NAR Issue Summaries

Insurance / Pandemic Insurance

NAR Committee:

Insurance Committee

What is the fundamental issue?

During future pandemics, Congress should re-establish and strengthen the Paycheck Protection Program (PPP) to help address gaps in business interruption coverage.

I am a real estate professional. What does this mean for my business?

Most commercial insurance policies exclude losses caused by communicable diseases or viruses such as COVID-19. Some have proposed to nullify these exclusions raising significant questions about the insurability of the risk and how much policyholders would ultimately have to pay for coverage. The PPP, on the other hand, provided more than $800 billion in forgivable loans to nearly 12 million small businesses during COVID-19 and thus is a workable, proven model for any future pandemic risk insurance legislation.

NAR Policy:

Supports adopting PPP as the model for a pandemic risk insurance program and enhancing the program to:

- Better target assistance to small businesses in the most highly impacted industries;
- Use a simple, streamlined application and aid-distribution formula to expedite assistance;
- Condition assistance on adopting the latest, science-based mitigation measures;
- Improve consumer education and provide more equitable access to federal assistance;
- Provide for sufficient program oversight and accountability; and
- Offer a voluntary role for insurers in aid distribution or fee collection.

Does not support imposing new assessments, surcharges or recoupment on commercial insurance policies to pay for federal assistance.

Opposition Arguments:

Opponents argue that the PPP was not timely, cost effective or well targeted to small businesses impacted by COVID-19. However, no other fiscal policy program in U.S. history has successfully deployed more than $500 billion within just four months of passage, and PPP can be enhanced to address opponent concerns.

Legislative/Regulatory Status/Outlook

Congress has been discussing a range of legislative approaches to pandemics, including:

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- A terrorism risk insurance model;
- A federal crop insurance model; and
- A business revenue reimbursement model like PPP.

NAR will continue to educate Congress and the Administration about NAR's public policy principles to address business interruptions during future pandemics.

Current Legislation/Regulation (bill number or regulation)

Congressional authorizing committees have not introduced legislation at this time.

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