



April 2, 2020

The Honorable Gilbert Cisneros
431 Cannon House Office Building
Washington, DC 20515

Dear Representative Cisneros:

COVID-19 has caused waves of disruption and introduced tremendous amounts of uncertainty in the global economy, causing hardships for many businesses and workers in California. Many of our members are small businesses that have also been deeply affected by government closures and restrictions, labor force limitations, supply chain interruptions, and the curtailment of ordinary activities. We share your commitment to identifying and implementing solutions to the ongoing economic challenges caused by COVID-19 and to providing immediate economic support to those in need.

Members of the undersigned organizations have received inquiries about the ability of the insurance industry to compensate businesses for economic losses stemming from this global health emergency and about the nature and applicability of business interruption insurance. Standard commercial insurance policies offer coverage and protection against a wide range of risks and threats and are vetted and approved by state regulators. Insurance coverage works by spreading risk, but that model simply cannot account for a situation in which losses are catastrophic and nearly universal. Standard business interruption policies do not, and were not designed to, provide coverage against communicable diseases such as COVID-19, and as such, were not actuarially priced to do so.

It is worth noting that recent estimates show that business continuity losses just for small businesses of 100 employees or fewer could amount to between \$220 billion to \$383 billion per month. Meanwhile, the total surplus for all of the U.S. home, auto, and business insurers combined to pay all future losses is only \$800 billion. The insurance industry must protect our solvency to pay on promises we have made to policyholders.

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 on issues such as flexibility in the premium payments.

The U.S. is in the midst of a national crisis that will require a national response, including federal assistance that swiftly provides funding directly to those American individuals and businesses most in need. Our organizations 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.

We understand the extraordinary challenges our country is facing -- our member businesses, our employees, and our families are confronting the same trials. Our organizations stand ready to work with Congress on solutions that provide the necessary relief as soon as possible.

Thank you very much for your leadership in these difficult times.

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

Cc:

The Honorable Ken Calvert

The Honorable Anna Eshoo

The Honorable Zoe Lofgren

The Honorable Barbara Lee

The Honorable Grace F. Napolitano

The Honorable Mike Thompson

The Honorable Adam B. Schiff

The Honorable Jim Costa

The Honorable Doris Matsui

The Honorable Jerry McNerney

The Honorable Jackie Speier

The Honorable Tom McClintock

The Honorable Judy Chu

The Honorable Ami Bera

The Honorable Julia Brownley

The Honorable Tony Cardenas

The Honorable Jared Huffman

The Honorable Doug LaMalfa

The Honorable Alan Lowenthal

The Honorable Raul Ruiz, M.D.

The Honorable Eric Swalwell

The Honorable Ted W. Lieu

The Honorable Norma J. Torres

The Honorable J. Luis Correa

The Honorable Ro Khanna

The Honorable Jimmy Panetta

The Honorable Jimmy Gomez

The Honorable TJ Cox

The Honorable Josh Harder

The Honorable Mike Levin

The Honorable Katie Porter

The Honorable Nanette Diaz Barragan