



April 20, 2020

The Honorable Nancy Pelosi
Speaker,
United States House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader,
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Republican Leader,
United States House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Minority Leader,
United States Senate
Washington, DC 20510

Dear Speaker Pelosi, Majority Leader McConnell, Republican Leader McCarthy, and Minority Leader Schumer,

We commend you for acting swiftly to enact the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provides critical relief for industries and businesses on the edge of financial ruin due to COVID-19. We are writing you today on behalf of our members to ask you to take further steps to accelerate economic recovery by creating a pandemic risk insurance program.

As the preeminent organization dedicated to advocating for risk management, RIMS, *the risk management society*, is a not-for-profit organization representing more than 2,700 companies making up small businesses, corporate, industrial, service, nonprofit, charitable and government entities across the country. The over 7,500 U.S. members we represent, purchase insurance policies and believe that a public-private partnership that addresses pandemic risk is critical to facilitating access to capital from lenders and equity markets. Such a program will establish a viable insurance market with sufficient, affordable capacity. It will help create certainty for businesses and organizations of all sizes across the United States, and it will ensure that we can meet future pandemic events with greater resilience.

We surveyed our members and found that over 66% will have direct business interruption losses as a result of COVID-19. More specifically, our survey showed that 77% expect the losses to be over \$1 million, and 36% estimate losses to be more than \$25 million.

The hardest hit industries, which are vital to the U.S. economy, fear that they will not be able to access capital without assurance against pandemic risks or that coverage is cost prohibitive to a broad group of consumers. It is our mission to help these businesses and their employees mitigate that risk. A pandemic risk insurance program would operate as a risk-sharing mechanism between the insurance industry, policyholders, and the Federal government. As with traditional insurance policies, policyholders would absorb initial losses up to a specified deductible. Insurers would then provide affordable business

interruption coverage up to a certain limit with the government backstopping the program after that limit is exhausted.

We strongly believe that mitigating the initial financial shock of a pandemic will reduce the compounding effects of uncertainty on the economy. A pandemic risk insurance program will help rebuild confidence and security for our businesses, which is a critical first step to recovery.

Thank you for your consideration, and your support of our nation's economic wellbeing. If you have any questions, please contact Whitney Craig, RIMS Director of Government Relations at wcraig@rims.org.

Sincerely,

A handwritten signature in black ink that reads "Laura Langone". The signature is written in a cursive, flowing style.

Laura Langone, JD, MBA
RIMS President