

# Ohio Insurance Agents Government Affairs

## Summary of: House Bill 589

133<sup>rd</sup> General Assembly

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**Sponsors:** Reps. Jeff Crossman and John Rodgers

**Status:** Introduced in the Ohio House on 3/24/20

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**Summary:** To require insurers offering business interruption insurance to cover losses attributable to viruses and pandemics and to declare an emergency.

### Eligibility

Every policy of insurance insuring against loss or damage to property, which includes the loss of use and occupancy and business interruption, in force in Ohio when Ohio's state of emergency declared under Executive Order 2020-01D took effect on **March 9, 2020**, shall be construed to include among the covered perils under that policy, coverage for business interruption due to global virus transmission or pandemic during the state of emergency.

The coverage required by this bill shall indemnify the insured, subject to the limits under the policy, for any loss of business or business interruption for the duration of the state of emergency.

This shall only apply to policies issued to insureds that meet all of the following:

- (1) The business in question is located in Ohio
- (2) The business employs one hundred or fewer eligible employees. An eligible employee means a full-time employee who works a normal work week of twenty-five or more hours.
- (3) The business was covered by a policy of insurance (as described above) that was in force on March 9, 2020.

### Insurer Assessments

The Superintendent shall charge an assessment to insurers engaged in the business of insurance under Chapter 3937 of the Revised Code in an amount as necessary to recover the amounts paid to insurers

pursuant to this section.

This assessment shall be distributed in proportion to the net written premiums received by each company subject to the assessment on risks in this state during the 2019 calendar year. Net written premiums received means gross direct premiums written, less return premiums thereon and dividends credited or paid to policyholders, as reported on the company's annual financial statement.

### **Insurer Reimbursements**

An insurer that indemnifies an insured who has filed a claim may apply to the Superintendent of Insurance for relief and reimbursement.

Funds collected pursuant to the assessment shall be deposited in the Business Interruption Insurance Fund, which is hereby created in the state treasury. The Superintendent shall use the fund to either pay claims to insurers as required or to reimburse other funds as needed, if claims were paid prior to the collection of the assessment.

The Superintendent shall establish procedures for the submission and qualification of claims by insurers that are eligible for reimbursement. The Superintendent shall incorporate in these procedures such standards as are necessary to protect against the submission of fraudulent claims by insureds, and appropriate safeguards for insurers to employ in the review and payment of claims made by businesses.

The Superintendent may pay such claims in accordance with either of the following:

- (a) Pay the claims as they are received from such funds as are available to the Superintendent;
- (b) Pay the claims after the assessment charged is collected from the collected amounts.

Any amounts remaining in the Business Interruption Insurance Fund after the final claim has been paid or after funds have been reimbursed for claims paid shall be returned to insurers.

When the balance of the Business Interruption Insurance Fund is zero, the fund shall be dissolved.

The bill would take effect immediately upon passage to “protect small businesses from catastrophic losses caused by commercial decline necessary to prevent the spread of COVID-19.”