Insurance Regulators, the U.S. Treasury, and Rating Agencies Agree: Compelling Insurers to Pay Uncovered Pandemic Business (Income) Interruption Claims Would Endanger All Insured Americans.

Business (income) interruption insurance was never intended to cover losses caused by a pandemic.

Georgia Commissioner of Insurance John F. King: "Virus and disease are not typically an insured peril unless added by endorsement. **Most policies generally exclude loss caused by or resulting from any virus, bacterium, or other microorganism** that induces or is capable of inducing physical distress, illness, or disease." 3/17/20

West Virginia Insurance Commissioner James A. Dodrill: "For example, insurance policies generally contain exclusions for loss or damage caused by war, nuclear accident and radiation. The potential loss costs from such perils are so great that providing coverage would jeopardize the financial solvency of insurers and **many businesses could not afford the premium costs to cover such catastrophic events even if they were covered perils. Global pandemics like COVID-19 usually fall into this category of risks or perils that are not covered.**" 3/26/20

National Association of Insurance Commissioners: "Business interruption policies were generally not designed or priced to provide coverage against communicable diseases, such as COVID-19 and therefore include exclusions for that risk. Insurance works well and remains affordable when a relatively small number of claims are spread across a broader group, and therefore it is **not typically well suited for a global pandemic where virtually every policyholder suffers significant losses at the same time for an extended period.**" 3/25/20

Forcing insurers to pay for claims their policies weren't priced to cover would harm all policyholders.

North Carolina Insurance Commissioner Mike Causey: "**Mandating coverage for this size and type of loss while canceling existing exclusions in the policies would end the very existence of the business interruption insurance market as we know it.** Recent estimates show that business continuity losses from COVID-19 just for small businesses of 100 employees or fewer could amount to between $220 billion to $383 billion per month. Meanwhile, the total reserve funds for all of the U.S. home, auto, and business insurers combined to pay all future losses is only $800 billion. **This type of loss could cripple the insurance industry causing many companies to fail, which would put the protection of homes, automobiles, and businesses at risk.**" 4/17/20

U.S. Department of the Treasury: "While insurers should pay valid claims, we share your concern that these proposals **fundamentally conflict with the contractual nature of insurance obligations and could introduce stability risks to the industry."** 5/8/20

International Association of Insurance Supervisors: "…The IAIS cautions against initiatives seeking to require insurers to retroactively cover COVID-19 related losses, such as business interruption, that are specifically excluded in existing insurance contracts. In such cases, the costs of claims against losses have not been built into the premiums that policyholders have paid for their insurance. **Requiring insurers to cover such claims could create material solvency risks and significantly undermine the ability of insurers to pay other types of claims. Such initiatives could ultimately threaten policyholder protection and financial stability, further aggravating the financial and economic impacts of COVID-19.**" 5/7/20

S&P Global Ratings, on enacting retroactive policy changes: "Absent a government backstop, enactment of such policies would likely present a solvency issue for the sector. **The scale of economic disruption stemming from the pandemic dwarfs many measures of industry capital."** 4/27/20