



ATTORNEYS AT LAW

Five Questions About Surviving the COVID-19 Crisis with Mike DeStasio, Executive Vice President of Transportation at Assured Partners, The Insurance Center

April 21, 2020: Joseph G. Harraka, Jr. Esq., Co-Transportation Practice Leader of Becker LLC, interviewed fellow Industry Partner Mike DeStasio, Executive Vice President at Assured Partners about the hot topics Mike is consulting with his Transportation clients about during the COVID-19 crisis.

Harraka: What are the types of key questions regarding insurance coverage or other areas of concern that you are fielding from your industry clients looking for assistance and support from you and Assured to help them weather the COVID-19 crisis? What advice are you giving them?

DeStasio: We are being asked many questions regarding the availability of Business Income coverage in light of the various lockdown orders that have been imposed and which have negatively impacted and interrupted a number of our customers' business operations. While virtually all Business Income coverage is triggered by a "Direct Physical Loss" to property which may not be present, we still are reporting these claims to the insurance carriers and seeking coverage on behalf of our clients. To date, all of the insurance carriers have denied coverage for such claims. I understand that there are bills being considered in several states which will force the insurance carriers to pay for COVID-19 Business Income related claims but none have been brought up for a vote as of yet or have passed. There is also federal legislation pending introduced by Maxine Waters (D-CA) to create a federal back-stop for Pandemic claims similar to TRIA called PRIA (Pandemic Risk Insurance Act) on a going forward basis. There is also a federal bill that would retroactively give Business Income Coverage for this event, but I understand that it has not gotten any traction as of yet. In my opinion, retroactively granting coverage in any fashion could create years of litigation given that no insurance carriers charged premiums for such potential risk and exposure.

Harraka: What common mistakes do you see your industry customers making in reaction to the COVID-19 crisis and how are you attempting to assist them to either address those mistakes or avoid them in the first instance?

DeStasio: I think all Motor Carriers should apply for the federal Payroll Protection Program loans even if they end up not taking them if they qualify under the guidelines. Many of our clients have not applied and I believe that is a mistake. In my opinion, even if none of the loan is forgivable, it is a low cost loan that could provide the Motor Carriers with well needed liquidity given these times of economic uncertainty.

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Harraka: *Is there any action(s) that your industry customers can take at this time to better handle and navigate the economic issues that they face by way of modifying or altering their insurance coverages?*

DeStasio: They should endeavor to review their risk exposures and discuss with their insurance broker if any adjustments need to be made mid-policy term. They also need to review where their freight comes from and assess future business flow in that market so as to address potential dislocations in a certain marketplace. By way of example, we have had many Auto Carriers change their business model for the time being and deliver General Dry Freight instead given the current business and economic environment in which they need to operate.

Harraka: *Many auto insurance carriers are offering their customers rebates and/or discounts based on the fact that many of their customers are significantly reducing their driving at this time, do you see that happening in the Trucking and Transportation industry with the carriers that issue coverage to your types of clients? Or do you see the opposite occurring with respect to commercial drivers and the amount of time on the road and mileage has actually increased during the lockdowns that are taking place?*

DeStasio: While it is on an insurance carrier by carrier basis, most insurance companies have granted relief in the way of reducing Units, Miles or Gross Receipts minimums. In addition, we have seen some Insurance carriers allowing Motor Carriers to delete owned units mid-policy term to reduce and adjust their premiums. Finally, we have observed a willingness on the part of some insurance carriers to agree to a reduction of payroll mid-policy term for Workers Compensation Coverage ratings and premium charge purposes.

Harraka: *Other than offering advice on insurance coverages and addressing and managing your customers' risk profiles, have you and Assured been offering your industry customers any other business support to assist them with handling the COVID-19 crisis and the economic dislocation that is arising from that crisis?*

DeStasio: As well as advice for coverages and reductions in exposure, Assured has offered a series of "Town Hall" video conference meetings on a weekly basis. We have also republished various information and email blasts that various trucking associations to which we belong have posted on their web pages to help educate and update our clients on a regular basis. We pride ourselves at Assured in assisting our customers and supporting them throughout the policy year and not just at renewal time particularly in times like this when they face significant challenges in an unprecedented environment.

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About the Professionals:



About Mike DeStasio: Michael DeStasio Jr., TRIP, (Transportation Risk Insurance Professional) of Iselin, N.J. is a vice president of Assured Partners of New Jersey in Cranford, N.J. Michael is an active member of PIANJ, (Professional Insurance Agents) serving as vice president in 2018-19 & 2019-20; treasurer of the association in 2017-18 and secretary in 2016-17. He also is vice president of the Business Issues Committee. Additionally, DeStasio is a member of the association's Executive/Budget & Finance Committee and the Carrier Advisory Council.

Always active in the industry, Michael is a member of the New Jersey Auto Insurance Plan Governing Committee and the Union County Ethics Committee. He also is a member of the N.J. Motor Truck Association and BiState Motor Carriers.



About Joseph G. Harraka, Jr.: Joseph co-chairs the transportation group at Becker and as a senior member of the firm's litigation team focuses his practice on being an aggressive advocate for his clients, he draws upon both his law and business degrees to understand his clients' respective business and legal needs and never losing sight of results that make business and economic sense.

With more than 30 years of experience, Mr. Harraka has served as lead counsel in business litigation matters before various state, federal, and bankruptcy courts, and he has first chaired numerous trials for clients. Additionally, he has handled numerous arbitrations and mediations and has significant experience resolving cases without the need for a trial. Mr. Harraka is also a state-certified mediator

About Becker

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