

## COMMENTARY

# U.S. needs an insurance policy against another COVID



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Can America's economy survive another COVID assault? Not without a Pandemic Risk Insurance Program.

COVID-19 has revealed an economic vulnerability so severe it has threatened the foundation of virtually every business. It has damaged every sector, from aircraft manufacturing to the corner deli, causing the nation's unemployment rate to peak at nearly 15%, leaving 23.1 million Americans unemployed.

What is required is a national economic safety net that recognizes the nation's trillion-dollar deficits now being shouldered to prevent an economic collapse cannot be repeated if and when a second pandemic wave descends. Aside from the fact that this kind of crushing debt can destabilize any society, federal relief funds continue to be the subject of lengthy partisan debate.

The solution is the Pandemic Risk Insurance Program that is modeled on the Terrorism Risk Insurance Act passed by Washington after the 9/11 attacks in 2001 or national flood insurance programs designed to mitigate economic impact caused by severe weather. These programs recognize that the enormous size of potential losses can never be adequately covered by the insurance industry alone and the federal treasury is needed to help recover.

As devastating as the 9/11 attacks were on the economy, it pales in comparison to the COVID-19 pandemic. After 9/11, insurance losses were tabulated at \$40 billion with a national loss to the economy of a projected \$100 billion. These numbers are a fraction of the losses incurred by American businesses since early March.

As the economy entered freefall earlier this year, Congresswoman Carolyn Maloney proposed the Pandemic Risk In-

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urance Act of 2020 (PRIA). It would require insurance companies offering business interruption insurance policies to cover pandemic related losses while simultaneously creating a federally administered Pandemic Risk Reinsurance Program (PRRP) under which private insurance companies and Washington would share the financial burden of paying claims.

There are a variety of safeguards built into the measure in-

cluding language that states the measure would apply to any "outbreak of infectious disease or pandemic" that requires an official emergency declaration under the Public Health Service Act. In addition, the coverage would only be triggered when aggregate insured losses exceed \$250 million. The bill states that, once triggered, the federal share of compensation would be equal to 95% of insured losses that exceed the insurer's deductible with a cap put on the eventual payout.

America's economy must not rely on Washington to throw it a life vest, life vests should already be on board. This plan offers a built-in lifeline to recovery, establishing benefits in advance. The bill doesn't reinvent the wheel in establishing an insurance claims-payment process, but should be perfected to ensure prior errors, like those who struggled for years to be paid in the wake of Superstorm Sandy, are not repeated. Like other forms of business insurance, it accesses risk mitigation expertise from the insurance companies, helping businesses understand how they can better reduce their pandemic risk going forward.

Congress needs to harness its political will to address this existential issue. COVID-19's economic wreckage is too devastating and widespread to assume a vibrant economy quickly returns when a vaccine is finally found and offered to over 330 million Americans.

As public health officials have observed, "You may be done with COVID-19 but COVID-19 isn't done with you..." The same could be said of COVID-19's impact on our economy and our livelihoods.

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