



NW Insurance Council

## *Consumer Alert*

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Access to home, auto & business insurance options and claims response fully available in Northwest states, insurers say

*SEATTLE, April 1, 2020* – Shuttered businesses, “stay-at-home” orders and social distancing measures are taking a heavy toll on business and society in the Northwest, and property & casualty insurers are doing their part to respond to the needs of insurance consumers, even during the statewide shut-downs in Washington, Oregon and Idaho, reports the NW Insurance Council.

“Emergency orders issued in Washington, Oregon and Idaho, as well as guidance from the US Treasury Department, have all designated Property & Casualty insurance an essential business service, important to communities, families and our economy amid the current shut-down,” said NW Insurance Council President Kenton Brine.

“While working remotely or employing CDC-approved social distancing protocols in the workplace, insurance professionals are on the job, responding to policyholders and helping claimants manage home, auto and business claims...and in many cases, offering

additional coverage and extending premium payments for those affected by the current COVID-19 pandemic.”

Washington [Gov. Jay Inslee](#) and Oregon [Gov. Kate Brown](#) both issued statewide orders on March 24 for people to stay in their homes. Both Governors had previously issued emergency orders closing all restaurants and bars and limiting the size of groups in public gatherings. On March 25, Idaho Gov. Brad Little issued a [“stay-at-home” order](#) and closed non-essential businesses. All three states included lists of businesses, such as stores, pharmacies and restaurants serving take-out food, that could remain open. Insurance and financial services businesses are included as “essential.”

In the wake of the shut-down orders, insurance departments and legislatures across the country have begun working on or issuing directives to insurers to address the current business crisis and extend assistance to policyholders whose jobs and lives have been upended due to forced business closures. In response, insurers have – voluntarily and/or under emergency orders from state regulators:

- ✓ Offered “grace periods” for policyholders unable to pay home, auto or business insurance premiums, allowing coverage to remain in place even while no premiums are paid, for the next 30 days or beyond.
- ✓ Stopped cancellation or non-renewal of insurance policies based on failure to pay premiums since emergency orders went into effect.
- ✓ Created temporary (and in many cases, without additional premium charges) endorsements on auto policies that allow drivers to use their personal vehicles to make deliveries of take-out food, groceries, medicines and other necessary items to home-bound customers.
- ✓ Initiated or promoted automated, telephonic or app-based claims filing & estimating options for people filing insurance claims.

“Even in these challenging times and even as insurance companies and agencies are working to protect their own employees and customers from catching or spreading the

COVID-19 virus, the industry itself is healthy and prepared to respond to individual claims as well as the large-scale disasters our customers are insured against, like spring rain, wind and hail storms that often cause damage in the Pacific Northwest this time of year,” Brine said.

While insurers are prepared to pay claims for covered losses under existing insurance policies, Brine warned that efforts that have surfaced recently to impose retroactive changes in insurance policy contracts could disrupt the insurance marketplace and put the financial stability of insurers (and their ability to pay claims) at substantial risk.

Brine said that insurers are concerned about efforts initiated by some business owners and legislators in other parts of the country to retroactively change or reinterpret longstanding virus exclusions in business insurance policies. Legislation to force insurers to ignore the virus exclusion and pay claims filed under Business Interruption policies was introduced - but not passed - in New Jersey, and was included in discussions by an Oregon committee studying possible legislation for an upcoming special session, but was dropped from the committee’s recommendation list.

“Viruses and pandemics have been specifically excluded from commercial insurance policies for many years, by nearly every insurance company writing commercial coverage, and no business that has purchased insurance coverage with that exclusion has ever paid any premium for that coverage, because it is excluded,” Brine explained. “If insurers are forced to pay claims for a non-covered peril occurring on a global basis, for which no premium has been paid, how will insurers pay claims for the next tornado, wildfire or windstorm that destroys homes and businesses in a community? How will they avoid insolvency?”

[Industry experts](#) have noted repeatedly in recent days, as more businesses have questioned, implored or filed suit against insurers, that standard business policies exclude viruses, and even if a business is closed by order of a “civil authority,” the policies are intended to pay losses connected with physical damage to a business structure, such

as a fire or theft. The nation's state insurance regulators – the National Association of Insurance Commissioners – have sent [a letter](#) to Congress in opposition to retroactively re-writing insurance policies to pay business interruption claims that are not covered due to the virus exclusion.

Brine said insurance companies and agents are doing their best to respond to frustrated business owners and are fully prepared to pay claims for covered losses and are prepared to respond to inquiries from personal as well as commercial policyholders.

Brine encouraged business owners and other policyholders to contact their insurance company to inquire about coverage and keep their insurer informed of changes that could affect their coverage, as well as to find out about additional coverage options and premium grace periods that are being offered.

“If you're not sure about what's in your policy, contact your company or agent and ask to review your coverage,” Brine said. “The wrong time to find out what your insurance covers or doesn't cover is after the damage is done.” For businesses forced to close or reduce operations during the pandemic, Brine said more federal and state resources are on the way to help.

On March 31, national insurance trade associations, joined by more than 30 national business organizations, sent [a letter](#) to President Donald Trump, Treasury Secretary Steven Mnuchin and leaders of Congress calling for the creation of a federal COVID-19 Business and Employee Continuity and Recovery Fund to provide additional federal assistance to businesses and workers disrupted by the current COVID-19 pandemic.

“Insurers are joining with business groups across the country in seeking a holistic national approach to providing assistance to businesses and displaced workers,” Brine said. “In the meantime, business owners may be able to access low-interest loans and assistance from FEMA, the federal Small Business Administration and state & local agencies stemming from the new \$2 trillion federal stimulus package,” Brine said.

**Please Note:** For more information about COVID-19 and business insurance, read NW Insurance Council's Issues Brief "[COVID-19, Business Insurance and Recovery](#)"

*NW Insurance Council is a nonprofit, insurer-supported organization providing information about home, auto and business insurance to consumers, media and public policymakers in Washington, Oregon and Idaho.*

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