

## Talking Industrial Automation

### Bonus Episode: Here's What You Need to Know About the COVID-19 Crisis

#### Transcript

*Before we get started, a quick programming note. This episode of the podcast was recorded on March 19, 2020. As I tape this, the global pandemic situation is still very fluid. In addition, in the U.S., state and federal leaders are issuing statements daily. To help CSIA members stay up to date, the association has set up a [Forum](#) on [controls.org](#) for members to share resources, advice and tools to cope in this rapidly changing environment. And now, back to the regular program.*

**Lisa Richter:** Hi, my name is Lisa Richter, the host of *Talking Industrial Automation*, a podcast where you get to know the people who make modern industrial automation and processing possible. In today's episode, we're doing something a little different because, with the COVID-19 pandemic, things are a little different. In fact, for many folks, they are a *lot* different.

To start to make sense of this new normal, at least as it relates to system integration and manufacturing, I'm calling on three experts: an insurance broker, CPA and attorney, all who work with system integrators and manufacturers every day.

With me today is Gloria Forbes. She is Executive Vice President at ECBM, a Philadelphia-based insurance broker and consulting firm. She's also head of the CSIA Insurance Program. Welcome, Gloria.

**Gloria Forbes:** Pleasure to be here.

**Lisa Richter:** Also, here is Tim Finerty, a shareholder with Clayton & McKerverey, a global tax and accounting firm in Southfield, Michigan. Tim heads up the industrial automation sector. Tim, thanks for joining us today.

**Tim Finerty:** Well, thanks for having me.

**Lisa Richter:** And finally, there is Lindsey Hogan, who is a partner at Faegre Drinker, a law firm that provides transactional, litigation and regulatory services with offices around the country. The firm also administers the CSIA Legal Program, which includes complementary legal consultations to CSIA members. Hi Lindsey.

**Lindsey Hogan:** Hi everyone.

**Lisa Richter:** Before we address the more scripted questions, we put together prior to recording the podcast, I'd like to address the specific questions we received from CSIA members. The first one comes from Kevin Mahoney with Casco Systems. He's wondering about the implications of requiring employees to work from home.

For many organizations, work from home was optional. It was even kind of considered a perk. But now, if a company is requiring their employees to work from home, how does that change things? That is, is the company then responsible for ensuring an ergonomic, safe and healthy home office for their staff? And what policies and practices do they need to implement? Lindsey, can you address this one for us please?

**Lindsey Hogan:** Sure. And what a timely question because just a few hours ago New York's governor announced that only 25% of the workforce in New York would be permitted to go into work, that is 75% of every company's employee base would be required to work remotely. So, it's a very timely question.

And you're also right, this used to be a huge perk and so a lot of the advice that we formerly gave started off with things like, make sure your IT systems can handle a remote work; and

make sure that you qualify which employees would be considered to be able to work from home.

But in this environment, our advice is a little bit different. It is good for employees and comforting for employees for employers to clearly communicate what will be expected of their remote workforce. When are they going to be expected to log in and when are they going to be expected to log out? What times of day will they be required to be available? How are they going to be expected to communicate with your other co-workers and with the company's clients?

In order to do that, we've seen in this environment kind of frequent communications from different employers kind of suggesting how employees should communicate with each other now that they're working remotely, which is provide as much notice as possible when you're scheduling internal phone or video conferences. Because not only do we have a large portion of the workforce working remotely, we have a lot of family members now working in the home with your workforce.

So, I think I saw a joking headline earlier today that Americans now have the worst co-workers ever.

[Laughter]

You know it's also reminders of simply be candid with your colleagues about your availability and understands that some of your colleagues might not be available doing normal working hours because we now have other responsibilities to attend to as well. When you are sending an email communication that is— does need immediate attention, mark it urgent, because so much of our communications are going to be over email while we're working remotely.

And just acknowledge the fact that things aren't necessarily going to work as smoothly as if they were not working remotely but besides it's part of our new normal for now, and to keep things going.

I've also seen some companies go out of their way in order to have kind of positive communications with the workforce right now, encouraging silly selfie contests, you and your furry friend or your children or your spouse and just sharing photos across the company.

Tips on working from home, in order to have an ergonomic work space, the employer does not have a responsibility to make an employee's working from home work space to be ergonomic but it would benefit them and it would benefit the employee if the setup is ideal. So, it's the extent you can kind of suggest work from home suggestions like put blocks under your desk if it's not the right height and things like that, it would be helpful.

And along those same lines, even though the employer is not required to provide the employee with certain equipment to work remotely, from a practical perspective, if you don't give your employees the equipment they need in order to work remotely you can't expect them to.

So, we've seen employers send out even something as simple as like Monkey Surveys, whatever that's called, and you send it out and say. "OK, employees, do you have Internet? Do you have a phone? Do you have a computer at home that you can use?" And then when you get that information back, you as the employer decide how you're going to allocate what resources you must enable the workforce to do the best they can from home. So those are some initial thoughts on kind of transitioning your workforce to be remote.

**Lisa Richter: Gloria, what about additional insurance coverage or other issues related to home office use?**

**Gloria Forbes:** You know basically the areas that tend to be impacted most in a work from home situation are going to be your property insurance and your workers' compensation, because when someone is working at their home office then they're still considered at work.

We've had a lot of clients in the service sector migrating into this ability to work from home for long periods of time. We've gone through this drill, not necessarily with virus before or pandemic, but hurricanes or natural catastrophes, things that have prevented access to a physical office.

Most people have— most businesses have a property policy. That property policy is going to have likely an extension for personal property of the firm that is at another location. And so, if you were to make a property of yours, computer equipment, things of that sort available to your employees for them to work at their home facility, likely your property policy would be responding to that. The only thing I would say is to check the limits because often those aren't the things people focus on when they're buying their insurance coverage.

And the other issue as I said on the workers' compensation, sometimes particularly when you're near state lines, but if you have people that work at a client's office, their state of where they live may not— their state of domicile may not be the same as their state of employment. So, I would just look at your workers' compensation policy that cover page tells you the states that you're covered in and it would be something to double check when you have people working remotely like this.

**Lisa Richter: Staying on this theme of insurance, what happens if an employee gets COVID-19 because they were exposed at the office or a work-related location or event?**

**Gloria Forbes:** Well, we're seeing communications — well, I'm sure everyone has seen communications ad nauseam almost -- but we're seeing a lot of communication from insurance companies related to what they expect to do with workers' compensation. Workers'

compensation is state regulated so the guidelines, the coverage is different from state to state. So, but I can – there's a couple of things that we can focus in on. And that is that No. 1, if it's a disease that you contract then you're going to have to prove that the disease, particularly because this exists in the general population, that you contracted that disease at the place of employment.

Also, in some states, it becomes important to prove that it was something that arose during your employment and that it is specific to your employment. And if you think about a healthcare worker with coronavirus, them being exposed to it is obviously tied into what they do for a living. We just identified to all clients, report any workers' compensation claim immediately and then the process begin.

**Lisa Richter: What about employees who might be considered at-risk, say because they have an underlying issue like asthma or they're immunocompromised if that – if an employer treats these "at-risk employees" and I'm going to using air quotes there. If you're treating them differently than the rest of the staff, does that open any cause for like a discrimination claim? And if so, would insurance cover that?**

**Gloria Forbes:** Absolutely, it can. People have employees that they know are either in a treatment capacity at the present time they may look at people that were ill, and go to them and say "Hey, I think that you should work remotely." You can suggest. Trying to force individuals if you're only doing it or to mandate, only doing it with certain employees can certainly bring actions for discrimination. The employment practices policies if – or if you have one -- would cover those alleged discriminations. I expect that we will see that coming out of a lot of this.

We had someone in our office that is that we know is ill and treating and she declined to work from home. It is something walking through your best practices is always just being consistent when you're dealing with employment issues.

**Lisa Richter:** All right, so just one more insurance question as it relates to employees. Can a company face a lawsuit from customers or their employees because they were exposed to the disease?

**Gloria Forbes:** I'm sure Lindsey would say "You can get sued for anything."

**Lindsey Hogan:** I would.

[Laughter]

**Gloria Forbes:** So, then the question becomes are you negligent? But in this situation, I think what we might see is not so much alleging that the party caught corona from you but did you – were you negligent? Did you fail to prevent? Did you fail to protect? And you know something in that area could come up and would. In most cases, because I always caution people every liability or property loss that takes place happens with its own unique circumstances, and it's those circumstances that you have to put against the contract to see if it's covered. But I would see those claims being covered under a general liability policy.

**Lisa Richter:** OK, Lindsey over to you. Recently the federal government announced proposed legislation related to COVID-19. Can explain what it is and what that might mean for employers?

**Lindsey Hogan:** Sure. There has been a lot of talk about – and a lot of government activity about -- proposed legislation and different things that the government wants to do that help employers, help employees and keep our economy running.

One piece of legislation that we are getting a lot of questions about is the *Families First Corona Virus Response Act* that was signed by the President last night. It pertains to private employers

with fewer than 500 employees and some governmental employers. And the reason why it's pertaining to what may be considered a smaller employer with less than 500 employees is that there is a tax credit that goes along with it, so the government is recognizing that providing these additional leave provisions to certain employees is it's going to be a burden on employers, and the government is going to provide a tax credit to assist with that burden.

This legislation, as you know, was put through very, very quickly. And as a result of that there are some ambiguities in there that, I mean frankly lawyers around the country are kind of shaking our heads as to what exactly did they mean by that? And we are hopeful that when the regulations are announced sometime between today and 15 days from now there will be clearer application of what these two different leave provisions are and how they're meant to be applied.

But generally, I can tell you that this legislation has two different leave components. It has up to 80 hours of sick leave available for immediate use regardless of the length of time that the employee has been employed, and that is to be used or the employees considered eligible when the employee is experiencing symptoms of COVID-19 and is seeking a medical diagnosis. So that would mean today I can check all those boxes off at home, and I think that I might have this, and I am waiting to get into medical provider and waiting to get confirmation of my test.

It also applies to employees who are subject to a government quarantine or been told by a health-care provider that he or she should self-quarantine due to COVID-19. So that would address different localities that have ordered a quarantine, such as San Francisco who's in shelter-in-place and certainly there are areas around my home city of Chicago, that have ordered a shelter-in-place.

But there are also individuals who have been told by healthcare providers that the health-care provider cannot verify with certainty whether the individual has COVID-19, and so they're recommending that the employee stay out of the workforce for 14 days. So that's what that

element is meant to apply to. But this also applies for an individual who needs to care for a son or daughter or if their school is closed due to COVID-19.

The second part of this leave has to do with expanded FMLA Leave. And what they mean by expanded is there's different – there's additional ways related to COVID-19 that an employee would be eligible for FMLA leave. And there is certain amount to pay that corresponds with this expanded leave.

Finally, some other important points from this act is that employers must provide notice to employees about their rights under this act. They can't do that yet because the Department of Labor hasn't provided the notice, but as soon as they do, the employer needs to do so. This act is only in place until December 31 of this year, and the benefits are not meant to carry over and that's because the hope is that we've gotten through this pandemic by then.

And then within 15 days from now, the secretary of labor is supposed to issue those guidelines I mentioned to you and that should clarify some open questions we have right now such as are different portions of this leave overlapping with things that employers already provide is an addition to the FMLA leave that's already available, things along those lines.

Importantly, employers may not change their paid leave policies once the legislation is enacted to avoid being subject to paid sick time provisions. So that's meant to address. It's anticipated that employers will need to provide this additional sick time on top of sick time that's already provided. And so, what the government doesn't want employers doing is taking away sick time now so that they're not providing any more than they would have been before this legislation was enacted.

**Lisa Richter: OK. Circling back a little bit to this idea of quarantines, from a legal perspective, what restrictions do employers face in cities that are on lockdown or with curfews?**

**Lindsey Hogan:** I can answer that one. So, and that's largely going to depend on where the employer is located. We're seeing different localities define who is under lockdown differently. So, different areas are saying different types of businesses are essential businesses, but a common theme throughout them is that any business that's in medical, pharmacy, grocery related, things along those lines are deemed essential businesses regardless of the city that they're in.

So, with that in mind, the different quarantine or lockdown that is in place will identify the penalties for violating that lockdown. Oh, but something that employers should expect to be a natural consequence are things such as revocation of a business license, that's certainly true for restaurants and bars. We expect there will also be civil fines of a certain kind that might go along with that. So certainly, there are severe repercussions for violating any lockdown or curfew provision.

**Lisa Richter:** So, going back a little bit on this testing idea, what happens if an employer suspects that employee was exposed to COVID-19, can they require that employee to get tested before returning to work? I mean the tests are so scarce, and they're currently restrictions in place in terms of who qualifies for a test. So, is it even possible for the employee?

**Lindsey Hogan:** Oh Lisa, great, great questions there. And it certainly is – that exact scenario is posing a big problem for employers because they want to protect their workforce, and yet while the resources in order to give that go ahead aren't always readily available. So, the EEOC yesterday released updated guidance about what employers can do considering the current pandemic.

So, I emphasize that if we were not talking about a pandemic, none of what I'm about to tell you would apply, but it applies in this special scenario. In our current pandemic, employers may ask employees if they're experiencing symptoms of the virus including fevers, chills, cough,

shortness of breath or sore throat. But any information that the employer obtains they must keep in a separate confidential medical records file which would always be true , anytime an employer is collecting medical information from an employee they must maintain that information separately.

Employers may now take the temperature of employees e mass, and three days ago I wouldn't have told you that because the guidance from the EEOC was still that you have to have an objective reason to take the temperature of an employee because doing so is an invasive medical tests and violation of the ADA. But as of yesterday, they had given it the go ahead considering the acknowledged community spread of COVID-19 throughout the country.

Employers when they are ready to an employee – employee back to work, they absolutely can go ahead and ask for that certification from a doctor, clearing the employee to return to work. It's an open question whether that's going to be available. That shouldn't stop the employer from asking the employee to get the all clear some type of medical verification that the employee is able and hopefully virus free in order to return to work. They just might not be able to get it.

If that's the case, the employer needs to look at it on a case-by-case basis, while still making sure that they are consistent in their approach, that any employees that present with the same characteristics upon returning to work are treated equally and how the employer asked them to verify that they're able. If the employer cannot get the type of verification that makes them feel comfortable that the employee is cleared to return to work, we would encourage the employer to consider having employee remain at home for up to 14 days with pay.

**Lisa Richter: The irony being, of course, if you weren't sick when you went in for the test and you have been – you're around all those sick people you maybe by the time you come out.**

**Lindsey Hogan: Right.**

**Gloria Forbes:** Right.

**Tim Finerty:** Yeah.

**Lisa Richter:** This just happened to my sister this week. She was out sick, and they won't let her back without a test, so she had to go to the hospital and get a test. Of course, they wouldn't give her the test, but they did test her for flu, and it turned out she had the flu. But yeah, these are just all kinds of rocks and hard places around, right? Tim, did you want to say something?

**Tim Finerty:** No, I'm all set.

**Lisa Richter:** So, if a business does need to shut down temporarily Lindsey, is it required to provide notices to employees or state agencies?

**Lindsey Hogan:** Well, like just about everything we're talking about today, it's in flux. But that's a largely going to have to do with the length of time of the anticipated closure. The length of time is what could possibly trigger warn notifications and that is going to also different – be different on a federal, state and local level. But if an employer is thinking that it might need to do a closure for a length of time it should go through a certain process in preparing to do that. And that includes identifying the decision maker who's going to order the closure and then documenting the decision-making process and reasons for that.

At that point, we recommend that you loop in legal counsel if – well frankly, a few important reasons, one of them being maintaining privilege over your decision-making process but also because the different requirements for when you're going to need to give certain amount of notices it's changing on a daily basis based on locality. Certain jurisdictions are waiving notice requirements and others are not. So, it's tough for employers to stay up to date with what they

need to do or don't need to do in light of what arguably is in unforeseen, natural circumstance in COVID.

**Lisa Richter:** So, I'm going to switch now more towards the business/profit side of things. Kevin, the CSIA member I mentioned at the top of the show, was also wondering if he should be making any special arrangements to try and capture the added costs and expenses to the company from pandemic-related things. Tim, how would you answer that one?

**Tim Finerty:** Yes. I think it is important to track it not just because of looking at it from the pandemic-related expenses but you want to make sure you're understanding what are the additional expenses that you – that you had to outlay that's going to cause your bottom line to drop.

And right – most of the time I think right now there is no business interruption for this but we're in different times. So, potentially, if you're capturing this information correctly there could be an opportunity down the road through some of the stimulus package that they're coming in could help with that.

I also think tracking these expenses will help you better manage your business in the future. In fact, one of the best ratios to consider in this situation would be looking at day's cash on hand, which is part of a [Pulse](#) survey that that the CSIA members have access to. But as it tells you how long you, as a company, can pay your fixed costs without collecting any money or paying out any money to your vendors, you know, so it basically tells you how long you have to live without you know collecting anything.

**Lisa Richter:** Are there any expenses pandemic – we'll call it pandemic-related expenses that somebody might not be aware of that they should be tracking? Like I don't know, extra internet charges or, you know, help us get an understanding of what kind of expenses we're talking about here that may not seem obvious.

**Tim Finerty:** Well, yeah, I mean I guess the obvious ones would be lost revenue, you know where you're paying your – you're paying your wages but you're not collecting any revenue because you're not being able to bill. So, most of the CSIA members have look at utilization and if your utilization is not where it's normally at, so if you normally utilized 80% of your workforce and now it's only down to 50%, right? There's going to be a large amount of a loss.

But I would agree, the internet expenses, I've talked to a couple members recently, and they are going to whole work from home way and because of that there are some additional fixed costs there of potentially getting – buying new computers for everyone because they didn't have – everyone didn't have laptops. So, those types of costs I would be tracking and really trying to make sure that we realize what we're spending.

**Lisa Richter:** Sure. So, kind of circling back to this idea that there might be some government-related stimulus or relief, what kinds of advice you're giving your clients, should they be banking on that money or you know what do they need to do in the short term?

**Tim Finerty:** Well, I think in the short term currently, you know currently, there's been a lot of talk about what's out there. I sat on a webinar yesterday related to what they're calling it now \$1.3 trillion stimulus package, of that \$1.3 there's \$300 billion that's related to just the deferral of tax payment. One of the things that the government is doing is they're moving the April 15th tax payment deadline of making the payments out to July 15th, as well as your first quarter estimated payment for federal.

Now, states are doing something different, a lot of them are following the federal. Michigan, for example, is following the federal guidelines. And so, I would you know, in most cases I would tell my clients to hold on to that cash. I mean don't go spending it on other stuff, but hold on to it to make sure that you are doing the right things and not allowing your business to go under because you made a large tax payment that following year you're potentially not going to have

that payment. So, you got to weigh some of those things and make sure that you're talking to your tax advisers on this.

**Lisa Richter: Are there other ways that people could hold on to cash?**

**Tim Finerty:** Right now, the banks are still in a really good position. If you are having some other costs that you need for setting people up to work at home, you may look at trying to get some sort of equipment line of credit or term loan. Another opportunity that I've been talking a little bit with some of the business owners is that right now, instead of paying yourself a wage just shut that off and if you need money just take the – just take the money when you need it because you'd be not having to pay payroll taxes at this time or other related taxes that are your wages. So, I think that's one thing.

As I was listening a little bit earlier, I think one of the things too that kind of popped up is as we start looking at this, companies may want to start looking at potential job sharing. Can I reduce my – you know can I reduce my employees a little bit so I'm not letting them go but I'm also keeping them their wages to where they can still sustain at least right now?

And making that point of look, if I'm – the business owner can't be taking still a \$1 million salary and then trying to cut, you cut the wages of his people. I think this is – we're in a different time. We need to all kind of come together and kind of look at how can we help each other out because everybody wants – we were in a great economic economy until this virus came. It's difficult to just see all the different things that is happening here and how can we help each other and make this end up being much better in the future.

**Lisa Richter: So, another CSIA member, Joe Martin of Martin Controls, he wrote in to ask about the possible implications from a drastic decrease in consumer spending. Any thoughts on that, Tim?**

**Tim Finerty:** Yeah, I do have some thoughts on this for sure. You know this is – a lot of this is my opinion on simply based on what I'm hearing in the marketplace. In the short term, this is going to cause some major, major problems through the economy especially if the virus sticks around longer than what we expect. Some people are saying it could be up to 12 to 24 months. And you know I think that's, that's hopefully not going to happen.

But if, however, we could contain this virus by kind of shutting down the economy over the next, the next few weeks and I see it happening here and there, each of the states and cities are taking quarantines or curfews and things like that. Then when it starts back up, I think we can – if we can get the economy shut down and then start it back up, I think we can curtail some of those potential losses.

For example, we often talk about Europe and how they take four weeks off in August and what if we did that for the month of April on a global basis. If you think you could help reduce the risk of a major recession, especially if, if some personal government help immediately – we have some personal government help immediately which they're saying is supposed to be coming in April and then potentially May again, could keep the people that are out of work right now flush with money and you still keep the carry outs and the grocery stores open and stuff. And hopefully that could help us you know get us back to full capacity quicker and potentially get this economy back to where it needs to be.

**Lisa Richter:** I read somewhere that if Bloomberg just gave everybody a million dollars, we'd all be fine, and he'd still have plenty of money. So, I think that's the plan we should shoot for.

**Tim Finerty:** You know on that; I think one of the things in a long term as well is usually when we come out of these things you know we always learn from our mistakes. And I think this pandemic has done too is already helped us identify some of our major mistakes, the supply chain you know for especially for many critical prescription drugs which are being produced in

China. We will need to look at this in more detail but I'm sure there'll be some movement back to US production on some of that stuff as we move forward after COVID-19.

Companies will start to look at their own supply chain and determine improvement. But I think that one of those ways is going to be through automation, continuing to automate plants and different things. So, I do think that there's a huge, huge opportunity in the long run for the CSIA to really because of you know because of the automation space. And what we must think about with our workers and everything like that.

**Lisa Richter: All right, sticking with this – the ramifications of a downturn, what happens if a company suffers a loss from coronavirus? Will business interruption insurance cover those losses Gloria?**

**Gloria Forbes:** Well, I'm going to, I'm going to give kudos to Tim who gave me a little bit of an introduction earlier by saying that likely business interruption insurance isn't going to cover most of these claims. So, if – but I'm going to give a caveat at the end of this and that is that things are changing every day.

So, a business interruption insurance is on your property policy. That's the policy that covers you know if you're building burns down or if there's a windstorm, so they're – it's generally related to physical damage to your location from a covered loss. And that's always the big trigger. So, the building, your personal property must have a loss that causes physical damage to your property and must be from a covered cause of loss. So, the physical damage pieces a big hurdle to overcome with a virus.

On the other hand, as I would say, this isn't the insurance industry's first rodeo with virus and epidemic, and in 2006 the insurance industry started to put an exclusion language in the policy that specifically excludes losses from bacteria and virus. So, when you put those two things

together, it's hard to see you know where most of these claims would be covered under the business interruption insurance that the integrators are likely to have.

When we look at it from that standpoint though, one of the things that we see is that there has been litigation on this subject in the past and many times the client, the policy holder, has prevailed, some situations the insurance company have prevailed, and that is if a virus is present on your physical property is that considered damage? You know obviously those cases get determined throughout the country and in various venues, you know one party or the other has been successful. And again, also based on what the specific situations were in those events.

Today, the New Jersey legislature has started down the path of mandating that insurance companies extend some parts of their business interruption coverage to respond to the business interruption loss on that you know all their policy holders are having. I don't expect that that's going to be the only state that tries to do that. We saw a letter from Congress that went out to the major associations in the insurance industry, all the insurance carriers and requested that they amend the policies and just pay the losses.

So, you know the question around something like that would be, I go back to when we had 9/11 and there was the act of terrorism you know is the insurance industry capable of withstanding the loss that might get transferred? Or, is it just going to be a state by state basis? This will be a very, very fluid situation. It'll change over the next weeks, and I would expect that there's loads of litigation that might end up coming out – coming out from the situation.

**Lisa Richter: What about if the loss as a result from like a cancellation of contracts or supplying to supply chain disruption, inability to travel or delays, any of those things covered?**

**Gloria Forbes:** Most of this loss will also not be covered by standard insurance contracts. But again, depending on the specifics of the situation, we might find some coverage in policies

based on what those unique circumstances are. We always you know refer to best practices in times like this, which is when you have a disruption, documentation is very important. We always push clients, document the loss, identify what the trigger was, provide all the details that led up to the loss. Track the timeline, track all the expenses that you have. If there were cancellations or adjustments or returns, make sure that you've got those allocated to the contracts that you have.

Force majeure is the phrase of the day. Today, with a lot of contracts, people are saying I can't meet contract provisions because I'm being prevented. We just always point to people, keep it—keep tracks of—keep track of everything that you're doing and then we should be able to then assist the clients going through their loss and determine whether or not somewhere in that policy there might be something that would cover some of the expenses, that extra expenses that they've had.

I would also say this, and we were talking a little bit about this from the economic standpoint, you know some of this – some of the downturn is industry-related. We have food manufacturing clients that are just running at ridiculous speeds right now trying to meet the demand for the grocery stores that are being you know being told to stay open. So, depending on the sector that you're servicing, you might see an uptick in revenue and not a downturn.

**Lisa Richter: So, is there another coverage that is available that might cover supply chain disruption or is that a dumb question?**

**Gloria Forbes:** You know there are policies that cover supply-chain disruption, but again, they usually relate to either some political risk or the traditional risk that we think about. It was a hurricane, it was an earthquake, there was a fire at that location, there were tornadoes in Nashville. Those are the things that normally the policies respond to. So, a lot of policies have coverage for what we refer to as a contingent business interruption. So that if you're a supplier was down that you would – and it caused the loss to you from a revenue standpoint or from an

extra expense standpoint, you would still – you would have coverage. The problem becomes that the pandemic is not a covered cause of loss. It's not something that was anticipated in the insurance contracts when they were written.

**Lisa Richter: If we do need to reduce expenses Lindsey, from a legal perspective, what are an employer's options? Can they ask their employees to take a pay cut or what about temporary layoffs I mean to mention kind of this idea job sharing, they could just plain shut down? Are they still required to pay their people?**

**Lindsey Hogan:** Well, that is, of course, it's going to vary based on specific circumstances, and no employer wants to be in this position. And I think Tim did have a great suggestion there with the job sharing. I think that employers are going to take a step back and figure out is there something before total plant closure we can do? Can we do certain sections of the business? Can we reduce hours in certain places but keep the plant running? Can we furlough certain employee groups or departments?

But in all of those questions, the employer has to remember that they might have employment agreements or they might have collective bargaining agreements that they have to abide by, so they should check those first before they start figuring out how they might kind of transition their workforce.

And they also must remember that salaried or exempt employees must be off and not working for an entire week in order to deduct from their pay, partial or deductions are not permitted because that would eliminate their exempt status. For hourly employees, you have more flexibility there on what you can do because you'll just treat it as a scheduled change. But with salary employees, you've got to be more careful.

**Lisa Richter: Any final advice Lindsey for our listeners?**

**Lindsey Hogan:** Yes, and it won't surprise you, but my final advice would be to make sure that you connect with legal counsel as you're kind of navigating this workforce. It's important – or navigating this environment because of how quickly everything is changing, it's different based on locality more than what we're used to working with. So, working with people not only that you have privilege with but also who make it part of their daily job to stay on top of the updates can be beneficial in helping an employer navigate this unfortunate circumstance.

**Lisa Richter: Gloria, what about you, any final thoughts?**

**Gloria Forbes:** Well, yes, and it might be a little different than most of what we've covered today but we're seeing a dramatic spike in phishing and impersonation emails as this is going on. I think it's very opportunistic play at this point from you know the criminal element that loves to play in the internet capitalizing on the fact that everyone is stressed and trying to get things done. And while most of the clients in our CSIA program have cyber insurance, having to deal with something like that is the last thing anyone needs. So, I would again remind employees, "Don't click!"

**Lisa Richter:** [Laughter] That's solid advice right there, Gloria, it's the worth the whole podcast to hear that. So, Tim, you get the last word, what are your final thoughts?

**Tim Finerty:** Yeah, I got a few final thoughts. One of the things that Gloria said that just clicked with me a little bit especially in this CSIA environment is she mentioned that food manufacturing has gone through roof. And the question is whether they got enough automated systems and different things to be able to keep this up? And you know I don't know if there's ways for some of the CISA member firms that might be doing some of this work that might be overwhelmed that to utilize some of the other people that may not be as busy because of this downturn. And so, you know trying to use the community to come together and work as a group rather than individually. So, I think that that could be a huge opportunity.

As well as, I think you just got to look at and make sure that you're maximizing your cash flow and what can you do to keep cash. And probably the biggest thing for our CSIA members when we look at it is taking advantage of the research and development tax credits that are out there and people aren't doing that. They didn't do it for 2019, it's still available and it could reduce ultimately what they would pay for their taxes in April now moving out to July. Those would be a couple last things of what to do.

**Lisa Richter:** Well that's it for today's episode of *Talking Industrial Automation*. If you are interested in learning more about [CSIA's Legal Plan](#) and [Insurance Program](#) go to [www.controlsystech.org](http://www.controlsystech.org). If you're interested in learning more about [Tim](#) and [Clayton & McKervey](#), you can find them on the Industrial Automation Exchange at [www.CSIAexchange.com](http://www.CSIAexchange.com). Thanks for listening and thank you Gloria, Tim and Lindsey for joining me today.

**Tim Finerty:** Thank you.

**Gloria Forbes:** Thank you.