's COVID losses were covered by a wording addressing a "**conflagration** or **other catastrophe**".

- Each policy also contained a separate subpart applying specifically to "**notifiable disease**":

    - "closure or evacuation of the whole or part of the Situation by order of a competent public authority as a result of an **outbreak of a notifiable human infectious or contagious disease** or bacterial infection or any discovery of an organism likely to result in the occurrence of a notifiable human infectious disease . . . **but specifically excluding . . . any disease(s) declared to be a listed human disease** pursuant to subsection 42(1) of the Biosecurity Act 2015". *LCA*, Para. 4 (COVID losses were not covered, because coronavirus had been declared a "listed human disease" under the Biosecurity Act).

- The Court concluded that the pandemic could **not** be considered a "**conflagration or other catastrophe**" -- because the more specific wording above concerning notifiable diseases "**covered the field**" and precluded cover.

    - *See Star Casino,* Para. 83 ("Memorandum 7 does not in terms refer to human disease . . . they should be read down in favour of the **specific terms** of memorandum 9").

Legal Landscape: France [DAA]

- In **FRANCE**, Courts issued a series of **policyholder-friendly decisions** in the incipiency of the Pandemic.
    - In 2020, at least **36 Courts** of First Instance determined that **Axa policy wordings afforded cover** for Pandemic losses.
- At the **appellate level**, however, decisions have been more of a mixed bag.
    - For example, in October 2020, the Court of Appeals of Bordeaux considered wording covering losses resulting from "temporary or partial closure by administrative order decided as a consequence of infectious disease" -- but excluded cover if, "**at the date of the closure decision at least one other establishment of any sort in any line of business has been closed in the same department . . . for an identical cause**". *Sobargest c AXA France (*n° 20/04363)
    - The exclusion was seemingly aimed at **barring pandemic cover**, while **covering local** instances of disease.
- The Court concluded that the subject policy ***did not*** afford cover, because the exclusion was unambiguous and precise, and it notified the policyholder that losses resulting from widespread pandemics would not be covered.
    - According to the Court: "it is ***not*** because of an epidemic ***in the establishment*** that the restaurant was closed. The contract […] **covers cases of epidemics occurring within the restaurant and not outside it**."
- Against this uncertain legal backdrop, **Axa offered to settle** with 15,000 restaurateurs for a total of **€ 300M** (June 2021). More than **80%** of the insured restaurateurs have accepted Axa's offer.

Legal Landscape – Germany [DAA]

- On January 26, 2022, the **German Federal Court of Justice** issued its first ruling on the question whether COVID losses are covered under a BI policy including a "**disease clause**" **extension**. *See* Case No. IV ZR 144/21.

- The subject wording -- a form policy common in the German market -- **enumerated covered pathogens**, but did **not** specify COVID:

    - "The insurer shall pay compensation if … the competent **authority** in the event of the occurrence of **notifiable diseases or pathogens** [enumerated elsewhere] … closes the insured business or an insured establishment in order to prevent the spread of notifiable diseases or pathogens in humans …"

- The Court concluded that **only enumerated pathogens (*i.e.*, not COVID) could trigger** coverage, and explained that a **reasonable policyholder** would understand that limitation. Para 17. ("The average policyholder in particular will [understand that] 'the following' diseases and pathogens are insured").

- The Federal Court decision resonates with most German lower court rulings, and likely will encourage **jurisprudential consistency.**

UK Legal Landscape : Covid 19

Test Case

9 June 2020: *FCA v Arch, Hiscox, Argenta, RSA, QBE, MS Amlin*

- Hybrid Commercial/Appeal Court
- FCA on behalf of c.370,000 policyholders

15 September 2020 : Commercial Court Judgment

15 January 2021 : Supreme Court Judgment

The FCA Test Case

FCA v Arch and others

Commercial Court

Judgment: 15 September 2020.

The types of clause considered in the case were:

1. Disease Clauses
2. Hybrid Clauses
3. Prevention of Access Clauses

Supreme Court

Judgment: 15 January 2021.

The issues considered on appeal were:

1. Disease Clauses
2. Prevention of Access and Hybrid Clauses
3. Causation
4. Trends Clauses
5. Pre-trigger downturns in business
6. The *Orient Express* Case

Other Notable UK Cases

The ‘Non-Damage Denial of Access’ case

Corbin & King v Axa

Judgment: 25 February 2022.

1. Not bound by the FCA Test Case
2. Coverage
3. Causation
4. Quantum – Limit per premises or for all premises?

Other Notable UK Cases

The ‘Marsh Resilience’ wording cases

Stonegate; Various Eateries; and *Greggs*

Trials of preliminary issues to take place in June/July 2022.

1. Is there a “Single Business Interruption Loss”? – interpreting “single occurrence”
2. How does the Maximum Indemnity Period apply?
3. Should Government support be taken into account?

Other Notable UK Cases

The ‘at the premises’ wording cases

Smart Medical Clinics v Chubb; Mayfair Banqueting; and *Altrincham*

1. Proving COVID-19 at the premises
2. Was COVID-19 a notifiable disease as defined in the policy? “mutant variation” of SARS
3. Were cases of COVID-19 at the premises causative of the loss and/or central Government action?

Arbitrations

Certain Policyholders v China Taiping Insurance (UK) Co Ltd

- Potential cover under multiple extensions did not operate to exclude cover under all but one extension
- The UK central government was not a "*competent local authority*" and so there was no cover.
- Queried whether the Divisional Court in the FCA Test Case would have ruled on PoA clauses in the same way, if they had the benefit of the Supreme Court's analysis.

Unknown parties

- Reinsurance arbitration rather than direct
- Considered whether COVID-19 was a Natural Peril
- "including but not limited to" a list of common natural catastrophes

Reinsurance implications of UK judgments

- Context is key: Is there any read across at all?
- The majority judgment of the Supreme Court in the FCA Test Case: Covid is not an event; “occurrence” is a single case of COVID-19 (time, place and way)
- The minority judgment of the Supreme Court in the FCA Test Case: “occurrence” is COVID-19 as a whole. Inconsistent with established authority on “occurrence” and “event”?
- The pandemic is a “sad disaster”: Lord Mance in the *China Taiping Arbitration*

Structure of a loss occurrence

Paradigm case

Occurrence **Causal link** **Losses**

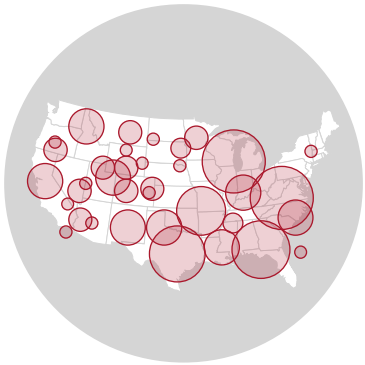
Event-based definition: "all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event." (Non-Marine Ass'n)

Catastrophe-based definition: "all individual losses arising out of and directly occasioned by one catastrophe. (Int'l Underwriting Ass'n)

Structure of a loss occurrence

COVID case

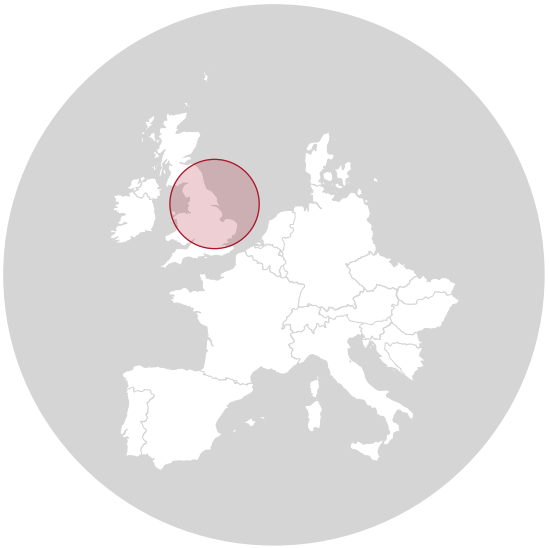
Occurrence | **Causal link** | **Losses**



Framing the occurrence

Single jurisdiction aggregation

Outbreak in one country

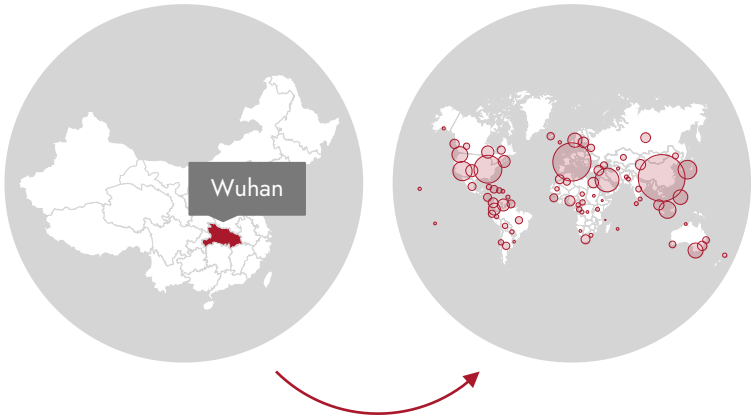


Closure order in one country

Framing the occurrence

Multiple jurisdiction aggregation

Wuhan outbreak and worldwide spread



Outbreak in multiple jurisdictions

Is COVID a “natural peril”?

Representative “natural peril” language

“Including but not limited to”

The contract will “indemnify the reinsured for natural perils losses . . . . Natural perils shall **include but not be limited to:** Earthquake, Hurricane, Tornado, Typhoon, Hail, Winter Weather/Freeze, Avalanche, Meteor/Asteroid Impact, Wildfire. . . .”

“Including”

The contract will “indemnify the reinsured for natural perils losses. . . . Natural perils shall **include:** Earthquake, Hurricane, Tornado, Typhoon, Hail, Winter Weather/Freeze, Avalanche, Meteor/Asteroid Impact, Wildfire. . . .”

How does an hours clause apply to COVID losses?

Representative hours clauses in a CAT XL

"The duration and extent of any one Loss Occurrence shall be limited to all individual losses sustained by the Company occurring during any period of 168 consecutive hours. . . ."