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October 28, 2020

Honorable Maxine Waters
Chairwoman
House Financial Services Committee
U.S. House of Representatives

Honorable Patrick McHenry
Ranking Member
House Financial Services Committee
U.S. House of Representatives

Dear Chairwoman Waters and Ranking Member McHenry:

The National Association of Professional Insurance Agents (PIA National) writes today to renew its support for H.R. 7011, the Pandemic Risk Insurance Act (PRIA) of 2020. PIA National represents independent insurance agencies and their employee-agents in all 50 states, Puerto Rico, and the District of Columbia.

While PIA National continues to focus on providing immediate relief to small businesses, enabling them to survive in the current economic climate, we also recognize the need to be proactive in preparing for the possible economic consequences of a future pandemic. As such, we are pleased to support H.R. 7011, introduced by Congresswoman Carolyn Maloney (D-NY).

PIA National believes that a public-private partnership is essential to ensuring that a future pandemic does not again result in economic disaster. The insurance industry did not cause this economic catastrophe, but the insurance community can be part of the solution. In the past, similar steps have been taken to create markets for flood and terrorism risk insurance and, while it would be challenging, the insurance community can do it again for pandemics through a public-private partnership.

The bill currently envisions a PRIA program that would begin on January 1, in line with typical annual insurance renewals, and would create a market for pandemic risk insurance coverage. The federal government's participation would create market stability and offset the burden on the private sector. The program would require a participating carrier offering BI coverage to include coverage for BI losses, even when those losses arise from a pandemic. In exchange, the federal government would cover 95% of losses incurred by a pandemic (identified as a public health emergency by the Secretary of Health and Human Services). The federal contribution would be capped at \$750 billion per year.

If they opt into the program, insurers that offer BI coverage would be required to include pandemic risk insurance coverage. Insurers that chose not to participate would have the option of including a pandemic exclusion in any BI coverage offered.

Policymakers should offer businesses of all sizes a way to avoid the economic crisis a future pandemic could cause. That said, it is imperative that any proposed solution be affordable for small businesses. According to the Insurance Information Institute (III), as of earlier this year, only about one-third of all small businesses had BI coverage.

PIA National supports PRIA because we firmly believe this bill is a strong way to protect small businesses from the economic losses that could be inevitable in a future pandemic. We want to work with policymakers to build a public-private partnership that encourages a private pandemic insurance market to develop over time. Additionally, our independent agent members prefer to work within an insurance framework when possible. For that reason, we are skeptical of proposals that use independent agents to deliver non-insurance programs.

PIA National thanks you for your leadership on this issue and will work with policymakers and the insurance community to increase support for this bill as it moves through the legislative process. If we can be of further assistance, please contact Jon Gentile, vice president of government relations, at jonge@pianet.org

Sincerely,



Mike Becker
Executive Vice President and CEO
PIA National