

May 19, 2020

The Honorable Mitch McConnell  
Majority Leader  
U.S. Senate  
S-230, The Capitol  
Washington, D.C. 20510

The Honorable Nancy Pelosi  
Speaker of the House  
United States House of Representatives  
H-222, The Capitol  
Washington, D.C. 20515

The Honorable Chuck Schumer  
Minority Leader  
U.S. Senate  
S-221, The Capitol  
Washington D.C. 20510

The Honorable Kevin McCarthy  
Minority Leader  
United States House of Representatives  
H-204, The Capitol  
Washington, D.C. 20515

Dear Majority Leader McConnell, Speaker Pelosi, Minority Leader Schumer, and  
Minority Leader McCarthy:

On behalf of the members of our collective organizations, we would like to applaud your efforts in responding to challenges that have arisen in our nation during the COVID-19 pandemic.

We are writing to request that you include provisions to enhance commercial business interruption insurance policies in the next legislative package related to COVID-19 crisis relief. Proposals such as [H.R. 6494](#), the *Business Interruption Insurance Coverage Act*, could offer businesses the option to address damaging gaps in coverage and bolster our country's economic resilience during future crises.

State shelter-in-place orders, business closures, and staggered re-openings are imposing tremendous financial losses on dental practices. Most dental practices have been compelled to forgo providing non-emergency services or close entirely, and states are just beginning the process of reopening and allowing routine (elective) care.

As of the week of April 20<sup>th</sup>, 86% of dentists surveyed by the Health Policy Institute at the American Dental Association reported that their total patient volumes were less than 5% of what is typical<sup>1</sup>. This downturn in patients has had a massive impact on dental practices. April employment data released by the U.S. Bureau of Labor Statistics on May 8<sup>th</sup> found that dental offices have suffered the highest amount of job losses within the health care industry, with a 47.5% decline in employment between March and April, amounting to 503,000 jobs<sup>2</sup>.

<sup>1</sup> COVID-19: Economic Impact on Dental Practices (Week of April 20 Results) - Health Policy Institute at the American Dental Association, April 2020

(<https://surveys.ada.org/reports/RC/public/YWRhc3VydM5cy01ZTlkYjFIMTRIZDkxOTAwMTU4NTU4ZmItVVJfNWJWDFEU01IdmNDUjVQ>)

<sup>2</sup> THE EMPLOYMENT SITUATION — APRIL 2020, U.S. Bureau of Labor Statistics, May 2020

(<https://www.bls.gov/news.release/pdf/empsit.pdf>)

Many dental practices that currently hold business interruption insurance have recently learned that their policies do not cover government-ordered business shutdowns caused by a national emergency or viral pandemics. This lack of coverage has had a substantial negative impact on owner-dentists under the assumption that the insurance policies they have been paying premiums on for years would provide support during this crisis.

We recognize that abrogating or re-writing contracts at this time could potentially have a deleterious impact on the property and casualty insurance industry, as current policy premiums did not account for the risk associated with these pandemic-related losses when they were calculated. Congress should consider establishing a mechanism to indemnify insurers that remove shutdown or virus-related exclusions from existing policies, as a method of providing direct financial relief to current policyholders while not jeopardizing the viability of the property and casualty insurance market.

This mechanism could be further developed and refined in collaboration with stakeholders to ensure that businesses are able to attain the level of certainty they will need within business interruption insurance policies in the face of future pandemics. Congress has worked with the insurance industry in the past to establish a process for offering coverage for unpredictable and high-risk losses, as evidenced by the recently reauthorized Terrorism Risk Insurance Act (TRIA). TRIA has been successful in encouraging the insurance industry to alter its stance on terrorism insurance offerings, which have gone from being scarce and expensive to now being optional pieces of coverage that are widely purchased by the insured (78%)<sup>3</sup>.

Much like terrorist attacks, viral pandemics are not conventional insurable risks. The scope and severity of any pandemic are highly variable, causing unpredictability in estimating costs and timing associated with possible losses in the aggregate. This lack of risk diversification necessitates support from the federal government in ensuring that insurers can provide business interruption insurance coverage for viral pandemics and shutdowns.

With many small businesses still reeling from the effects of the current crisis, we ask that Congress consider:

- Providing an immediate support mechanism to help businesses currently left behind by shutdown or viral-related exclusions in business interruption insurance policies; and
- Building on successful models, such as TRIA, to require insurers to offer market-oriented solutions for shutdown or viral-related business interruption insurance coverage that are guaranteed with some kind of federal partnership, trust fund, or backstop.

<sup>3</sup> Terrorism Risk Insurance: Overview and Issue Analysis for the 116<sup>th</sup> Congress, Congressional Research Service, December 2019 (<https://crsreports.congress.gov/product/pdf/R/R45707>)

The COVID-19 crisis has brought to light deficiencies in preparedness and response at numerous levels. We hope that Congress will seize this opportunity to act on these oversights, such as in the case of detrimental business interruption insurance exclusions, as it continues to develop smart policies to sustain our economy going forward.

Dental offices are eager to reopen to treat their patients and rehire their employees, but many owner-dentists will not be able to do so unless they receive direct financial support. If you have further questions, please contact Pat O'Connor of the Academy of General Dentistry at [patoconnor@kentoconnor.com](mailto:patoconnor@kentoconnor.com).

Thank you again for your consideration of our collective requests.

Sincerely,

Academy of General Dentistry  
American Academy of Dental Group Practice  
American Academy of Oral and Maxillofacial Pathology  
American Academy of Oral and Maxillofacial Radiology  
American Academy of Pediatric Dentistry  
American Academy of Periodontology  
American Association of Endodontists  
American Association of Oral and Maxillofacial Surgeons  
American Association of Orthodontists  
American Association of Women Dentists  
American College of Prosthodontists  
American Dental Association  
American Dental Education Association  
American Society of Dentist Anesthesiologists  
American Student Dental Association

CC: U.S. Senate Committee on Banking, Housing, and Urban Affairs  
U.S. House Committee on Financial Services