

P/C Insurance Industry Backs New Government Fund to Help Businesses, Workers Hurt by Coronavirus

By [Andrew G. Simpson](#) | March 31, 2020

The property/casualty insurance industry has joined a broad business coalition in supporting and crafting a new federal relief fund for businesses and workers affected by the quarantine and stay-at-home measures necessitated by the coronavirus crisis.

The new relief vehicle, the COVID-19 Business and Employee Continuity and Recovery Fund, is meant to help businesses retain and rehire employees, maintain worker benefits and help cover operating expenses such as rent. It may also provide funds for payroll, lost income of sick employees, and lost business revenues but not profits.

Insurers and other private sector businesses would help create a streamlined process by reviewing and processing the applications from businesses seeking assistance. The hope is to use easy-to-file electronic forms and provide quick turnarounds of 15-to-30 days for applicants.

A special administrator within the Treasury would manage the fund and contract with third parties including insurers to assist with the application filing and review.

The proposal comes following passage of the [\\$2.2 trillion](#) Coronavirus Aid, Relief, and Economic Security (CARES) Act. This new fund would “further assist with economic recovery and mitigate a larger financial crisis resulting from widespread disruption of economic activity,” according to a letter to the Administration and Congressional leaders signed by 36 business groups from insurance, retail, hospitality and other sectors.

There is not yet a dollar figure for how much the government would appropriate for the new fund. That number and details on other features of the program are still in the works.

“Without broad-based and expeditious federal action, long-term damage to the financial markets, rampant unemployment, and irreparable harm to communities are almost certain,” the letter says. “Although the loan programs instituted by the CARES Act provide a down payment on economic support for Main Street businesses, additional liquidity will be required for impaired industries and businesses to avoid an unprecedented systemic, economic crisis.”

The framers of the proposal call for prioritization for sectors most impacted by COVID-19 losses, businesses with high proportion of employees who would otherwise be unemployed and businesses involved in essential infrastructure. Small businesses and nonprofits with 500 or fewer employees could apply as well as businesses of any size that can demonstrate impairment by COVID-19.

The insurance groups signing the letter include the American Property Casualty Insurance Association (APCIA), Council of Insurance Agents & Brokers (CIAB), Independent Insurance Agents & Brokers of America (IIABA), National Association of Mutual Insurance Companies (NAMIC), National Association of Professional Insurance Agents (PIA), Reinsurance Association of America (RAA) and Wholesale & Specialty Insurance Association (WSIA).

David A. Sampson, president and CEO of the American Property Casualty Insurance Association (APCIA), commended the Administration and Congress for passing the CARES Act but said “additional federal relief is essential” to keep COVID-19-impaired businesses solvent and employees working.

“The Recovery Fund will leverage the ability of the private sector to scale and deploy immediate liquidity to our communities,” Sampson said. “Property/casualty insurers are in the solutions business to protect our customers – families, individuals, and business owners. We are proud to stand with our policyholders through this broad coalition spanning multiple sectors.”

“The rescue of our economy is beyond the abilities of any one company or industry, and that’s why NAMIC supports the creation of a COVID-19 Business and Employee Continuity and Recovery Fund to swiftly provide assistance directly to those who need it,” said Charles Chamness, president and CEO of NAMIC.

The insurance industry wants to avoid any legislative proposals like those in New Jersey, Ohio and several other states that would force insurers to pay business interruption losses due to the coronavirus even though their policies exclude communicable diseases. The industry estimates that business interruption losses from the coronavirus just for small businesses in the U.S. could be between \$220-\$383 billion per month — or a quarter to half of the total industry surplus available to pay all P/C claims.

Some of the other trade groups on the letter included the American Hotel & Lodging Association (AHLA), International Council of Shopping Centers (ICSC), International Foodservice Distributors

Association (IFDA), International Franchise Association (IFA), Mortgage Bankers Association (MBA), National Association of Convenience Stores (NACS), National Association of REALTORS, National Association of Theatre Owners (NATO) and the National Franchisee Association (NFA), National Retail Federation (NRF), National Waste and Recycling Association (NWRA), The Real Estate Roundtable (RER) and the U.S. Travel Association.

Best regards,

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