May 8, 2020

The Honorable Ted Budd  
United States Senate  
Washington, DC  20515

Dear Representative Budd:

I write in reply to your April 17, 2020 letter to President Trump regarding the impact of the coronavirus disease 2019 (COVID-19) pandemic on business interruption (BI) insurance contracts.

Treasury is actively monitoring the various proposals being discussed in Congress, state legislatures, and the private sector related to insurance and business interruption coverage. The Department is aware that several states have introduced legislative measures to retroactively change the terms of insurance contracts and compel coverage of COVID-19 BI losses. While insurers should pay valid claims, we share your concerns that these proposals fundamentally conflict with the contractual nature of insurance obligations and could introduce stability risks to the industry. Treasury looks forward to working with Congress, the states, the National Association of Insurance Commissioners, and other stakeholders in determining how to best move forward in addressing losses attributable to the current and potential future pandemics.

If you have any further questions, please direct your staff to contact the Office of Legislative Affairs.

Sincerely,

Frederick W. Vaughan  
Principal Deputy Assistant Secretary  
Office of Legislative Affairs

cc:  The Honorable Andy Biggs  
The Honorable Warren Davidson  
The Honorable Bill Posey  
The Honorable Alex Mooney  
The Honorable Randy K. Weber, Sr.  
The Honorable Andy Harris
The Honorable Ralph Norman
The Honorable Darin LaHood
The Honorable Scott Perry
The Honorable Ted S. Yoho
The Honorable Russ Fulcher