



OFFICE OF
INSURANCE COMMISSIONER

March 25, 2020

TO: All authorized property & casualty insurers

Re: Special data call relating to business interruption and related commercial coverage written in Washington state

Pursuant to RCW 48.02.060(3) and 48.02.160(3) I, Insurance Commissioner Mike Kreidler, hereby instruct each authorized property/casualty insurer to provide certain information regarding the commercial property insurance it has written in Washington state and details on the business interruption coverage provided in the types of policies for which it has ongoing exposure. For the purpose of this letter, I consider commercial property insurance to include the following, along with substantially similar insurance: business owner policies, commercial multiple peril policies, and specialized multiple peril policies.

First, each insurer should provide to my office the volume of business interruption coverage, civil authority coverage, contingent business interruption coverage and supply chain coverage the insurer wrote that was in effect on March 15, 2020, which should be expressed in amounts of direct written premium, policy types and numbers of policies written of each type.

Second, each insurer should examine the policies it has issued and explain the coverage each policy offers in regard to COVID-19 – both presently and whether the situation could develop to change the policyholder's status (i.e., is there any potential for coverage as a result of COVID-19). For each policy type, insurers should prepare such information in a clear and concise explanation of benefits that is suitable for policyholder review. Insurers should then send such explanation to each of their policyholders of the applicable policy types. Insurers should also send copies of all such explanations to my office, along with a representation that the explanations have been provided to the insurer's policyholder.

The explanation to policyholders should include all relevant information including, without limitation:

- What type of commercial property insurance or otherwise related insurance policy does the insured hold?
- Does the insured's policy provide "business interruption" or "business income" coverage? If so, provide the "covered perils" under such policy. Please also indicate whether the policy

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contains a requirement for "physical loss or damage" and explain whether contamination related to a pandemic may constitute "physical loss or damage." Please describe what type of damage or loss is sufficient for coverage under the policy.

- Does the insured's policy provide "civil authority" coverage? If so, please describe what type of damage or loss is sufficient for coverage under the policy. Please also describe any relevant limitations under the policy. Please explain whether a civil authority prohibiting or impairing the policyholder's access to its covered property in connection with COVID-19 is sufficient for coverage under the policy.
- Does the insured's policy provide "contingent business interruption" coverage? If so, please describe what type of damage or loss is sufficient for coverage under the policy.
- Please provide the "covered perils" under such policy. Please also indicate whether the policy contains a requirement for "physical loss or damage" and explain whether contamination related to a pandemic may constitute "physical loss or damage."
- Does the insured's policy provide "supply chain" coverage? If so, is such coverage limited to named products or services from a named supplier or company? Please also indicate whether the policy contains a requirement for "physical loss or damage" and explain whether contamination related to a pandemic may constitute "physical loss or damage."
- For each instance of coverage described above, please provide the applicable waiting period under the insured's policy. Please also indicate whether the amount of time coverage remains in effect once becomes active for a given incident.

All responses should be sent to Policy@oic.wa.gov on or before April 1, 2020. Please include in the subject of your email response "COVID 19 SPECIAL REPORT_NAIC #". Please note that this subject line is considered part of the submission requirements.

Sincerely,

A handwritten signature in black ink that reads "Mike Kreidler". The signature is fluid and cursive, with the first letters of "Mike" and "Kreidler" being significantly larger and more prominent.

Mike Kreidler,
Insurance Commissioner