



COVID CLAIMS NOTICE

Applicable to China Taiping Insurance (UK) Co Ltd Policies Only

This letter is to provide you with an update on the position of China Taiping Insurance (UK) Co Ltd (“CTI”) in relation to business interruption cover following the Supreme Court’s Judgment on the appeal of the FCA v Arch Insurance (UK) Limited & Others (2020) (“the Test Case”).

CTI recognises that the judgement of the Supreme Court in the Test Case represents an important milestone in the context of the interpretation of some of the common business interruption wordings in the market; and the potential for those wordings to respond to claims arising from the impact of Covid-19 and the associated government restrictions put in place on certain businesses.

As you will no doubt be aware, the Test Case principally focused on three key types of wordings, all of which extended basic policy cover to include interruption to a business arising from circumstances that did not also involve damage to property at the premises. There are numerous variations of such policy wordings and this has helped to create confusion and uncertainty about how and when these policies may provide cover, in response to the Covid-19 pandemic.

The Supreme Court judgement decision on this matter has now clarified the final outcome of the Test Case. We are therefore issuing this notice to China Taiping product (Retail Catering, Property Owners, Office, Trader) policyholders, to explain that the outcome of the Test Case confirms that these policies do not respond to Business Interruption losses caused by the pandemic.

The FCA Test Case and the Supreme Court focused on policy wordings within the following three categories:

1. Interruption caused by an outbreak of a Notifiable Disease: the Test Case has determined that the cover for disease provided by your policy, which specifically names the diseases for which cover is included and does not include Covid-19, will not provide cover;
2. Interruption caused by Prevention of Access: the Test Case focused on types of policies where cover was provided for business interruption arising from “prevention of access” to an insured premises where there was no damage to nearby property(ies). The cover under your policy only provides cover for prevention of access caused by damage to property(ies) near to the premises;
3. Interruption caused by policy provisions which are engaged by restrictions imposed on the premises in relation to a notifiable disease (a mixture of the above two). As outlined above your policy does not provide cover for diseases that are not specifically listed, nor restriction or prevention of access to premises that is not precipitated by damage to property and therefore no cover is afforded in respect of the Covid-19 pandemic.

In summary, the Supreme Court decision has no direct impact or relevance to policyholders who are insured on our Retail Catering, Property Owners, Office, Trader policy wordings; other than to affirm that, regrettably, there is no cover for Business Interruption arising from the Covid-19 pandemic.

For more detailed information please refer to the FCA website: <https://www.fca.org.uk/news/press-releases/supreme-court-judgment-business-interruption-insurance-test-case>

On behalf of China Taiping Insurance (UK) Co Ltd

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