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APCIA Releases New Business Interruption Analysis

WASHINGTON, D.C. — David A. Sampson, president and CEO of the American Property Casualty Insurance Association (APCIA) issued the following statement with new industry data released today:

“Many commercial insurance policies, including those that have business interruption coverage, do not provide coverage for communicable diseases or viruses such as COVID-19.

“Pandemic outbreaks are uninsured because they are uninsurable.

“Any action to fundamentally alter business interruption provisions specifically, or property insurance generally, to retroactively mandate insurance coverage for viruses by voiding those exclusions, would immediately subject insurers to claim payment liability that threatens solvency and the ability to make good on the actual promises made in existing insurance policies.

“APCIA now estimates that closure losses just for the small businesses with 100 or fewer employees has increased to \$255 billion to \$431 billion per month. These numbers dwarf the annual premiums for all commercial property risks in the key insurance lines of \$71 billion per year, or about \$6 billion a month.

“Continuity losses for small businesses are approximately 43 to 72 times the monthly commercial property insurance premiums, which includes coverage for losses as a result of such perils as fire, wind, hail, and water leaks.

“The total surplus for all of the U.S. home, auto, and business insurers combined to pay all future losses is roughly only \$800 billion, with the combined capital of the top business insurance underwriters representing only a fraction of that amount.

“Insurance stability is especially important in a time of increased natural catastrophes. Spring flooding season is underway, hurricane season is around the corner, and wildfires pose a threat year-round.

“APCIA supports the federal assistance programs that deliver aid directly to vulnerable business communities, particularly affected small businesses. Last week, insurers joined a broad coalition of our customers to advance the COVID-19 Business and Employee Continuity Fund to leverage the ability of the private sector to scale and deploy additional liquidity to our communities.”

**Sources used: APCIA using publicly available data sources including Bureau of Labor Statistics (employment, wages), Insurance Services Office (Verisk Analytics, Inc.), Houston Chronicle (average revenue and profit), and other published reports.*

The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA members represent all sizes, structures, and regions—protecting families, communities, and businesses in the U.S. and across the globe.

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