

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.

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

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 coronavirus 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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