



Insurance Strategies for Staffing Firms/COVID-19: How to Ease Cash Flow & Protect Your Business

Insurance is a significant expense for most staffing firms and managing costs and cash flows associated with premium payments can make a significant difference in your ability to effectively manage your business, now more than ever. There are ways to mitigate your insurance costs and/or defer premiums until your business is in better financial health. It's also important to be mindful of other insurance implications and how to protect your business from COVID-19 related liability claims or uncovered losses.

The Assurance Staffing Team is implementing a broad array of strategies to help our clients survive and thrive. Below are 10 recommendations to help your business do the same.

1. **Request a monthly reporting payment plan.** If you are on a pay-as-you-go Workers' Compensation program, your monthly premium payments will be calculated based on your actual payrolls for that month. If you are on a fixed premium payment plan, ask your insurance carrier to convert you to monthly pay-as-you-go in order to preserve cash flow. Not all carriers are equipped to offer a pay-go program, but it never hurts to ask.
2. **Free up cash where available in your work comp program.** If you are on a loss sensitive program and funding collateral via cash payments, see if your carrier will consider a letter of credit to cover a portion of the requirement and alleviate the next few upcoming cash payments.
3. **Ask for a premium payment grace period.** Many insurance carriers are allowing customers to defer premium payments until a future date with no risk of cancellation for non-payment of premium. If they are not able to do so, ask for them to restructure your payments to stretch them further into the policy term. For example, if your policy renews in six months and you have three installments remaining, ask the insurance carrier to allow you to make six installments, rather than three. As COVID-19 unfolds, many state jurisdictions are *requiring* that carrier make these adjustments.
4. **Seek alternative opportunities.** Be creative and look for staffing opportunities outside of the nature of your historical placements. Many industries, especially in the essential goods manufacturing and supply chain, medical and construction industries desperately need more people. Check with your insurance carriers to see if these industries fall within their program appetite. If not, ask for exceptions to their established guidelines so you are able to make those placements.
5. **Review your coverage & policy language.** Review your property insurance policies for Business Interruption or Dependent Property/Contingent Business Interruption coverage. Most property policies have 'Virus' exclusions which will likely preclude coverage, but some do not have those exclusions (albeit very rare). However, keep an eye on state legislation. At least one state is considering voiding the Virus exclusion and forcing insurance carriers to pay Virus-related Business Income claims.

6. **File a business Interruption Claim.** We recommend filing Business Interruption claims regardless of the existence of the Virus exclusions. As mentioned above, at least one state may force insurance carriers to cover the losses, and some courts may interpret coverage more broadly. Claim denials for 'Virus' losses will be challenged in court, and you should be on record as having filed a claim with your insurance carrier.
7. **Credit Insurance.** Immediately consider purchasing credit insurance to insure your receivables. The entire supply chain is being disrupted and normally good paying customers will start to default on their receivables as you are an uncollateralized creditor. Credit Insurance may help protect you from those losses.
8. **Compliance and Education.** Stay current on compliance issues to avoid Employment Practices Liability losses and other fines/penalties that may not be covered. For example, be familiar with the screening do's and don'ts during a pandemic to avoid claims surrounding invasion of privacy, discrimination, failure to hire, etc. Are you communicating with your employees what to do if they are exposed to the virus? Is proper training/PPE being utilized for potential exposures? [The American Staffing Associations' COVID-19 webinars and resource page](#) should be visited frequently as it contains valuable information on these topics.
9. **Cyber Liability.** Review your Cyber Liability policy to make sure coverages and limits are adequate to cover the increased exposure of a remote workforce. Seek a quote for coverage if you do not currently carry a cyber policy.
10. **Check out our resources.** You can review [Assurance's COVID-19 Resource page](#) for continuous updates on insurance, compliance and virus safety-related matters, including links to key CDC resources.

Get in Touch

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