Minutes

Draft

Public Act 101-0640

Business Interruption Task Force Meeting #7

November 16, 2020

11:00am-12:30pm

Locations:

CALL-IN ONLY

Call-in Information

Phone Number: 1-312-535-8110

Access Code: 1771778846#

**I. Opening Comments**

Erica Weyhenmeyer welcomed members and guests to the Business Interruption Task Force Meeting and thanked the members for volunteering their time and expertise for the duration of these meetings. She also stated the objective as outlined by the statute, which is to “Study the impacts of the COVID-19 pandemic on businesses and the need for changes to business interruption insurance policies based on those impacts, including recommendations for legislation.”

Erica noted that task force members, when answering questions from the public or media, are not authorized to speak on behalf of the task force. She stated that since this is an open meeting, if there are any members of the public or media present, please be aware that if you are speaking with a task force member, any comments by the task force members do not represent the opinion of the task force. This distinction ensures the group is consulted before any formal communication is made on behalf of the task force. She also made clear that the task force does not intend to issue a public comment prior to the final report. The intent of this is to foster open dialogue as the group prepares recommendations. The final report will be the only public comment made by the task force.

She stated that the task force is designed to consider possible systemic issues with business interruption policies and will not be commenting on any pending legal action or complaints filed with the Department.

Erica then went over guidelines related to the technological platform being used.

**II. Roll Call of Members/Guests**

Erica asked members and guests to introduce themselves.

Members in attendance (alphabetically):

1. Saat Alety, Allstate
2. Chuck Feinen, State Farm
3. Norine K. Hammond, Representative
4. Thaddeus Jones, Representative
5. Kevin Martin, Illinois Insurance Association
6. Andrew Perkins, National Association of Mutual Insurance Companies
7. Sue Rezin, Senator
8. Steve Schneider, American Property Casualty Insurance Association
9. Shannon Whalen, Department of Insurance

Companies with an announced attendee (alphabetically):

1. American Association of Insurance
2. American Property Casualty Insurance Association (APCIA)
3. AIG
4. Allstate
5. Century
6. Chubb
7. CNA
8. Illinois Insurance Association
9. Independent Insurance Agents
10. ISO
11. Liberty Mutual
12. Nationwide
13. Shaddock & Associates
14. Traveler’s
15. Zurich

**III. Minutes Adoption**

Erica asked if there were any corrections to the draft minutes from last meeting. Century Insurance asked to be added to the list of guests for the October 29th meeting. Erica asked if there was a motion to accept the minutes. Chuck Feinen made a motion to accept the minutes. Representative Hammond seconded the motion. All were in favor and none opposed. The motion passed.

**IV. Objective**

Erica restated the objective of the task force, which consistent with PA 101-0640, is to “Study the impacts of the COVID-19 pandemic on businesses and the need for changes to business interruption insurance policies based on those impacts, including recommendations for legislation.” A report on findings and recommendations is due to the Governor and General Assembly by December 31, 2020.

**V. Report - Draft Section Presentations**

Erica asked for the members who worked on sections of the report to present their draft and reminded them that this would be the first of two opportunities for edits and feedback.

Chuck Feinen of State Farm presented on “Section I – Background” which was drafted by Chuck, Senator Harris, and Representative Jones. This section included the background of the pandemic and the scope of the problem. He noted that the members struggled to find numbers pertaining to impact to COVID-19 specific to Illinois, which Representative Jones concurred with. Representative Jones also pointed out that more information was needed regarding the final number of meetings convened by the Task Force as well as the Governor’s executive orders. Chuck also suggested that the report have citations in the end notes, as an appendix.

Steve Schneider of the American Property Casualty Insurance Association spoke to Dr. Hartwig’s cost impact analysis for Illinois; for small businesses with 100 employees or less, the business interruption costs were estimated at $1.9 billion to $7.9 billion per month. For businesses with 500 employees or less the business interruption costs were estimated at $3.4 billion to $13.5 billion per month. The amount of premiums collected by the insurance industry for all commercial properties was estimated at $160 million per month. Steve noted the disparity and scope of the problem.

Chuck reiterated the need for an appendix and pointed out the need for transitional language between sections, and asked that the Task Force think of the report as a whole document rather than just sections. He asked for comments to be emailed to Erica so she can collect and organize them and Erica agreed.

Kevin Martin of the Illinois Insurance Association presented “Section II – Defining Insurance” which was drafted by Kevin, and Representative Hammond. This section outlined policy definitions and policy structure. The information was pulled from Dr. Hartwig’s presentation and white paper, general principles of insurance, Business Interruption policies, history of business interruption, and systemic risk. Saat Alety of Allstate alerted the members that a congressional hearing on pandemic risk was scheduled for Thursday, November 19th. Representative Hammond reminded the members that COVID-19 is a national pandemic which requires a national response. There were no comments or suggested changes to this section.

Shannon Whalen of the Department of Insurance presented “Section III – Other Grants & Programs” which was drafted by Shannon and Andrew Perkins of the National Association of Mutual Insurance Companies. This section provides an overview of the Paycheck Protection Program, the Business Interruption Grant program, various municipal programs, sales tax deferral, and small business development centers. Andrew reiterated the need for an appendix for references. There were no comments or suggested changes to this section.

Steve Schneider of the American Property Casualty Insurance Association presented “Section IV – Federal Proposals” which was drafted by Steve, Andrew Perkins of National Association of Mutual Insurance Companies, and Saat Alety from Allstate. This section contains an overview of pending federal proposals, including proposals from Chubb and Zurich, a legislative summary from Brooke Stringer of the NAIC, and lastly, additional federal proposals. There were no comments or suggested changes to this section.

**VI. Discussion - Recommendation to the General Assembly & Governor**

Erica summarized discussions from previous meetings that might be used to build out “Section V –Recommendation to the General Assembly & Governor”.

She read directly from the meeting minutes of September 14th presentation from Dr. Hartwig: “Dr. Hartwig repeated that business interruption losses due to a pandemic are not insurable and can only be handled by the government. Kevin Martin asked Dr. Hartwig if he was familiar with and could discuss what was going on at the federal level. Dr. Hartwig stated that a number of proposals had been put forth. He mentioned a program called Business Partnership Protection Program. It is managed by FEMA and is a disaster relief program. Under this program, insurers do not bear any of the risk, but rather facilitate getting cash in the hands of businesses. There is another proposal modeled after the terrorism act, but for pandemics. Both of these plans recognize that losses are so extraordinarily large that they cannot be managed through the private insurance sector.

Representative Jones asked what solution Dr. Hartwig would suggest for Illinois, specifically in addition to federal solutions and whether Illinois can wait for a federal solution. Dr. Hartwig responded that losses of this magnitude simply cannot be financed by the private insurance industry. It will take time for a federal solution and it won’t be perfect, but it is the best option.”

Erica also referenced how Brooke Stringer outlined the NAIC Position, which is a federal option with parameters to best support consumers and the insurance industry for future protections.

Other solutions include grants and relief to address the immediate problem and the legislative Federal Proposals which address the long term problem.

There was a suggestion at an earlier meeting that the Task Force encourage the General Assembly and Governor to lobby the federal government for aid including a possible draft for a joint resolution from the General Assembly to encourage federal action. It was also suggested to reach out to the congressional delegation.

Steve Schneider of the American Property Casualty Insurance Association, Kevin Martin of the Illinois Insurance Association, and Andrew Perkins of the National Association of Mutual Insurance Companies were assigned to draft Section V and present their draft on November 30th.

**VII. Structure of Meetings/Next Steps**

It was decided that Steve, Kevin and Andrew would send their draft to Erica by close of business on November 20th in preparation for presenting their draft at the November 30th meeting. There will also be another opportunity for discussion on the first four sections. It was also decided that meetings would be scheduled for December 7th and December 14th, with a possible buffer meeting on December 21st. It was also decided to change the length of the meeting from 90 minutes to 60 minutes. Representative Hammond motioned to accept the meeting schedule, and Kevin Martin seconded. All were in favor and none opposed. The motion passed.

**VIII. Comments**

The meeting was opened for public comments. There were no comments.

**IX. Adjourn**

The Meeting adjourned at 11:57 am.