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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 2372 Session of  
2020

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INTRODUCED BY DERMODY, BARRAR, STURLA, McCARTER, MURT, FREEMAN,  
SAPPEY, McNEILL, YOUNGBLOOD, WILLIAMS, HANBIDGE, SCHLOSSBERG,  
KENYATTA, BURGOS, CEPHAS, ULLMAN, DONATUCCI, DEASY, CIRESI,  
BOYLE, KRUEGER, HOWARD, SANCHEZ, DELLOSO, MALAGARI, ROZZI,  
HOHENSTEIN, O'MARA, ISAACSON, HARRIS, DeLUCA, OTTEN,  
McCLINTON, SHUSTERMAN, BRADFORD, A. DAVIS AND SCHWEYER,  
APRIL 3, 2020

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REFERRED TO COMMITTEE ON INSURANCE, APRIL 3, 2020

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AN ACT

1 Providing for insurance coverage for business interruption.

2 The General Assembly of the Commonwealth of Pennsylvania  
3 hereby enacts as follows:

4 Section 1. Short title.

5 This act shall be known and may be cited as the Business  
6 Interruption Insurance Act.

7 Section 2. Definitions.

8 The following words and phrases when used in this act shall  
9 have the meanings given to them in this section unless the  
10 context clearly indicates otherwise:

11 "Commissioner." The Insurance Commissioner of the  
12 Commonwealth.

13 "Eligible employee." A full-time employee who works a normal  
14 work week of at least 25 hours.

15 "Insurance policy." A policy, subscriber contract,

1 certificate or plan that:

- 2 (1) is offered, issued or renewed by an insurer;
- 3 (2) provides for property and casualty insurance; and
- 4 (3) does not exclusively provide for life insurance or
- 5 health insurance, or both.

6 "Insurer." As follows:

7 (1) An entity licensed or authorized to conduct the  
8 business of insurance that is governed under the act of May  
9 17, 1921 (P.L.682, No.284), known as The Insurance Company  
10 Law of 1921.

11 (2) The term excludes a risk retention group under  
12 Article XV of The Insurance Company Law of 1921.

13 "Net written premiums received." Gross direct premiums  
14 written, less return premiums and dividends credited or paid to  
15 policyholders, as reported on an insurer's annual financial  
16 statement.

17 Section 3. Business interruption.

18 (a) Coverage regarding coronavirus.--Notwithstanding any  
19 other law, rule or regulation, an insurance policy that insures  
20 against loss or damage to property, which includes the loss of  
21 use and occupancy and business interruption, in force in this  
22 Commonwealth on March 6, 2020, which is the date of the  
23 Proclamation of Disaster Emergency concerning the coronavirus  
24 pandemic, shall be construed to include among the covered perils  
25 under the insurance policy coverage for business interruption  
26 due to global virus transmission or pandemic.

27 (b) Indemnification.--The coverage required by this section  
28 shall indemnify the insured of an insurance policy, subject to  
29 the broadest or greatest limit and lowest deductible afforded to  
30 business interruption coverage under the insurance policy, for

1 any loss of business or business interruption for the duration  
2 of the declaration of disaster emergency described in subsection  
3 (a).

4 (c) Applicability.--This section shall apply to an insurance  
5 policy that is:

6 (1) issued to an insured of an insurance policy if the  
7 insured has fewer than 100 eligible employees in this  
8 Commonwealth; and

9 (2) in force on March 6, 2020.

10 Section 4. Relief and reimbursement.

11 (a) Application.--An insurer that indemnifies an insured of  
12 an insurance policy that has filed a claim under section 3 may  
13 apply to the commissioner for relief and reimbursement by the  
14 commissioner from money collected and made available for this  
15 purpose, as provided in section 5 or otherwise in accordance  
16 with Federal or State law.

17 (b) Procedures.--The commissioner shall establish procedures  
18 for the submission and qualification of claims by insurers that  
19 are eligible for reimbursement under this section. The  
20 commissioner shall incorporate into the procedures:

21 (1) standards that are necessary to protect against the  
22 submission of fraudulent claims by insureds; and

23 (2) appropriate safeguards for insurers to use in the  
24 review and payment of claims.

25 Section 5. Special purpose apportionments.

26 (a) Authorization.--The commissioner may impose upon,  
27 distribute among and collect from insurers engaged in providing  
28 property and casualty insurance in this Commonwealth, whether or  
29 not the property and casualty insurance specifically includes  
30 coverage for business interruptions, additional amounts

1 necessary to recover the amounts paid to insurers under section  
2 4.

3 (b) Distribution.--The additional special purpose  
4 apportionment authorized under subsection (a) shall be  
5 distributed in the proportion that the net written premiums  
6 received by each insurer subject to the apportionment under this  
7 section for insurance written or renewed on risks in this  
8 Commonwealth, during the calendar year immediately preceding,  
9 bears to the sum total of all the net written premiums received  
10 by all insurers writing that property and casualty insurance  
11 within this Commonwealth during that same calendar year, as  
12 reported.

13 Section 6. Effective date.

14 This act shall take effect immediately.