

# FISCAL NOTE

May 12, 2020

<b>Bill No:</b>	HB 2372	<b>Printer's No:</b>	3512	<b>Sponsor:</b>	Dermody (D)
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### COST / (SAVINGS)

<b>Fund (s)</b>	<b>2019-20</b>	<b>2020-21</b>
Insurance Fund	See "FISCAL IMPACT"	\$387 million

**SUMMARY:** HB 2372 establishes the Business Interruption Insurance Act, mandating that insurance policies which insure loss and damage to property include financial loss related to the Covid-19 outbreak.

**ANALYSIS:** HB 2372 establishes the Business Interruption Insurance Act. The Act stipulates that any existing insurance policy in the Commonwealth which insures against loss or damage to property also includes financial loss sustained by any businesses as a result of the Covid-19 outbreak. The bill stipulates that this shall apply only to insurance policies held by businesses with less than 100 employees.

HB 2372 also stipulates that insurers who face these claims from impacted businesses may seek financial relief from the Insurance Commissioner. The Department may impose an assessment on all insurers who insure against loss and damage to property to offset these costs.

HB 2372 takes effect immediately.

**FISCAL IMPACT:** In order to implement HB 2372, the Department of Insurance would need to hire at least 12 new full-time employees to handle claims from insurers and to assess the property and casualty industry for repayment. Their annual salary and benefits would cost \$12 million. Additionally, the Department would need to retain an outside third-party contractor to administer the claims program, at an estimated annual cost of \$375 million.