



April 9, 2020

The Honorable Brian Fitzpatrick
1722 Longworth House Office Building
Washington, DC 20515

Dear Representative Fitzpatrick:

As you know, COVID-19 has caused hardship to millions of Americans and businesses all over the United States and the undersigned organizations who collectively represent the U.S. insurance industry are working closely with Congress on proactive solutions that provide aid directly to those American individuals and businesses most in need.

However, we strongly oppose the “Never Again Small Business Protection Act of 2020” discussion draft, which distracts from the nation’s response to a devastating crisis and works against the goal of aiding small businesses and individuals in the most efficient and effective manner possible. The legislation would require every commercial property/casualty policy which includes business interruption coverage to provide coverage for losses stemming from the closure of a business for practically any reason, which would include losses associated with a virus or pandemic.

Standard business interruption policies are not designed to respond to a complete economic shutdown due to viral pandemic; therefore, nearly all these policies do not provide coverage for viruses, diseases, or pandemic-related losses because of the magnitude of the exposure. Insurability requires that loss events are due to chance and loss exposures are not too heavily concentrated or catastrophic which is not possible if everyone in the risk pool is subject to the same loss at the same time. The correct preparation for future pandemics is not to force one industry into attempting to pay for the nation’s response since the federal government is the only entity capable of taking on this exposure. Therefore, mandating coverage for this size and type of exposure, with or without your proposed federal backstop, would threaten the very existence of the business interruption insurance market and thereby undermine protections for the business community against risks that are currently covered under standard business interruption policies.

The nation is facing extraordinary challenges, and the U.S. insurance industry remains committed to our consumers and will ensure that prompt payments are made in instances where coverage exists. We also embrace our role as members of our respective communities. It is in this role that our members have begun to work with our customers, including providing credits back to policyholders and offering flexibility in premium payments.

Our organizations also stand ready to work with Congress on solutions that provide the necessary relief as soon as possible. The loan programs instituted by the CARES Act provide a down payment on economic support for Main Street businesses, but additional liquidity will be required for impaired industries and businesses to avoid an unprecedented systemic, economic crisis. To that end, we joined more than 30 groups representing commercial policyholders in a letter to President Trump and leaders of Congress urging the creation of the COVID-19 Business and Employee Continuity and Recovery Fund (“Recovery Fund”). The Recovery Fund would be backed by the federal government and under the authority of a special federal administrator with the ability to enter into contracts with interested businesses to administer the Recovery Fund and facilitate the distribution of federal funds and liquidity to impacted businesses and their employees.

In addition to these efforts, our industry is also working with members of the House Financial Services Committee, who have a deep understanding of how insurance works, in developing a federal

government model that would work to assist small businesses during future pandemics. However, this work will only be impeded by misguided proposals like the “Never Again Small Business Protection Act of 2020” that distract from the mission of assisting those in need as quickly as possible.

Sincerely,

Mr. Jimi Grande, Senior Vice President, Government Affairs, National Association of Mutual Insurance Companies

Mr. Charles E. Symington, Jr., Senior Vice President of External, Industry & Government Affairs, Independent Insurance Agents & Brokers of America

Mr. Nathaniel F. Wienecke, Senior Vice President, Federal Government Relations, American Property Casualty Insurance Association

Ms. Nicole C. Austin, Senior Vice President and Director of Federal Affairs, Reinsurance Association of America

Mr. Joel Wood, Senior Vice President, Government Affairs, The Council of Insurance Agents & Brokers