



Part 2: COVID-19: The Impact on Insurance Coverage and Claims

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**Legislative Responses and the
Implications for Coverage** ◆ — ◆

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Today's Speaker



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Proposed State Legislation – Would Mandate Business Interruption Coverage

State	Proposed Bill	Scope of Application
Louisiana	House Bill No. 858	Less than 100 full-time employees
Massachusetts	Draft Bill SD.2888	150 or fewer full-time employees
New Jersey	N.J. Draft Bill A-3844	Less than 100 full-time employees
New York	Draft Assembly Bill A10226 (Amended) Draft Assembly Bill A10327	Less than 250 full-time employees Mental health and community-based health providers
Michigan	House Bill 5739	Less than 100 full-time employees
Ohio	Draft Bill HB 589	100 or fewer full-time employees
Pennsylvania	House Bill No. 2372; House Bill No. 2386; Senate Bill 1114; Senate Bill 1127	Less than 100 full-time employees Less than 200 full-time employees Small businesses as defined by SBA Any policies in place on date of enactment
South Carolina	Senate Bill 1188	50 or fewer full-time employees

State Legislation – Key Provisions

If enacted, proposed bills would:

- Mandate coverage for loss of use and occupancy and business interruption losses arising out of the COVID-19 pandemic
- Prohibit insurers from denying coverage due to a lack of direct physical loss or damage to property
- Virus exclusions
- **Retroactive Application** from date of declared state of emergency
- Generally restricted to small businesses (# of employees)

Pandemic Risk Insurance Act of 2020 ("PRIA")

- Federal Pandemic Risk Reinsurance Fund and Program – mirrors Terrorism Risk Reinsurance Act "TRIA"
- Mandates coverage by participating insurers for business interruption losses resulting from outbreak of infectious disease or pandemic that is declared an emergency or major disaster by President and certified by Secretary of Treasury
- Reinsurance Fund would pay 95% of covered losses when *aggregate industry insured losses* exceed \$250 million dollars
- Reinsurance Fund annual aggregate limit capped at \$500 billion dollars
- **Retroactive Application**

Business Interruption Insurance Coverage Act of 2020 (H.R. 6494)

- Introduced April 14, 2020, in the U.S. House of Representatives
- Proposed legislation would require, among other things, that any insurer offering business interruption coverage make available coverage resulting from:
 - (1) “viral pandemics” and
 - (2) “forced closure of businesses, or mandatory evacuation, by law or order of any government or governmental officer or agency.”
- No restrictions based on number of employees or size of company
- **Retroactive Application**

Additional Legislation to Consider

- Limitation of Employer Liability – (NC– SB 704)
- WC Benefits - Rebuttable presumption Employee contracted Covid-19 at work – (CA, LA, MA, NJ, NY, NC, OH, PA, PR, VT, FL, MO, AK, ND, AK, MI, MN, NH)
- Paid Sick Leave – (CA, ID, KY, MA, NY, NC)
- Grace Periods on Payment of Premiums & Cancellation – (CA, FL, GA, WVA, MD, ME, NY)
- Rent Abatement/Forbearance – (CA, DC, ID, NJ, NY)
- Moratorium on Foreclosures & Evictions – (CA, MA, MI, MN, PA, SC, VA)

Thank you for Watching!



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