

116TH CONGRESS  
2D SESSION

# H. R. 7412

To establish a temporary voluntary program for support of insurers providing business interruption insurance coverage during the COVID-19 pandemic, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 29, 2020

Mr. THOMPSON of California introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To establish a temporary voluntary program for support of insurers providing business interruption insurance coverage during the COVID-19 pandemic, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Business Interruption  
5 Relief Act of 2020”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—The Congress finds that—

1           (1) mandatory civil authority shutdowns as a  
2           result of the coronarvirus disease 2019 (COVID-19)  
3           have adversely impacted businesses throughout the  
4           United States;

5           (2) the American economy relies in part upon  
6           an investment in and expectation of insurance bene-  
7           fits that back business assets and the workforce;

8           (3) many businesses have paid policy premiums  
9           for business interruption coverage and, in particular,  
10          for coverage for civil authority shutdowns of busi-  
11          nesses;

12          (4) many businesses that purchased business  
13          interruption coverage and coverage for civil author-  
14          ity shutdowns did so in the expectation that insur-  
15          ance would protect a temporary shutdown of their  
16          workforce, prevent layoffs and furloughs, and allow  
17          an orderly restart of operations; and

18          (5) State laws mandate an orderly and prompt  
19          payment of first party insurance claims and insurers  
20          have claim management resources with the expertise  
21          and skills to timely manage claims payment and dis-  
22          tribution of funds according to expected and relied  
23          upon guidelines and procedures that policyholders  
24          had the expectation to receive.

25          (b) PURPOSES.—The purposes of this Act are—

1           (1) to establish a program to encourage and  
2           provide support for insurers who timely pay claims  
3           under business interruption coverage to policyholders  
4           adversely affected by civil authority shutdowns re-  
5           sulting from the COVID-19 pandemic; and

6           (2) to establish the program in a manner that  
7           ensures that—

8                   (A) carriers that sold policies that cover  
9                   business interruption losses for COVID-19 do  
10                  not receive any Federal windfall; and

11                  (B) carriers that sold policies that ex-  
12                  pressly exclude coverage for a virus or pan-  
13                  demic for COVID-19 can avoid costly litigation  
14                  with policyholders, and policyholders may re-  
15                  ceive policy benefits to compensate for govern-  
16                  ment shutdown and business interruption.

17 **SEC. 3. PUBLIC/PRIVATE PARTNERSHIP BUSINESS INTER-**  
18 **RUPTION INSURANCE RELIEF PROGRAM FOR**  
19 **COVID-19.**

20           (a) **ESTABLISHMENT.**—There is established in the  
21 Department of the Treasury the Business Interruption  
22 Relief Program.

23           (b) **VOLUNTARY.**—Participation in the Program on  
24 the part of an insurer shall be voluntary at the option of  
25 the insurer.

1 (c) ELIGIBLE POLICIES.—To be eligible to partici-  
2 pate in the Program, an insurer shall have, as of the date  
3 of initial participation in the Program, one or more out-  
4 standing and existing policies of insurance issued to a pol-  
5 icyholder for business interruption insurance coverage  
6 that—

7 (1) expressly include coverage for losses during  
8 any period of time that any civil authority shutdown  
9 as a result of the COVID-19 pandemic is in effect;  
10 and

11 (2) expressly exclude coverage for a “virus”.

12 (d) ASSISTANCE.—

13 (1) REIMBURSEMENT FOR PAYMENT OF  
14 CLAIMS.—Under the Program, the Secretary shall  
15 provide financial assistance to reimburse any partici-  
16 pating insurer that voluntarily pays benefits under  
17 an eligible policy for COVID-19 losses, thereby  
18 waiving the exclusion referred to in subsection  
19 (c)(2), in the amount of—

20 (A) the benefit to be paid in accordance  
21 with all terms of the policy; plus

22 (B) any expenses incurred by the partici-  
23 pating insurer relating to paying such claim.

24 (2) PROHIBITION.—The Program shall provide  
25 no benefit or reimbursement for an insurer’s pay-

1       ment and claim expenses for benefits paid under any  
2       policy for business interruption coverage that does  
3       not expressly exclude coverage for a “virus”.

4               (3) TREATMENT OF RIGHTS AND DUTIES.—

5                       (A)       POLICYHOLDERS.—Policyholders  
6       under policies for which reimbursement is pro-  
7       vided under the Program shall retain all first  
8       party rights to policies for business interruption  
9       insurance coverage.

10                      (B)   STATE LAW.—Participation in the  
11       Program by an insurer shall not supersede or  
12       replace any rights of good faith and fair duty  
13       under State insurance law.

14               (4) COMPLIANCE.—The Secretary shall take  
15       any such actions as may be necessary, before pro-  
16       viding any assistance pursuant to paragraph (1) to  
17       a participating insurer, that the participating in-  
18       surer makes payment to policyholders in compliance  
19       with the terms and conditions of the policies referred  
20       to in subsection (c).

21               (e) LIMITATION ON ASSISTANCE FOR A PARTICI-  
22       PATING INSURER.—The Secretary shall limit the amount  
23       of assistance provided for a participating insurer under  
24       the Program under this section according to the limits of  
25       the eligible policies involved.

1 (f) DEFINITIONS.—For purposes of this section, the  
2 following definitions shall apply:

3 (1) BUSINESS INTERRUPTION INSURANCE COV-  
4 ERAGE.—The term “business interruption insurance  
5 coverage” means property and casualty insurance  
6 coverage provided or made available for losses result-  
7 ing from periods of suspended business operations,  
8 whether provided under broader coverage or sepa-  
9 rately.

10 (2) CIVIL AUTHORITY SHUTDOWN.—The term  
11 “civil authority shutdown” means forced closure of  
12 businesses, or evacuation, by mandate, law, or order  
13 of any State or local government or governmental of-  
14 ficer or agency.

15 (3) COVID-19 LOSSES.—The term “COVID-19  
16 losses” means for losses resulting from business  
17 interruption due to a civil authority shutdown as a  
18 result of the COVID-19 pandemic.

19 (4) ELIGIBLE POLICY.—The term “eligible pol-  
20 icy” means a policy for business interruption insur-  
21 ance coverage described in section 3(c).

22 (5) INSURER.—The term “insurer” has the  
23 meaning given such term in section 102 of the Ter-  
24 rorism Risk Insurance Act of 2002 (15 U.S.C. 6701  
25 note).

1           (6) PARTICIPATING INSURER.—The term “par-  
2       ticipating insurer” means an insurer that—

3           (A) has voluntarily elected, in accordance  
4       with such procedures and requirements as the  
5       Secretary shall establish, to participate in the  
6       Program; and

7           (B) is in compliance with the requirements  
8       under this section for participation in the Pro-  
9       gram.

10          (7) PROGRAM.—The term “Program” means  
11       the Business Interruption Relief Program estab-  
12       lished under this section.

13          (g) REGULATIONS.—The Secretary shall issue any  
14       regulations necessary to carry out the Program.

15          (h) FUNDING.—There is authorized to be appro-  
16       priated such sums as may be necessary for providing fi-  
17       nancial assistance under the Program to participating in-  
18       surers.

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