



April 15, 2020

The Honorable Mike Thompson
406 Cannon Office Building
Washington, DC 20515

Dear Congressman Thompson,

On behalf of the Wholesale & Specialty Insurance Association (WSIA), we write in opposition to H.R. 6494, the *Business Interruption Insurance Coverage Act*.

WSIA is the non-profit association of professionals and specialty market leaders representing the entirety of the wholesale, specialty and surplus lines industry. Often called the “safety valve” of the insurance industry, surplus lines insurers fill the need for coverage in the marketplace by insuring those risks that are declined by the standard underwriting and pricing processes of admitted insurance carriers. With the ability to accommodate a wide variety of risks, the wholesale, specialty and surplus lines market acts as an effective supplement to the admitted market.

As proposed, H.R. 6494 would have far-reaching and significantly negative impacts to all consumers and businesses relying on the insurance market to protect them now and in the future. This bill would retroactively change insurance policies issued for business interruption so that each policy would effectively be rewritten to include coverage for business interruption during the declared national emergency due to the COVID-19 pandemic. If passed, it would mandate insurance policy interpretation regardless of the clear wording of the policy itself, providing a coverage never intended when the policy was underwritten and priced.

Insurers reserve assets to pay claims based on assumed risk factors. The risks detailed in an insurance policy provide the fundamental basis for calculating these reserves and setting the price of the insurance premium. In the case of this proposed legislation, the insurer would be mandated to pay claims for coverage it did not sell and, losses that it did not prepare or reserve for, which exacerbates the risk of insolvency for any insurers issuing business interruption policies.

Where there are insurance policies that provide coverage for COVID-19 pandemic business interruption losses, insurers should and will pay all properly submitted claims for which coverage exists. However, we oppose any retroactive modifications to insurance policies that do not include this coverage.

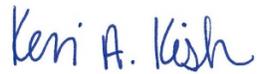
WSIA is committed to helping the business community during these challenging times. Our organization has taken steps internally to [encourage](#) our members to work with the insured community to provide flexibility wherever possible, as well as to work with state insurance regulators to resolve any coverage or claims issues as quickly as possible.

WSIA stands ready to work with Congress and the business community on solutions that provide the necessary relief to our economy and help our nation recover. Please do not hesitate to contact us with any questions you may have about our industry or proposals to help the nation recover.

Sincerely,



Brady Kelley
Executive Director
brady@wsia.org
816.289.9881



Keri Kish
Director of Government Relations
keri@wsia.org
816.591.8089



John Meetz
Senior State Relations Manager
john@wsia.org
816.401.2789

cc: Joshua Andrews, Faegre Drinker
Libby Baney, Faegre Drinker