



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

May 6, 2020

The Honorable Tim Scott  
United States Senate  
Washington, DC 20510

Dear Senator Scott:

I write in reply to your April 10, 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 Mike Crapo  
The Honorable Thom Tillis  
The Honorable M. Michael Rounds  
The Honorable Pat Toomey  
The Honorable Ben Sasse  
The Honorable David Perdue