



NW Insurance Council

Media Advisory

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Update on Home, Auto & Business (Property & Casualty) Insurance Response to COVID-19

SEATTLE, April 9, 2020 – In accordance with guidance from the US Treasury Department and emergency order issued by Governor Jay Inslee, Property & Casualty Insurance is designated as an essential business. Insurers and agents/brokers have shifted their workforce from offices and claims centers to working from home wherever possible and are closely following CDC and state-recommended social distancing protocols, but are on the job – providing policies, handling & paying covered claims and providing service to policyholders.

Below please find the image of an [issue brief](#) from NW Insurance Council and our national insurance trade association partners – the American Property Casualty Insurance Association (APCIA) and the National Association of Mutual Insurance Companies (NAMIC) – that provides information about ways our member companies and other P&C insurers are responding to the COVID-19 environment. The original brief with embedded links is also available on the [NW Insurance Council](#) website. In short, companies are responding to consumer demand as well as regulatory orders to not cancel policies, to extend premium payment grace periods, to extend coverage for the commercial use of personal vehicles to make deliveries of food, medicine and other necessities, and more. (See below.)

We are aware of the confusion and frustration for closed businesses surrounding business interruption coverage that excludes COVID-19. Included in our issue brief is a statement sent to Congressional leaders in March by the National Association of

Insurance Commissioners (the nation's state insurance regulators, including Washington Insurance Commissioner Mike Kreidler). Their statement confirms that business interruption policies typically exclude viruses like COVID-19 and are approved, sold and priced accordingly.

- We urge business and personal insurance policyholders to contact their insurance company or agent if they have a claim, a question about their coverage, or if they are having financial difficulties due to the COVID-19 pandemic that is interfering with their ability to pay insurance premiums for their vehicle, home or business.
- We invite media inquiries on any of the issues covered in the attached – or any other issues related to home, auto or business insurance. Please contact us if we can provide information or interviews for your news organization.



Property & Casualty insurers are providing coverage, paying covered claims, offering premium grace periods & serving policyholders as states, communities, businesses and families respond to COVID-19

Insurance is still essential

Since Gov. Jay Inslee issued his "Stay Home, Stay Healthy" Order on March 24, followed by Insurance Commissioner Mike Kreidler's Emergency Order to Property & Casualty insurance companies and agents on March 25, here are some steps insurers have taken to serve policyholders, claimants and consumers in Washington. Hundreds of P&C insurers are authorized to write home, auto and business insurance in our state, and policies, procedures and programs offered vary from company to company. But in one way or another, insurers writing and servicing these policies are:

- ✓ Not cancelling policies due to non-payment of premium.
- ✓ Extending additional time ("grace periods") to pay premium on policies now in force.
- ✓ Waiving any fees related to late payments during the grace period.
- ✓ Increasing access to 24-hour claims service, including remote, telephone or smartphone-app claim filing.
- ✓ Considering (some companies, in some states) refunds and discounts for drivers who are logging less miles during shelter-in-place orders.
- ✓ Extending coverage from some insurers for the commercial use of personal vehicles to make restaurant, grocery, medical and other deliveries to consumers.
- ✓ Joining with business organizations in calling for federal solution, such as establishment of a COVID-19 Business Continuity & Recovery Fund to help businesses and employees across the country recover from closure.

Insurance companies are also following all CDC and Washington State Department of Health protocols to keep employees and agents safe, and to prevent the spread of the COVID-19 coronavirus to consumers, vendors and the public. But even as more insurance industry professionals are now working from home, early responses from insurers indicate there has been no reduction in response times for claims or initiation of new policies.

We invite you to contact us if you have questions, concerns or constituent information requests.

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Business interruption needs national response

Most business interruption policies do not cover virus pandemics like COVID-19. It is typically excluded (the language of individual policies determines coverage), and no insured business with the exclusion has paid premium to cover it. The nation's insurance regulators explained this in a recent message to Congress:



"Business interruption policies were generally not designed or priced to provide coverage against communicable diseases, such as COVID-19 and therefore include exclusions for that risk. Insurance works well and remains affordable when a relatively small number of claims are spread across a broader group, and therefore it is not typically well suited for a global pandemic where virtually every policyholder suffers significant losses at the same time for an extended period. While the U.S. insurance sector remains strong, if insurance companies are required to cover such claims, such an action would create substantial solvency risks for the sector, significantly undermine the ability of insurers to pay other types of claims, and potentially exacerbate the negative financial and economic impacts the country is currently experiencing."

NAIC Statement on Congressional Action Relating to COVID-19

March 25, 2020

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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