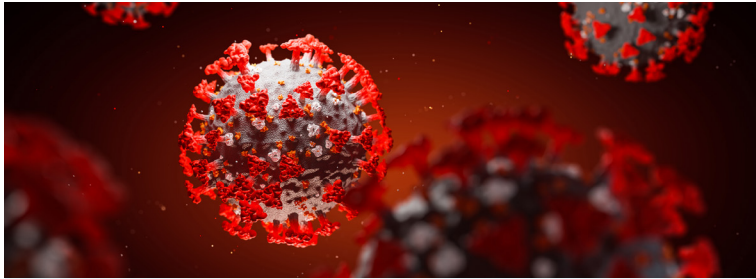


Understanding Business Interruption Insurance and Pandemics



Global pandemic risks are uninsurable

- A pandemic impacts all lines of insurance at once.
- Only the federal government has the financial wherewithal to cover pandemic risks.
- A handful of business interruption policies cover communicable disease contamination; very few U.S. businesses purchase them.



Retroactive payouts would bankrupt insurers

- Rewriting contracts after they have been agreed to by the parties involved would undermine a centerpiece of the U.S. economy.
- Requiring an insurer to pay for losses it never insured would cause irreparable harm to the industry.
- Mandating business interruption payouts would cost insurers at least \$255 billion per month;* in three months, it would deplete the industry's nearly \$800 billion surplus.



Insurers ready and actively paying covered claims

- Insurer stability is essential in meeting all the covered losses from people, businesses and communities.
- Covered losses include accidents, injuries, liability lawsuits, fires, and disasters such as windstorms.
- The industry's financial strength is especially important in an era of more frequent and severe hurricanes, tornadoes and wildfires.



Policies clearly explain “virus and bacteria” exclusions

- Business interruption policies generally require the losses to be caused by physical damage to the property.
- The threat of a virus is generally not considered physical damage to the property.
- Policies typically have exclusions saying an insurer will not “pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.”

*Source: American Property Casualty Insurance Association (APCIA).

