



NEW YORK STATE SENATOR

Andrew Gounardes

Gounardes and Carroll Introduce Bill to Force Insurance Companies to Pay Business Interruption Claims for Covid-19

ANDREW GOUNARDES April 23, 2020

| ISSUE: **COVID-19, CORONAVIRUS PANDEMIC; SMALL BUSINESS**

Albany, NY - State Senator Andrew Gounardes today announced that he would sponsor Senate legislation (A-10226-A/S.8211) to match Assemblymember Robert Carroll's bill in the Assembly to eliminate the virus exclusion in business interruption insurance policies. The COVID-19 outbreak has required businesses across New York State to shut their doors, forcing many to lay-off or furlough employees. The economic impact of this pandemic is being felt globally and is especially burdensome on small business owners.

"If a global pandemic doesn't count as a legitimate business interruption for insurance purposes, then nothing does. Small businesses are in desperate need of a lifeline right now, and to deny them their insurance payouts is to let them drown. Now more than ever we have to fight for the small businesses that are the heart and soul of our City," said State Senator Andrew Gounardes.

"It is clear that federal loans for small businesses are insufficient, with many New York small business owners not receiving a single penny of support from the SBA. The insurance industry is sitting on \$900 billion in reserves while small businesses who have paid business interruption premiums for years have their claims denied over and over again because the insurance industry claims COVID-19 doesn't constitute a business interruption. This is

absurd, greedy, immoral, and factually incorrect. All levels of government should be working for a solution to ensure that these policies are paid out,” said Assemblymember Carroll, the drafter and prime sponsor of the bill in the Assembly.

"Assemblymember Carroll's legislation requiring insurance companies to payout business interruption claims to small businesses that paid for the coverage will bring enormous financial relief to restaurants and bars during this unprecedented COVID-19 crisis. We thank the Assemblymember and Senator Gounardes for their leadership and bold proposal to support local businesses during this trying time," said Andrew Rigie, Executive Director of the NYC Hospitality Alliance.

"When Governor Cuomo mandated that full-service restaurants halt operations, we closed Crown Shy and revenue fell to zero. As a result, I had to furlough all 120 employees. For Crown Shy and businesses like it to restart operations, we'll need a runway. Before serving diners, I have to rehire staff, clean the premises, purchase inventory, and settle debts not paid during the mandated shutdown. We pay insurance premiums of almost \$10,000 per month to protect the business in the unlikely event of natural disaster. Even though Mayor de Blasio's emergency executive order states that COVID-19 is a damaging property condition, we're told that our business interruption insurance policy doesn't cover the closure. Without cash reserves or insurance payouts, independent restaurants like Crown Shy will simply be unable to reopen," said Jeff Katz, co-owner of Crown Shy restaurant in Downtown Manhattan.

Many businesses in New York already have business interruption insurance, which is designed to replace income and cover payroll when a disaster such as this COVID-19 pandemic strikes. The problem is insurance companies are refusing to pay out on legitimate claims. Some business interruption policies are silent on whether they cover viruses, while others tried to carve out global pandemics after previous viral outbreaks such as SARS.

The bill would enable businesses that had business interruption insurance when Governor Cuomo declared a state of emergency, March 7th 2020, to be eligible to collect on business interruption claims.

RELATED LEGISLATION

2019-S8211

- Introduced

- - In Committee Assembly
 - In Committee Senate

- - On Floor Calendar Assembly
 - On Floor Calendar Senate

- - Passed Assembly
 - Passed Senate

- Delivered to Governor

- Signed By Governor

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Relates to requiring certain perils be covered under business interruption insurance during the coronavirus disease 2019 (COVID-19) pandemic

April 17, 2020

In Senate Committee Insurance

Sponsored by Andrew Gouardes

Do you support this bill?