



## Department of Financial Services

**ANDREW M. CUOMO**  
Governor

**LINDA A. LACEWELL**  
Superintendent

March 10, 2020

**TO: All authorized Property/Casualty Insurers**

**RE: CALL FOR SPECIAL REPORT PURSUANT TO SECTION 308, NEW YORK INSURANCE LAW: BUSINESS INTERRUPTION AND RELATED COVERAGE WRITTEN IN NEW YORK**

Pursuant to Section 308 of the New York Insurance Law, the Department of Financial Services (“DFS”) hereby instructs each authorized property/casualty Insurer (collectively, “Insurers”) to provide certain information regarding the commercial property insurance it has written in New York 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, DFS considers commercial property insurance to include the following, along with substantially similar insurance: business owner policies, commercial multiple peril policies, and specialized multiple peril policies.

By way of background, in connection with the outbreak of the novel Coronavirus (“COVID-19”), policyholders have urgent questions about the “business interruption” coverages provided by their commercial property insurance policy. Policy terms may vary in treatment of “covered perils” and “physical loss or damage.” Coverage implicated by COVID-19 may change depending on how the situation evolves. Given the potential impact of COVID-19 on business losses, particularly concentrated effects in local communities, DFS considers Insurers’ obligations to policyholders a heightened priority. In the interest of the timely and equitable fulfillment of insurance contracts, Insurers must explain to policyholders the benefits under their policies and the protections provided in connection with COVID-19. Any Insurer that writes none of the business described herein should notify DFS in a statement signed by an officer or other authorized representative of the Insurer in lieu of complying with the provisions below.

First, each Insurer should provide to DFS the volume of business interruption coverage, civil authority coverage, contingent business interruption coverage and supply chain coverage the Insurer wrote that has not lapsed as of the date of this letter, which should be expressed in amounts of direct 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 as 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 DFS, along with a representation that the explanations have been provided to the Insurer's policyholder.

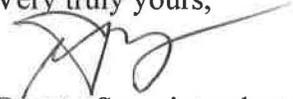
The explanation to policyholders should include all relevant information, including, without limitation:

- What type of commercial property insurance or otherwise related insurance policy does the insured hold?
- Does the insured's policy provide "business interruption" coverage? If so, provide the "covered perils" under such policy. Please also indicate whether the policy contains a requirement for "physical damage or loss" and explain whether contamination related to a pandemic may constitute "physical damage or loss." 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 damage or loss" and explain whether contamination related to a pandemic may constitute "physical damage or loss."
- 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 damage or loss" and explain whether contamination related to a pandemic may constitute "physical damage or loss."
- 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.

It is important for Insurers to continue to assist policyholders with the above information as developments concerning COVID-19 unfold.

All responses should be sent to [Hoda.Nairooz@dfs.ny.gov](mailto:Hoda.Nairooz@dfs.ny.gov) on or before March 18, 2020.

Very truly yours,



Deputy Superintendent Stephen Doody