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NCOIL APPLAUDS INTRODUCTION OF THE PANDEMIC RISK INSURANCE ACT
Also Urges Congress to Focus on Current Business Interruption Losses

Manasquan, NJ – The National Council of Insurance Legislators announced today that it applauds the introduction of the Pandemic Risk Insurance Act of 2020 (PRIA), which was formally introduced on Friday, May 22nd. NCOIL President, IN Representative Matt Lehman stated, “While NCOIL is conceptually supportive of PRIA, we will need further discussion together on the details. Also, while PRIA would provide a backstop for losses after its passage, it is imperative that Congress continue focusing on those current, mounting uninsured losses that fall outside business interruption and event cancellation policies’ protection.”

PRIA, sponsored by Rep. Carolyn Maloney (D, NY), would provide for a transparent system of shared public and private compensation for business interruption losses resulting from a pandemic or outbreak of communicable disease. The new legislation is pulling from lessons learned during the business interruption the country saw around the 9/11 terrorist attacks.

PRIA would operate entirely prospectively, enabling businesses, professionals and associations to procure pandemic coverage in the future because insurers will not exclude it once a federal backstop is in place, much like terrorism insurance became available once the Terrorism Risk Insurance Act (TRIA) passed. PRIA would be triggered if industry losses exceed the $250 million threshold.

“We look forward to working with Congresswoman Maloney to make sure that there is not unlimited liability for the insurance industry. NCOIL agrees that it is important that the insurance industry participate in the PRIA system; however, it is imperative that any legislation not threaten the solvency of the industry or companies within it,” Lehman continued.

Following the tragedy of 9/11/2001, Congress moved in a way that addressed both the immediate crisis and a prospective solution by enacting both TRIA and the Air Transportation Safety and System Stabilization Act and included within it the Victims Compensation Fund (VCF). NCOIL
urges a similar solution now for the legion of businesses and professionals who are suffering from unprecedented costs from the interruption of their businesses as well as the many associations who have had to cancel their events, virtually all of whom have an exclusion in their business interruption and event cancellation policies for communicable diseases.

Lehman concluded that “it is important that NCOIL remains part of the discussion with Congress since, among other things, any plan will involve the states’ role in maintaining insurance industry solvency”.

In the VCF it was necessary to construct an entire claims adjudication process. NCOIL believes this can be avoided for the current pandemic emergency. These claims, while contractually excluded, are not novel; they are the very type of claims that U.S. insurers have been adjudicating for over a century. In addition to PRIA, NCOIL suggests that a Congressional Act creating a COVID-19 Business Interruption & Cancellation Claims Fund (COVID Claims Fund) incorporate the usage of the insurance industry’s claims processing systems to handle claims processing for the Fund in order to ensure all claims are validated prior to payment, removing any that do not meet the established criteria.

NCOIL CEO, Commissioner Tom Considine said, “While the introduction of PRIA is a positive development to protect businesses, professionals, and associations from losses due to a future pandemic or outbreak of communicable disease, it is imperative that a COVID Claims Fund be enacted and set up so that those that have already been harmed by COVID-19 receive the help that they deserve. NCOIL’s communication with Congresswoman Maloney regarding PRIA will be vital in ensuring there is not crippling exposure for the insurance industry.”


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NCOIL is a national legislative organization with the nation's 50 states as members, represented principally by legislators serving on their states' insurance and financial institutions committees. NCOIL writes Model Laws in insurance and financial services, works to preserve the State jurisdiction over insurance as established by the McCarran-Ferguson Act seventy-five years ago, and to serve as an educational forum for public policymakers and interested parties. Founded in 1969, NCOIL works to assert the prerogative of legislators in making State policy when it comes to insurance and educate State legislators on current and longstanding insurance issues.