

# COVID-19 EFFECT ON INSURANCE CONTRACTS: PESTALOZZI'S SUGGESTIONS TO CLIENTS

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As outlined several times in this particular moment, **Covid-19** pandemic has made necessary that governments and authorities have to take several measures in response to the outbreak. These may also have significant impacts on **insurance contracts and coverage**. Indeed, parties to insurance contracts need to assess potential implications for their contractual rights and obligations. [Beat Schwarz](#), partner at **Pestalozzi** [writes a client note on this topic](#), that we will briefly summarize below:

- There is no general answer to whether insurance coverage is affected by the extraordinary situation caused by the Covid-19 outbreak and so analysis should be on a case-by-case basis.
- Policyholders should review their policies and consider and assess any applicable notification or mitigation obligations.
- Business interruption insurance may require compliance with safety regulations and cooperation with the authorities.
- The parties should consider whether there is a possibility to terminate insurance contracts in advance, as some insurance contracts entitle the parties to terminate the contract in the event of damage.
- Insurance contracts could include specific rules regarding increase of risks, for example by obliging the policyholder to notify certain increases of risk to the insurer.