



June 30, 2020

The Honorable Michael Thompson
406 Cannon House Office Building
Washington, DC 20515

Dear Representative Thompson:

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 H.R. 7412, the “Business Interruption Relief Act of 2020,” 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. By creating a new federal program that would require the nation’s insurers to pretend language was present in certain contracts that is simply not there, H.R. 7412 would create false expectations for American business owners while leaving taxpayers holding the bag for risks insurers never agreed to take on. The legislation also amounts to little more than a signal to insurers that they would be well served to ignore explicit contractual language in order to avoid litigation brought by an overzealous trial bar – litigation that would ultimately raise prices for all business owners and consumers.

The establishment of the Business Interruption Relief Program (BIRP) within the Treasury Department, as H.R. 7412 proposes to create, would ultimately not work to alleviate the genuine struggles currently faced by millions of our policyholders. Business interruption coverage is only purchased by about 40% of commercial property insureds and it is purchased by an even smaller percentage (30%) of small businesses. As a result, H.R. 7412 would prove ineffective in helping the vast majority of businesses, particularly small businesses. Additionally, in exchange for the fiction of coverage created in the face of express language excluding viruses, insurers are to be promised financial assistance provided by the Secretary of the Treasury, subject to any regulations necessary to carry out the program. The bill appears to indicate that a participating insurer would be reimbursed based on the policy (other provisions of which are to be ignored), “plus expenses.” In the end, then, not only would the enactment of this proposal undermine the entire system of contracts in this country, as a practical matter, it would artificially utilize the insurance mechanism to distribute what amounts to direct aid, a costly and inefficient distribution system for such an effort.

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 to prepare the nation for future pandemics. 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. We strongly encourage Congress to focus on 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, Council of Insurance Agents and Brokers
Ms. Keri Kish, Esq., Director of Government Relations, Wholesale & Specialty Insurance Association