

April 17, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Chuck Schumer
Democratic Leader
United States Senate
Washington, DC 20510

Dear Speaker Pelosi and Leaders McConnell, McCarthy, and Schumer

The Real Estate Roundtable¹ and Nareit² write to thank you for the significant steps taken by Congress to date with respect to the COVID-19 health crisis and the related economic disruption now taking place in our nation. Consistent with the steps taken by Congress so far, we also write to ask you to consider in the near future how best to address the economic cost of the business interruption that is now taking place as well as the urgent need for business continuity to ensure a speedy economic recovery.

Given the scale and likely duration of the business interruption taking place, we believe a pandemic insurance program tied to the current novel coronavirus crisis is urgently needed to help ensure sufficient business continuity, leading to a strong and sustainable economic recovery. Equally important, not unlike our nation's experience with insurance against terrorism after 9/11, we also believe that a related pandemic insurance program aimed to provide coverage for a future pandemic will be needed for many businesses to move forward with confidence anew.

Recently, Surgeon General Jerome Adams invoked the analogy of Pearl Harbor in describing the battle that lies ahead for the country in the coming days and weeks against the novel coronavirus. With respect to recent and ongoing economic loss from the current pandemic crisis as well as future anticipated losses from the next pandemic crisis, we believe that one of the

¹ The Real Estate Roundtable brings together leaders of the nation's top publicly-held and privately-owned real estate ownership, development, lending and management firms with the leaders of major national real estate trade associations to jointly address key national policy issues relating to real estate and the overall economy.

² Nareit® is the worldwide representative voice for REITs and publicly traded real estate companies with an interest in U.S. real estate and capital markets. Nareit's members are REITs and other businesses throughout the world that own, operate, and finance income-producing real estate, as well as those firms and individuals who advise, study, and service those businesses.

important actions Congress took in the immediate aftermath of the Pearl Harbor attack is useful and important precedent.

Fashioned just days after the attack on Pearl Harbor, the War Damage Corporation (“WDC”) was created by Congress to protect the economic home front going forward as well as to compensate citizens for damages connected to the initial attacks. The WDC was a federally-capitalized insurer that provided insurance coverage against the peril of “enemy attack.”³

Most significantly, WDC was statutorily authorized to retroactively assume the losses to civilian property from the initial December 1941 attacks in Hawaii and the Philippines (which was then a U.S. protectorate). The program utilized the private insurance sector as agents, authorizing insurers to attach, for a premium, the WDC rider to personal lines and commercial property fire or multi-peril policies to insure the subject of those policies against damage from “enemy attack.” For ease of reference we attach the [original 1941 statutory language](#) as well as an example of a [typical WDC insurance policy from 1943](#).

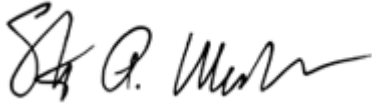
A high value of a program like this to address the current crisis would be that, like WDC, it could be structured retroactively to provide coverage for COVID-19 losses, but would not involve interfering with, and will allow the enforcement of, valid private contracts. This would provide a more effective and efficient channel to provide assistance to those that need it now, as it utilizes the insurance industry’s considerable claims handling capabilities and existing relationships with their customers. Under such an approach, the government would be providing a degree of coverage for business interruption losses from the current COVID-19 crisis (potentially up to lost revenues or payroll but not lost profits) to provide for business continuity and a speedy economic recovery.

Also, this Federal insurer would provide a prospective mechanism for coping with future wide-scale business interruptions caused by future pandemics in addition to the ongoing COVID-19 crisis. Collecting premiums for this coverage in the future would allow it to accumulate a reserve to buffer the Federal government exposure for such losses; while private insurers and brokers could act as agents for the government in receiving applications, issuing policies, and arranging for adjustment claims.

³ Established as the War Insurance Corporation, Dec. 13, 1941. Renamed the War Damage Corporation (WDC), Pub.L. 77-506, March 27, 1942. Provided property owners in the United States and its territories and possessions with reasonable insurance protection against loss or damage from enemy attack or U.S. military resistance.

We urge you to seriously consider this model as you continue your deliberations on further novel coronavirus economic responses. Businesses across the nation remain in dire need of support, and much more needs to be done to ensure business continuity is in place to position our economy for a strong rebound from this novel coronavirus pandemic. We are eager to work with you on such a response.

Sincerely,



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