

RE: IMPORTANT INSURANCE UPDATE – This change may affect your coverage under your insurance policy
EFFECTIVE: Immediately

CONTAGION OR COMMUNICABLE DISEASE EXCLUSION – Mid-Term, Renewals & New Business

INSURANCE PRODUCTS THIS AFFECTS: ALL - Commercial General Liability, Directors & Officers, Sport Accident, Property and Travel

To: Our valued clients,

Our country is going through an unprecedented situation and SBC Insurance is closely monitoring the spread of the COVID-19 coronavirus. We are continuing to review and follow the guidance issued by governmental health authorities, including the Centers for Disease Control, and the World Health Organization. Like many other companies, SBC Insurance has taken immediate action to minimize the risk and spread of COVID-19, including a temporary work from home arrangement. Without a doubt, the health and safety of our Sport BC team, members, PSOs, NSOs, MSOs, and customers are the highest priority.

An important update, we at SBC Insurance (“the broker”) would like to pass on to our valued customers. This update may apply to you as these changes are being done by the underwriter or (“the insurer”), the “insurance company”. These changes will apply IMMEDIATELY.

Communications from “The Insurer” and other “Insurance Companies”

Effective **IMMEDIATELY**, ALL POLICIES and ALL PRODUCTS (new, renewal and mid-term) will have a **Contagion Exclusion or Communicable Disease Exclusion** (*Examples made available after this letter*). Due to SBC Insurance being your broker and representative, we strongly encourage you to review your policy in its entirety for this exclusion (Contagion Exclusion or Communicable Disease Exclusion) or something similar to that affect where coverage will not be provided. Even if the exclusion is not on the policy, communication has been made to SBC that COVID-19 or other infectious diseases will most likely NOT be covered (no coverage). This means, the insurance companies will not defend or provide defence costs if an individual decides to pursue litigation or a lawsuit against you related to contracting COVID-19 or another infectious disease. If you are unsure whether the contagion exclusion or communicable disease exclusion applies to you, please consult with a broker at SBC Insurance for a consult.

The following information has been provided by one underwriter who is a key sport insurer in our sector:

- **Most sport liability policies will not respond to claims relating to diseases or contagions – while untested in a court of law, insurance companies feel that the policy will not respond to claims relating to diseases or contagions even for those policies not yet possessing the Contagion Exclusion or Communicable Disease Exclusion.**
- Going forward, there is an expectation that all carriers will place specific pandemic exclusions on ALL insurance policies where crowd-risk exists (sports, hospitality, entertainment) – insurance companies and carriers have been seeing this for the past two months.

- Sport organizations and other businesses should be made aware that there is **likely no liability coverage for them for COVID-19 related claims**

Considerations

- Insurance companies consider this a risk management issue, rather than an insurance mandate
- Planning to reopen must include taking all practical precautions for all aspects of sport and facility management
- Opening has to be done within guidelines and directives (approval / sanctioning) set by health authorities and governments
- Depending on the sport, this will be challenging and expensive - sanitizing playing surfaces, balls, equipment, gyms, change rooms, etc.
- As an example, the following are consideration for the sport of gymnastics (knowing all sports will have their own unique factors to consider and mitigate):
 - Gymnastics facilities have foam pits, which in normal times is difficult to sanitize; how will facility managers address this to the satisfaction of health authorities?
 - Social distancing will not be possible in the sport of Gymnastics with respect to spotting requirements
 - Softer surfaces such as leather or vinyl are very hard to clean and to disinfect so selecting appropriate cleaning solutions is critical; will bleach deteriorate leather material, or will it damage foam padding? How do you sanitize, clean all surfaces of equipment in a gymnastics facility?
- For sports that require safety equipment - How are helmets affected by different solutions? Will vapour distribution systems be effective?
- Should players be issued masks or other PPE and be required to wear them during training or competition? Is this even possible?

Again, the items listed above are a small sample of items to be considered. The questions are infinite that need to be addressed by the experts in each sport.

Our contacts from various insurance companies assured SBC Insurance that they have liaised with other brokers / counsel with respect to the above and waivers; and have borrowed content with their knowledge: the waiver advice we have received from legal counsel is to not change wordings to include pandemic as a potential peril. There are a number of concerns in doing so that would have to be addressed by defence counsel, the most obvious is the question of public good. Pandemic is not an “inherent risk of the sport”, so a waiver would not be appropriate for use in defending a claim. Doing so could trigger negative backlash against waivers which are otherwise well accepted and useful in their intended applications.

SBC understands the severity of the COVID-19 pandemic and we appreciate all your support and loyalty you have provided our brokerage. Should you have any questions and/or concerns, please feel free to contact our office at info@sbcinsurance.com

Thank you,

Sincerely,



SBC INSURANCE

SBC INSURANCE AGENCIES LTD.

EXAMPLE OF EXCLUSIONS

For Reference Purposes Only. Please ask your broker and representative for clarification on whether the exclusion applies to you and your policy. Thank You.

EXAMPLE 1

CONTAGION EXCLUSION ENDORSEMENT

READ THIS ENDORSEMENT CAREFULLY AS IT MAY EFFECT COVERAGE UNDER THE POLICY

This Insurance Policy provides no coverage for any **Claim** in any way caused by, arising out of or resulting from any disease or contagion, including that designated as such by any of the following:

- A. a Federal, Provincial, Territorial or Municipal authority or agency;
- B. a Minister of the Federal, Provincial or Territorial Crown;
- C. a person occupying the position of Chief Medical Officer of Health (or similar position) of a Province, Territory or Municipality;
- D. the World Health Organisation;
- E. the Center for Disease Control/Centre for Disease Control of
 - i) Canada or any Canadian Province or Territory;
 - ii) the United Kingdom of Great Britain and Northern Ireland; or
 - iii) of the United States of America and any American State or Territory.

For purposes of this Endorsement, disease or contagion so designated shall include:

- A. any derivative, mutation or variation of the disease or contagion;
- B. any fear or threat of the spread of the disease or contagion;
- C. any failure to prevent, contain or eradicate the disease or contagion.

For purposes of greater clarity the following are diseases or contagion that are excluded pursuant to this endorsement:

- 1) Coronavirus disease (COVID-19);
- 2) Severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);
- 3) Ebola;
- 4) Avian Influenza (Avian Bird Flu); and,
- 5) Legionella (Legionnaire's Disease).

EXAMPLE 2

**THIS ENDORSEMENT CHANGES THE POLICY.
PLEASE READ IT CAREFULLY.**

COMMUNICABLE DISEASE EXCLUSION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

The following exclusion is added to Paragraph 2. Exclusions of SECTION I – COVERAGES – COVERAGE A. BODILY INJURY and PROPERTY DAMAGE LIABILITY:

This insurance does not apply to:

Communicable Disease

"Bodily injury", "property damage" or any other loss, cost or expense; arising directly or indirectly, in whole or in part, out of the actual or alleged transmission of any "communicable disease" or which is any way related to the transmission of any "communicable disease" or any fear or threat of the spread of any "communicable disease".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in any:

- a. Employing, hiring, supervising, training or monitoring of any person (including, but not limited to, any "employee", "volunteer worker", contractor or others who are working under contract for or on behalf of any insured) that may be infected with and transmit any "communicable disease";
- b. Testing for any "communicable disease";
- c. Failure to perform services which were either recommended to, intended to or assumed to prevent any "communicable disease" or the transmission to others;
- d. Procedures, or lack thereof, to manage any "communicable disease";
- e. Failure to prevent, contain, eradicate or avert any "communicable disease"; or
- f. Failure to report any "communicable disease" to authorities.

This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "bodily injury", "property damage" or any other loss, cost or expense.

The following exclusion is added to Paragraph 2. Exclusions of SECTION I – COVERAGES – COVERAGE B. PERSONAL and ADVERTISING INJURY LIABILITY:

This insurance does not apply to:

Communicable Disease

"Personal and advertising injury" or any other loss, cost or expense arising directly or indirectly, in whole or in part, out of the actual or alleged transmission of any "communicable disease" or which is any way related to the transmission of any "communicable disease" or fear or threat of the spread of any "communicable disease".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in any:

- a. Employing, hiring, supervising, training or monitoring of any person (including, but not limited to, any "employee", "volunteer worker", contractor or others who are working under contract for or on behalf of any insured) that may be infected with and transmit any "communicable disease";
- b. Testing for any "communicable disease";
- c. Failure to perform services which were either recommended to, intended to or assumed to prevent any "communicable disease" or the transmission to others;
- d. Procedures, or lack thereof, to manage any "communicable disease";
- e. Failure to prevent, contain, eradicate or avert any "communicable disease"; or
- f. Failure to report any "communicable disease" to authorities.

This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "personal and advertising injury" or other loss, cost or expense.

The following exclusion is added to Paragraph 2. Exclusions of SECTION 1 – COVERAGES – COVERAGE D. TENANT'S LEGAL LIABILITY:

This insurance does not apply to:

Communicable Disease

"Property damage" or any other loss, cost or expense arising directly or indirectly, in whole or in part, out of the actual or alleged transmission of any "communicable disease" or which is any way related to the transmission of any "communicable disease" or fear or threat of the spread of any "communicable disease".

This exclusion applies even if the claims against any insured allege negligence or other wrongdoing in any:

- a. Employing, hiring, supervising, training or monitoring of any person (including, but not limited to, any "employee", "volunteer worker", contractor or others who are working under contract for or on behalf of any insured) that may be infected with and transmit any "communicable disease";
- b. Testing for any "communicable disease";
- c. Failure to perform services which were either recommended to, intended to or assumed to prevent any "communicable disease" or the transmission to others;
- d. Procedures, or lack thereof, to manage any "communicable disease";
- e. Failure to prevent, contain, eradicate or avert any "communicable disease"; or
- f. Failure to report any "communicable disease" to authorities.

This exclusion applies regardless of any other contributing or aggravating cause or event that contributes concurrently or in any sequence to the "property damage" or other loss, cost or expense.

The following definition is added to SECTION V – DEFINITIONS:

"Communicable disease" means any disease, virus or contagion, any derivative, mutation or variation of the disease, virus or contagion, including, but not limited to, that designated as such by any of the following:

- A. a Federal, Provincial, Territorial or Municipal authority or agency;
- B. a Minister of the Federal, Provincial or Territorial Crown;
- C. a person occupying the position of Chief Medical Officer of Health (or similar position) of a Province, Territory or Municipality;
- D. the World Health Organisation;
- E. the Center for Disease Control/Centre for Disease Control of
 - a. Canada or any Canadian Province or Territory;
 - b. the United Kingdom of Great Britain and Northern Ireland; or
 - c. of the United States of America and any American State or Territory.

For purposes of greater clarity, "communicable disease" includes, but is not limited to, the following diseases, virus or contagion:

- 1) Coronavirus disease (COVID-19);
- 2) Severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2);
- 3) Ebola;
- 4) Avian Influenza (Avian Bird Flu); and,
- 5) Legionella (Legionnaire's Disease).

All other terms, conditions, exclusions and limitations of the policy are unchanged.