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Business Interruption Insurance Takes Center Stage at White House

BY WYATT STEWART

On Friday during President Trump's daily COVID-19 briefing, the president was asked a question about growing debt among individuals and businesses during this time of crisis. President Trump's response focused on business interruption (BI) insurance.

President Trump said, "If I had it, I'd expect to be paid. You have people, I speak mostly of the restaurateurs where they have a restaurant, they have been paying for 25, 30, 35 years for business interruption and have never needed it. All of a sudden they need it."



"I'm very good at reading language, I did very well in these subjects, and I don't see the word pandemic mentioned. Now in some cases it is, it's an exclusion. But in a lot of cases, I don't see it, I don't see a reference and they don't want to pay up," President Trump said. "I would like to see the insurance companies pay if they need to pay—if it's fair."

"They know what's fair and I know what's fair, I can tell you very quickly. But business interruption insurance, that's getting a lot of money to a lot of people and they've been paying for years," President Trump continued. "You know, sometimes they've just started paying but you have people that have never asked for business interruption insurance and they have been paying a lot of money for a lot of years for the privilege of having it and then when they finally need it, the insurance company says we're not going to give it. We can't let that happen."

Also on Friday, a group of Republican senators from the Senate Banking Committee sent a [letter](https://www.independentagent.com/GovernmentAffairs/SiteAssets/Issues/Coronavirus/Scott%20SBC%20BI%20Insurance%20Letter%20to%20POTUS%204.10.20.pdf) (<https://www.independentagent.com/GovernmentAffairs/SiteAssets/Issues/Coronavirus/Scott%20SBC%20BI%20Insurance%20Letter%20to%20POTUS%204.10.20.pdf>) to the White House that addressed the issue of BI insurance. Senator Tim Scott (R-SC), a former insurance agent with deep understanding of the insurance market, took the lead on the correspondence working with Senate Banking Committee Chairman Mike Crapo (R-ID) along with Sens. Thom Tillis (R-NC), Pat Toomey (R-PA), Ben Sasse (R-NE), David Perdue (R-GA), and Michael Rounds (R-SD), a former Big "I" member.

The Big “I” worked closely with Senator Scott’s office to address this important issue and is grateful for his leadership, as well as that of the six other senators that signed onto the letter.

The letter first praised President Trump’s action to quickly get small businesses much needed money through the Paycheck Protection Program (PPP). The letter then expressed the senators’ concerns about retroactively changing BI insurance contracts that do not cover pandemics and viruses to then require the p/c insurance industry to fund the relief for those businesses. They then cite several reasons why such an effort would be counterproductive.

The letter goes on to note that the senators “stand ready and willing to work with you and our Congressional colleagues to ensure that U.S. small businesses have the funds they need to survive this difficult time. However, we cannot help one segment of the economy by seriously harming another.”

The Big “I” created a [document](https://www.independentagent.com/GovernmentAffairs/SiteAssets/Issues/Coronavirus/BI%20Retroactive%20Coverage%20Two-Page%204-10.pdf) (<https://www.independentagent.com/GovernmentAffairs/SiteAssets/Issues/Coronavirus/BI%20Retroactive%20Coverage%20Two-Page%204-10.pdf>) that explains what BI coverage does and does not cover and why attempting to revise insurance contracts retroactively is a bad idea. The document notes that legislatively rewriting existing insurance contracts by somehow nullifying the virus exclusion or the physical damage requirement would be unconstitutional.

It also makes clear that we are in the midst of an unprecedented crisis and the federal government is the only entity able to provide the type and magnitude of financial assistance required. The Big "I" is working closely with the business community on a proposal that would enable those in need to receive compensation from the federal government. The [proposal](https://www.independentagent.com/GovernmentAffairs/SiteAssets/Issues/Coronavirus/COVID-19%20Recovery%20Fund%20Summary.pdf) (<https://www.independentagent.com/GovernmentAffairs/SiteAssets/Issues/Coronavirus/COVID-19%20Recovery%20Fund%20Summary.pdf>), titled the COVID-19 Business and Community Continuity and Recovery Fund (the "Recovery Fund"), is modeled after a streamlined version of the 9/11 Victims Compensation Fund legislation, with important distinctions designed to simplify the application process and speed payment to COVID-19-impaired business, while reducing the potential for fraud.

The Big "I" will continue to work with the insurance industry, policyholders, the Trump administration and Congress on the PPP, the Recovery Fund, and other practical solutions that will help businesses of all types survive the current crisis.

Wyatt Stewart () (mailto:wyatt.stewart@iiaba.net) is Big "I" senior director of federal government affairs.

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The Big “I” government affairs team recorded a webinar addressing legislative activity at the state and federal levels in response to the coronavirus pandemic.

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(<http://www.iamagazine.com/news/read/2020/04/09/new-york-covid-19-rule-requires-action-by-licensees>)

The New York State Department of Financial Services recently issued an emergency regulation that—unless modified—will likely require action by every insurance agent holding a resident or nonresident license in that state.

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