

## How the Insurance Industry CAN Help with the Coronavirus Pandemic

by Bill Wilson, CPCU, ARM, AIM, AAM

Two days ago, I posted this analysis of a lawsuit filed in New Orleans seeking a declaratory judgment that business income insurance covers losses arising from government-mandated business shutdowns or curtailments:

**"Business Income Insurance...Does It Cover Coronavirus Shutdowns?"**

<https://insurancecommentary.com/business-income-insurancedoes-it-cover-coronavirus-shutdowns/>

I received the following comment on LinkedIn:

*"A great read Bill. Thank you! I wouldn't presume to say I agree with the analysis (the student still has much to learn from the master), but it is obvious to me that this seems like yet another case of 'we don't care what the contract says, somebody has to pay!'"*

*"Understanding that yours is a coverage analysis and not public policy commentary, I do think the insurance industry needs to do more than simply say, 'It's not covered.' Based on what some folks from congress have written and our association responses, I believe we are falling short.*

*"There must be logistical tools that insurance carriers have at their disposal or investment platforms, something that allows us to be part of a solution and not just the brick capped off with a sentiment like, 'We stand behind our clients....'."*

This was my response (edited and updated):

I'm not sure there's much the industry can do for the pandemic other than explain why it's not covered. It's a catastrophic exposure. We're talking trillions in costs of all kinds.

There is the potential here to bankrupt many insurance companies and, when that happens, there won't be enough in reserves and guaranty fund assessments to pay for losses for which policyholders did pay premiums to cover.

Pandemics are a societal and governmental problem, not a business solution problem. It's an issue that requires risk management techniques other than insurance to address the exposures.

But there are things insurers can do that won't bankrupt them. For example, you usually can't reduce coverage mid-term in an insurance contract but you probably can improve coverage without imperiling financial stability.

To illustrate, many restaurants are closing their dining rooms and either allowing regulated carry-outs or making deliveries. In some cases, servers are now being compensated for driving their autos to make these deliveries rather than serving food in-house. Otherwise, they'd be out of work.

So, how about GEICO and Progressive and Liberty Mutual and other carriers that sell personal auto insurance investing the BILLIONS they spend on inane TV commercials into adding 6-month endorsements to personal auto policies that cover food delivery in the event that their policies would otherwise exclude such delivery?

How about commercial auto insurers adding broadening endorsements like the ISO CA 99 33 - Employees As Insureds on their business auto policies, at least for certain industries? This may adversely impact loss experience, but not significantly much less to the point of insolvency.

I believe insurers can do things like this to help and such actions would benefit them, their policyholders, and the country far more than running a bunch of silly commercials.

This is just one idea. I'm sure our industry brain trust can come up with all kinds of suggestions to help consumers and businesses while educating them and making them understand why this is such a great and indispensable industry.

So, what do you think? Add your bright ideas in the Comments section of the web page below.

<https://insurancecommentary.com/how-the-insurance-industry-can-help-with-the-coronavirus-pandemic/>

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