



## **Defiance of Governor's Order and Coverage Implications for Consideration**

This communication is provided to IRMA members to address questions we have received related to insurance coverage implications for violations of the Governor's order. First, we encourage IRMA members to comply with the Governor's Orders and resist temptations to enact less restrictive reopening plans.

There are a growing number of local governments that are urging the Governor to revise his plan to allow for a quicker timeframe for re-opening businesses. Temptations to defy the Governor's Order should be carefully vetted. In addition to risking the availability of federal and state funds, an intentional action by a municipality to defy the Governor's order could potentially jeopardize insurance coverage for claims that may arise. Coverage determinations are made based on the specific facts of each claim. In addition, IRMA strives to find coverage as much as possible. However, the IRMA coverage documents include an intentional act exclusion that could be triggered if a member intentionally violates the Governor's order. For example, if a Village Board passes an ordinance that violates the Governor's order (allows businesses to open faster than the Governor's order), this could be an intentional act. We are advising IRMA members that there is an applicable exclusion if claims arise when an IRMA member violates the Governor's Order. We reserve our right to deny coverage if our investigation concludes that the member engaged in an intentional act. Any denial of coverage will include a full coverage analysis and the member has a right to appeal coverage denials to an appeals committee appointed by the IRMA Chair consisting of 3 non-executive board members. This is provided in Section 4.04 of the IRMA Contract and Bylaws.

We do not believe that failure to enforce the Governor's order is an intentional act. We continue to encourage members to respond to complaints of businesses in violation of the order as explained in this prior communication ([link to law enforcement memo](#)). However, we recommend that all IRMA members comply with the Governor's Orders at all times.