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H.P. 506 House of Representatives, March 4, 2021

An Act Concerning Business Interruption Insurance

(EMERGENCY)

Received by the Clerk of the House on March 2, 2021. Referred to the Committee on Health Coverage, Insurance and Financial Services pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

Robert B. Hunt
ROBERT B. HUNT
Clerk

Presented by Representative GRAMLICH of Old Orchard Beach.
Cosponsored by Senator BAILEY of York and
Representatives: MATHIESON of Kittery, TEPLER of Topsham.

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Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the spread of the novel coronavirus disease referred to as COVID-19 has created a public health emergency; and

Whereas, in response to COVID-19, the World Health Organization has declared a pandemic, the President of the United States has declared a national emergency and the Governor of Maine has declared a state of civil emergency; and

Whereas, in response to COVID-19, the Governor of Maine has also issued executive orders limiting the operations of Maine businesses; and

Whereas, it is important for Maine businesses to have access to insurance coverage for losses related to the COVID-19 pandemic; and

Whereas, the purpose of this legislation is to ensure that insurers provide coverage for business losses related to COVID-19; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 24-A MRSA §2454 is enacted to read:

§2454. Coverage for losses or business interruption related to COVID-19

1. Definition. As used in this section, "COVID-19" means the coronavirus disease designated coronavirus disease 2019.

2. Coverage for losses or business interruption. Notwithstanding any law, rule or policy provision to the contrary, an insurer authorized to do business in this State that provides a policy insuring against loss or damage to property, including any loss of occupancy or interruption to the operations of a business, may not:

A. Contain a provision in the policy excluding coverage for any loss of occupancy or interruption to the operations of a business directly or indirectly resulting from any pandemic declared by the World Health Organization, or its successor organization, or declared by the United States Government;

B. Exclude coverage for any loss of occupancy or interruption to the operations of a business directly or indirectly resulting from the COVID-19 pandemic; or

C. Deny any claim for coverage for any loss of occupancy or interruption to the operations of a business directly or indirectly resulting from the COVID-19 pandemic on the basis that:

(1) COVID-19 is a viral disease subject to a policy exclusion for losses resulting from a virus; or

(2) The insured has not suffered any physical damage or loss of property.

Sec. 2. Retroactivity. The requirements in this Act apply retroactively to March 15, 2020.

Emergency clause. In view of the emergency cited in the preamble, this legislation takes effect when approved.

SUMMARY

This bill prohibits insurers that provide a policy insuring against loss or damage to property from excluding coverage for any loss of occupancy or business interruption directly or indirectly resulting from the COVID-19 pandemic. The bill also prohibits insurers from including a provision in a policy excluding coverage for any loss of occupancy or business interruption directly or indirectly resulting from a pandemic declared by the World Health Organization or the United States Government.

The bill also makes the requirements of this bill apply retroactively to March 15, 2020, the date a civil state of emergency was first declared in the State due to the COVID-19 pandemic.