



 THE COUNCIL

COVID-19

ciab.com/covid19

For the resource center visit: ciab.com/covid19

Phase One – March 6th

- **\$6.5 billion for HHS**
 - 3.4 billion for Public Health and Social Services Emergency Fund
 - \$2.2 billion for Centers for Disease Control and Prevention
 - \$836 million for National Institutes of Health
 - \$61 million for the Food and Drug Administration
 - Waived Medicare telehealth restrictions
- **\$1.25 billion for State Department and USAID**
 - Includes funds for global health programs, humanitarian and health assistance, diplomatic operations, evacuation and emergency preparedness costs
- **Enabled Small Business Administration to provide about \$7 billion in disaster loans**

Phase Two – March 18th

Created emergency paid leave programs to respond to the outbreak

- Private sector employers with fewer than 500 workers and government entities have to provide as many as 12 weeks of partially paid family leave under the FMLA to care for a child whose school or day care has closed
- Employers to provide full- and part-time workers with two weeks paid sick time, including for a quarantine order or to care for another affected individual
- Labor Department can exempt small businesses with fewer than 50 workers from the paid leave requirements
- Refundable tax credits for employers to cover costs under the law's leave programs
- Includes amounts employers pay for a worker's health insurance plan
- Similar refundable credit for self-employed workers

Family & Sick Leave in Phase 2

Refundable Tax Credits Will Finance Paid Leave

	Family Leave	Sick Leave
Covered employer	Private sector employers with fewer than 500 workers and government entities	Private sector employers with fewer than 500 workers and government entities
Qualifying circumstances	Caregiving for child younger than 18 whose day care or school closed	Quarantine, medical diagnosis, caregiving for another quarantined individual or for child whose day care or school closed
Length of leave	As many as 12 weeks	Two weeks for full-time workers and similar equivalent for part-time workers
Benefit amount	Unpaid for first 10 days, then at least two-thirds of a worker's normal pay rate, capped at \$200 per day or \$10,000 total.	Normal wage or minimum wage, whichever is greater, capped at \$5,110 for a worker's quarantine or diagnosis. Caregiving benefit would be two-thirds of normal or minimum wage, capped at \$2,000.
Employer tax credit	Covers wages of as much as \$200 per day or \$10,000 total	Covers daily wages of as much as \$511 for affected employee, or as much as \$200 for employee caring for someone else
Self-employed tax credit	The lesser of \$200 per day or 67% of average daily self-employment income	The lesser of \$511 per day or average daily self-employment income for affected individual, or the lesser of \$200 or 67% of average daily self-employment income if caring for someone else

\$2T Phase Three – S. 3548

Assembled by Senate with input from White House, deal announced at 1:45 AM today

- Recovery checks of \$1,200 for individuals with AGI up to \$75,000 or \$112,500 for those with a head of household filing. All joint filers, with AGI up to \$150,000 are eligible for \$2,400. Those amounts increase by \$500 for every child
- \$600 maximum unemployment benefit per week (“ensures laid-off workers receive full pay for 4 months”)
- \$58 billion for airlines - prohibited from stock buybacks and CEO bonuses
- \$150 billion Marshall Plan for hospitals
- Additional \$349 billion in loans for small businesses to cover payroll and other expenses – bans stock buybacks for the term of the government assistance plus 1 year for any company receiving aid
- Retention tax credit for employers to encourage businesses to keep workers on their payrolls
- Waiving penalties for withdrawing as much as \$100,000 from retirement plans
- Technical corrections and other changes to 2017 tax overhaul
- Several modifications to the emergency leave programs in the second package
- Creates Treasury Department Special Inspector General for Pandemic Recovery

Phase Three: SBA Loans

- Allows SBA to provide federally-backed loans from February 15, 2020 to June 30, 2020 to eligible businesses to cover operational costs, including payroll, rent, health benefits (and insurance premiums), etc.
- No collateral, personal guarantees, or subsidy recoupment fees required (interest rate set at 2/15/20 level)
- Eligible businesses = 500 or fewer employees
 - Leeway for businesses with multiple “small” locations that provide accommodation and food services
 - Sole proprietors, independent contractors, and self-employed individuals are eligible
 - Some relief from SBA affiliation rules for certain businesses
- 2 eligibility criteria = good-faith certification of need for the loan + agree to not fire workers
- The maximum loan amount is a multiplier (2.5x) of average monthly payroll costs up to \$10M cap
- Businesses can use loans for almost all operating costs (with limits on individual comp above \$100K, comp for non-U.S. workers, and “double dipping” for Families First paid leave wages already receiving credit)
- Debt forgiveness up to the principal loan amount for certain costs incurred during the covered period
 - Forgivable amounts = payroll costs; interest payments on loan obligations; rent; and utilities
 - Forgiveness amounts reduced for firing employees or cutting wages

Phase Four?

Focus shifting to Phase Four

- More Extensive, Prospective in Scope
- Will likely include a “fixes” Section to Address Phase III Issues
- Timing unclear: staff bandwidth issue, needs White House support

Utilizing Current BI Infrastructure



Update: New Jersey Legislature To Vote On Bill Requiring Insurers to Cover COVID-19 Business Interruption Losses (A-3844)

Key Takeaways:

- Following a short-lived stay, the New Jersey legislature will vote on Assembly Bill 3844, tomorrow, March 25, 2020
- The proposed law would require every property policy that provides coverage for the loss of use of property and for occupancy and business interruption to be “construed” to include coverage for business interruption due to COVID-19
- The law would apply to policies in effect in New Jersey on March 9, 2020 issued to insureds with less than 100 “eligible employees” in the state

March 18, 2020

Mr. David Sampson
President and Chief Executive Officer
American Property Casualty Insurance Association
555 12th Street, N.W. Suite 550
Washington, D.C. 20004-1264

Mr. Charles Chamness
President and Chief Executive Officer
National Association of Mutual Insurance Companies
20 F Street, N.W. Suite 510
Washington, D. C. 20001

Mr. Bob Rusbuldt
President and Chief Executive Officer
Independent Insurance Agents & Brokers of America
127 South Peyton Street
Alexandria, V.A. 22314

Mr. Ken Crerar
President and Chief Executive Officer
Council of Insurance Agents and Brokers
701 Pennsylvania Avenue N.W. Suite 750
Washington, D.C. 20004

Dear Mr. Sampson, Mr. Chamness, Mr. Rusbuldt, Mr. Crerar:

We, the undersigned members of Congress, write to you on a matter of pressing importance for America's businesses. As the world community continues to navigate the impact and response of the declared global health emergency caused by COVID-19, we urge your member companies and brokers to make financial losses related to COVID-19 and other infectious disease-related losses part of their commercial business interruption coverage for policyholders.

There are currently more than 118,000 declared cases of COVID-19 in 114 countries around the world, and more than 4,000 individuals have lost their lives. As the international community works to mitigate the evolving threat of this virus, America's business are, understandably, concerned about the potential financial impact the continued global spread of COVID-19 may have on their operations.

In many commercial property insurance policies, business interruption coverage is triggered when the policyholder sustains "direct physical loss of or damage to" insured property. In addition, many commercial property insurance policies provide coverage for business income losses sustained when a civil authority prohibits or impairs access to the policyholder's premises.

As you are no doubt aware, on Monday, March 16th seven counties in the greater San Francisco Bay Area issued "shelter-in-place" orders for area residents. On Tuesday, March 17th, New York City Mayor Bill DeBlasio said city officials are "absolutely considering" a shelter-in-place order similar to the one that took effect in the San Francisco Bay Area on Monday. And on Monday, March 16th, New Jersey Governor Phil Murphy took the extraordinary step of announcing a statewide curfew of 8:00 P.M. for New Jersey residents.

These "shelter-in-place" orders and curfews--combined with those individuals who have already chosen to stay in their home over fear of contracting the virus-- will no doubt have an economic impact on America's businesses, particularly its small businesses. Many of us have already begun hearing from constituent businesses who have been forced to send employees home or shutter their doors due to a loss of economic activity.

Business interruption insurance is intended to protect businesses against income losses as a result of disruptions to their operations and recognizing income losses due to COVID-19 will help sustain America's businesses through these turbulent times, keep their doors open, and retain employees on the payroll.

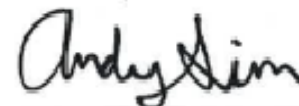
During times of crisis, we must all work together. We urge you to work with your member companies and brokers to recognize financial loss due to COVID-19 as part of policyholders' business interruption coverage. Additionally, we stand ready and willing to work with you on any future measures that might be necessary to see our country through this trying time.

Thank you for your consideration.

Sincerely Yours,



Nydia M. Velázquez
Member of Congress



Andy Kim
Member of Congress



Brian Fitzpatrick
Member of Congress



Grace Napolitano
Member of Congress



The Council of Insurance Agents & Brokers



RAA Reinsurance Association of America
Advocacy • Education • Research



PROPOSALS TO REBUILD THE ECONOMY POST-COVID-19

1. **Pass H.R. 5187, the Housing Is Infrastructure Act.** This provision would support \$100 billion in infrastructure spending to support the long-term availability of affordable housing.
2. **Reauthorize the State Small Business Credit Initiative.** This provision would provide \$10 billion to promote recovery post-pandemic. This program was initially created in 2010 to support small businesses in the wake of the 2008 recession and provides states with grants to finance new and existing small business growth.
3. **Forgive a Minimum of \$10,000 of Student Loan Debt for Each Indebted Borrower.** While Trump announced that he will waive interest on student loans during the crisis, without a reduction in principal, student loan borrowers will continue to struggle to make payments, jeopardizing a fragile economic recovery. Forgiveness of this debt will stimulate the economy by freeing up funds that borrowers would have spent on debt service. Now, these funds could be spent on goods and services, allowing millions of people to support our nation's small businesses and jumpstart the economy.
4. **Minimize the Economic Impacts on Women, Minorities and Diverse-Owned Businesses.** This provision would provide financial literacy education and access to banking services for unbanked women and minorities; require companies to publicly report their board diversity and their spending with diverse asset managers; create lending and capital opportunities focused on diverse owned businesses, including supporting minority depository institutions (MDIs) by passing H.R. 5322, the Ensuring Diversity in Community Banking Act (Meeks), and requiring the Federal Reserve to temporarily provide zero percent interest rate loans to MDIs and CDFIs. This provision would also establish a new technical assistance facility for MDIs and Impact Banks to support investments into technology and branch expansion, similar to a program available to credit unions. This provision would also provide the Minority Business Development Agency \$3 billion to support full implementation of the Initiative to Build Growth Equity Funds for Minority Businesses. Immediate funding of the Initiative will allow the grant awardee to quickly respond to capital needs of minority businesses that have been exacerbated by the COVID-19 health crisis.
5. **Pandemic Risk Insurance Act.** This provision would create a reinsurance program similar to the Terrorism Risk Insurance act for pandemics, by capping the total insurance losses that insurance companies would face. This is a request from the National Retail Federation.



CIAT **COALITION TO INSURE** **AGAINST TERRORISM** PANDEMICS?



~~Fight the 40~~ Fight for Healthcare

Areas of Focus

- 1) **Continuation of health care coverage:** The COVID-19 pandemic is making it difficult or impossible for some employers and employees to pay their share of premiums for health coverage, as many businesses have been forced to shutter operations or vastly scale down their business. According to a [survey](#) of business owners, some 24% of employers plan to downsize if the outbreak worsens; another [survey](#) found that 18% of adults have already been laid off or their hours have been cut. It is essential that access to care not be curtailed as a result of people losing their insurance due to such financial challenges. Employers are seeking policy solutions that prevent the loss of health coverage, protect against overwhelming Medicaid and safety net programs, and offer stability to our frontline hospitals and health care providers.
 - **COBRA subsidies:** The Consolidated Omnibus Budget Reconciliation Act (COBRA) allows an eligible employee to continue health insurance coverage in the case that an employee loses his or her job or experiences a reduction of work hours. The Alliance will work with Congress to ask for federal subsidies to provide needed support to help pay for 90% of COBRA premiums for persons who lose their employer-sponsored health insurance due to the economic impact of COVID-19.
 - **Payroll credit:** The Alliance will work to secure a payroll tax credit for employers and multiemployer health funds in industries affected by COVID-19 that provide continuations of health coverage.
 - **Small business loan flexibility:** The Alliance will work to add “offering health care coverage” to the list of uses for newly available small business loans.
 - **New funds or business loans for health care:** Create funds or business loans to sustain health coverage provided by companies and health funds struggling to make premium payments.
 - **Support critical benefits:** Provide support to maintain important employee benefits including life and disability insurance.

~~Fight the 40~~

Fight for Healthcare

- 2) **Stability for health care funds providing coverage for millions of workers:** In multiemployer plans, the amount of the employer's contribution is usually set by a collective bargaining agreement that specifies a contribution formula (such as \$X per hour worked by each employee covered by the agreement). The economic hardships incurred by multiemployer plans in the face of COVID-19 threaten fund solvency and worker coverage.
 - **Support multiemployer fund solvency:** As work decreases, the Alliance will support policies that keep the funds solvent and workers covered.

- 3) **Bolstering the health care delivery system:** We believe in supporting our frontline health care workers in any way we can, ensuring they have the resources needed to confront this epidemic and protect and care for themselves and their families. We must come together as a united front to strengthen the health care ecosystem, including ensuring that all Americans have access to testing and treatment for COVID-19.
 - **Hospital supplies and capacity:** The Alliance will work to ensure hospitals have the supplies and capacity needed to confront this epidemic, including the provision of emergency funding and legislative and regulatory flexibilities to best serve those suffering with COVID-19 both in person and through innovative technologies.
 - **Support frontline workers:** The Alliance is extremely grateful for the men and women serving on the front lines of this epidemic and the sacrifices made by them and their families. We will support policies to ensure frontline workers have access to what they need to fight the epidemic and care for the health and wellbeing of their families.
 - **Testing and treatment for all populations:** The Alliance will support policies that enhance testing and treatment capabilities and payment for all populations – insured and uninsured – to ensure all Americans are provided adequate care and treatment amid this global scourge and bend the curve of transmission and suffering.
 - **Ensuring that a primary source of funding for our health care system, employer provided coverage, remains a functional source of care and funding.**

State Forbearance of Premiums

- As of March 23, a total of 15 states have made pronouncements regarding the suspension or deferral of premium payments
- Most of the states have not made premium payment flexibility mandatory, rather they are “encouraging,” “requesting,” or “urging,” insurers to work with policyholders to avoid the cancellation of their insurance policies
- Alaska and Georgia are imposing stricter requirements:
 - Alaska prohibits termination of policies due to non-payment until June 1, 2020
 - Georgia “instructs” insurers not to cancel commercial P&C policies for non-payment for the next 60 days; health policies “until further notice”
- On a widely listened-to webinar conducted by the NAIC on Friday, a number of state insurance commissioners noted that they expect their industry to follow the intent of their pronouncements, and will be watching
- Our legal team at Steptoe & Johnson is [tracking the action](#)

State Shelter in Place Guidance

<u>States</u>	Does the state have a shelter-in-place/mass business closure order in place?	Does it cite or reference federal guidance governing critical infrastructure?	Is the insurance industry deemed an “essential business” or otherwise exempt from a closure obligation?
<u>Alabama</u>	NO		
<u>Alaska</u>	NO		
<u>Arizona</u>	NO		
<u>Arkansas</u>	NO		
<u>California</u>	YES	YES	YES
<u>Colorado</u>	NO		
<u>Connecticut</u>	YES	YES	YES
<u>Delaware</u>	YES	NO	YES
<u>D.C.</u>	NO		
<u>Florida</u>	NO		
<u>Georgia</u>	NO		
<u>Hawaii</u>	YES	YES	YES
<u>Idaho</u>	NO		
<u>Illinois</u>	YES	NO	YES* (FINANCIAL INSTITUTIONS)
<u>Indiana</u>	YES	YES	YES
<u>Iowa</u>	NO		
<u>Kansas</u>	NO		
<u>Kentucky</u>	YES* (RETAIL-SPECIFIC)	NO	YES* (RETAIL-SPECIFIC)

State Shelter in Place Guidance

<u>States</u>	Does the state have a shelter-in-place/mass business closure order in place?	Does it cite or reference federal guidance governing critical infrastructure?	Is the insurance industry deemed an “essential business” or otherwise exempt from a closure obligation?
<u>Louisiana</u>	YES	YES	YES
<u>Maine</u>	NO	YES	YES
<u>Maryland</u>	YES	YES	YES
<u>Massachusetts</u>	YES	YES	YES
<u>Michigan</u>	YES	YES	YES
<u>Minnesota</u>	NO		
<u>Mississippi</u>	NO		
<u>Missouri</u>	NO		
<u>Montana</u>	NO		
<u>Nebraska</u>	NO		
<u>Nevada</u>	NO		
<u>New Hampshire</u>	NO		
<u>New Jersey</u>	YES* (RETAIL-SPECIFIC)	NO	YES* (RETAIL-SPECIFIC)
<u>New Mexico</u>	YES	NO	YES
<u>New York</u>	YES	NO	YES
<u>North Carolina</u>	NO		
<u>North Dakota</u>	NO		

State Shelter in Place Guidance

<u>States</u>	Does the state have a shelter-in-place/mass business closure order in place?	Does it cite or reference federal guidance governing critical infrastructure?	Is the insurance industry deemed an “essential business” or otherwise exempt from a closure obligation?
<u>Ohio</u>	YES	YES	YES
<u>Oklahoma</u>	NO		
<u>Oregon</u>	NO		
<u>Pennsylvania</u>	YES	NO	YES
<u>Rhode Island</u>	NO		
<u>South Carolina</u>	NO		
<u>South Dakota</u>	NO		
<u>Tennessee</u>	NO		
<u>Texas</u>	NO		
<u>Utah</u>	NO		
<u>Vermont</u>	NO		
<u>Virginia</u>	YES* (RETAIL-SPECIFIC)	NO	YES* (RETAIL-SPECIFIC)
<u>Washington</u>	NO		
<u>West Virginia</u>	YES	YES	YES
<u>Wisconsin</u>	YES	YES	YES
<u>Wyoming</u>	NO		

Survey on State COVID-19 Responses

<u>States</u>	Emergency Declaration	Shelter-in-Place Order	Large Gatherings	Restaurants, Bars, etc.	Other Facilities	Schools	Elections	Insurance
Alabama	X		X	X		X	X	X
Alaska	X			X	X	X		X
Arizona	X		X	X	X	X		X
Arkansas	X		X			X		X
California	X	X	X	X				X
Colorado	X		X	X	X	X	X	X
Connecticut	X	X	X	X	X	X	X	X
Delaware	X	X	X	X	X	X		X
D.C.	X		X	X	X	X		
Florida	X					X		X
Georgia	X					X	X	X
Hawaii	X		X	X	X	X		
Idaho	X		X					X
Illinois	X	X	X	X		X		X
Indiana	X	X	X	X		X	X	X
Iowa	X		X	X	X	X		X
Kansas	X		X	X	X	X		X
Kentucky	X	X	X	X	X	X	X	X
Louisiana	X	X	X	X	X	X	X	X

Survey on State COVID-19 Responses

<u>States</u>	Emergency Declaration	Shelter-in-Place Order	Large Gatherings	Restaurants, Bars, etc.	Other Facilities	Schools	Elections	Insurance
Maine	X		X	X	X	X		X
Maryland	X	X	X	X	X	X	X	X
Massachusetts	X	X	X	X	X	X		X
Michigan	X	X	X	X	X	X		X
Minnesota	X			X	X	X		X
Mississippi	X				X	X		X
Missouri	X		X	X	X	X	X	X
Montana	X		X	X	X	X		X
Nebraska	X		X	X		X		X
Nevada	X		X	X	X	X		X
New Hampshire	X		X	X		X		X
New Jersey	X	X	X	X	X	X		X
New Mexico	X		X	X	X	X		X
New York	X	X	X	X	X	X	X	X
North Carolina	X		X	X		X		X
North Dakota	X		X	X		X		X

Survey on State COVID-19 Responses

<u>States</u>	Emergency Declaration	Shelter-in-Place Order	Large Gatherings	Restaurants, Bars, etc.	Other Facilities	Schools	Elections	Insurance
<u>Ohio</u>	X	X	X	X	X	X	X	X
<u>Oklahoma</u>	X		X	X		X		X
<u>Oregon</u>	X		X	X	X	X		X
<u>Pennsylvania</u>	X	X	X	X	X	X		X
<u>Rhode Island</u>	X		X	X	X	X		X
<u>South Carolina</u>	X		X	X		X	X	X
<u>South Dakota</u>	X					X		
<u>Tennessee</u>	X		X	X	X	X		X
<u>Texas</u>	X		X	X	X	X	X	X
<u>Utah</u>	X		X	X		X		X
<u>Vermont</u>	X		X	X	X	X		X
<u>Virginia</u>	X		X	X	X	X		X
<u>Washington</u>	X		X	X	X	X		X
<u>West Virginia</u>	X	X	X	X	X	X		X
<u>Wisconsin</u>	X		X	X	X	X		X
<u>Wyoming</u>	X		X	X	X	X		X

State Insurance Regulator COVID-19 Actions

States	Cost Sharing	Out of Network/ Balance Billing	Telehealth	Premium	Special Enrollment Period	Business Interruption	Compliance	Corporate Governance
Alabama	X		X					
Alaska			X	X			X	
Arizona	X		X					
Arkansas			X	X				
California	X	X		X	X		X	
Colorado	X		X		X			
Connecticut		X	X			X		X
Delaware	X	X	X					
D.C.								
Florida	X	X						X
Georgia	X		X	X		X		
Hawaii							X	
Idaho	X	X						
Illinois	X	X						
Indiana	X							
Iowa	X			X				X
Kansas	X					X	X	

State Insurance Regulator COVID-19 Actions

States	Cost Sharing	Out of Network/ Balance Billing	Telehealth	Premium	Special Enrollment Period	Business Interruption	Compliance	Corporate Governance
Kentucky	X						X	
Louisiana	X	X						
Maine	X	X						
Maryland	X	X		X		X	X	
Massachusetts	X	X	X	X	X			
Michigan	X		X	X				X
Minnesota	X	X	X					X
Mississippi	X		X				X	
Missouri				X				X
Montana	X							
Nebraska							X	
Nevada	X							
New Hampshire	X		X					X
New Jersey	X	X	X	X				
New Mexico	X			X				
New York	X	X	X	X	X			X
North Carolina	X	X	X					
North Dakota	X	X	X					

State Insurance Regulator COVID-19 Actions

States	Cost Sharing	Out of Network/ Balance Billing	Telehealth	Premium	Special Enrollment Period	Business Interruption	Compliance	Corporate Governance
Ohio	X	X	X	X			X	
Oklahoma	X	X	X					
Oregon	X		X					
Pennsylvania	X	X	X	X	X		X	
Rhode Island	X		X		X		X	
South Carolina	X							
South Dakota								
Tennessee	X	X						
Texas	X		X	X				
Utah		X	X					
Vermont	X	X	X					X
Virginia	X							
Washington	X	X						
West Virginia		X	X				X	X
Wisconsin	X	X		X				X
Wyoming	X		X					

Countries' Relief Options Under Consideration

Focus on stakeholders' comprehensive approach, based on previous crises:

- Premium tax suspension
- Government loans to support insurers' reserves
- Easing insurers' capital requirements
- Moratorium on insurance rate hikes and automatic insurance renewals
- Government backstop for pandemic claims



 THE COUNCIL

COVID-19

ciab.com/covid19

For the resource center visit: ciab.com/covid19