

**November 18, 2020**

**Vince Malta**  
2020 President

**Bob Goldberg**  
Chief Executive Officer

**ADVOCACY GROUP**

**Shannon McGahn**  
Chief Advocacy Officer

The Honorable William Lacy Clay  
Chairman  
House Subcommittee on Housing,  
Community Development and  
Insurance  
2428 Rayburn House Office Building  
Washington, DC 20515

The Honorable Steve Stivers  
Ranking Member  
House Subcommittee on Housing,  
Community Development and  
Insurance  
2234 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Clay and Ranking Member Stivers:

On behalf of our 1.4 million members, the National Association of REALTORS® thanks you for holding this important hearing, “Insuring against a Pandemic: Challenges and Solutions for Policyholders and Insurers.” As Congress considers relief options to help businesses harmed by the COVID-19 pandemic, it is crucial that the country think ahead about potential solutions to safeguard against future pandemics or similar crises. REALTORS® support a Federal Insurance Office (FIO) study to help consumers evaluate the cumulative, distributional and pass-through impacts of pandemic insurance proposals on commercial policyholders as well as on insurers and taxpayers.

To date, Congressional debate has centered on whether and to what extent the insurance industry can and should co-insure pandemic-related business interruptions. Yet it is the commercial policyholder who would ultimately bear these costs, as the government seeks to recoup some of its losses while insurers pass along their losses to insureds, subject to state commissioner approval. Without a comprehensive impact analysis, including recoupment and passthrough to policyholders, it is difficult for consumers to fully understand and evaluate the proposals under consideration. At minimum, REALTORS® recommend an FIO study that includes the following datapoints in order to support a full, informed and transparent debate over the various approaches to pandemics:

- Estimates of pandemic-related business interruptions (BI) and cost per month;
- Total number and average cost of current commercial property insurance policies;
- Share of the commercial policies that include BI coverage;
- Share of the BI policies that cover non-physical or pandemic-specific losses;
- Total monthly revenue and surplus available for all commercial property policies;
- Share of revenue from the BI policies – broken out by physical vs. non-physical loss;



- Take-up rate and average cost of non-physical or pandemic-specific coverages today;
- Price elasticity of demand and pass-through for commercial property insurance;
- Cumulative impact on policyholders, including recoupment and pass-through under a range of scenarios (e.g., 100% pass-through and 140-percent recoupment to various aggregate retention limits)
- Distribution of the impacts and cross subsidization among commercial policyholders (e.g., between those with and without BI coverage, lines of insurance, etc.); and
- Other datapoints that FIO deems helpful to commercial policyholders.

Thank you again for holding this important hearing. NAR looks forward to working with you as Congress considers providing additional federal assistance to small businesses struggling under pandemic-related local civil authority orders.

Sincerely,

A handwritten signature in cursive script, appearing to read "Vince Malta".

Vince Malta  
2020 President, National Association of REALTORS®

cc: U.S. House of Representatives Subcommittee on Housing,  
Community Development and Insurance