

MELICK & PORTER, LLP COVID-19 MEMO:

Melick & Porter, LLP provides you with the below update regarding the impact of COVID-19 on issues relating to insurance in the United States. The below is not meant to be all inclusive, but provides an overview as to the trends in the United States. If you have any questions regarding any of the updates below, please do not hesitate to contact us.

SUMMARY OF IMPORTANT LEGISLATION AND EMERGENCY ORDERS:

Below we provide an overview as to the types of legislative actions that have been occurring, both on a federal and state level.

- The federal government passed a \$2.2 trillion stimulus package. It provides payments of \$1,200 to most Americans and increases unemployment benefits. Most business are able to get loans, grants, and tax breaks. It also provides funding for health care systems.
 - About \$500 billion for loans to businesses. Any company receiving a loan is subject to a bank on stock buybacks through the term of the loan plus one year. Executive bonuses are also limited. Borrowers must also certify that they will stay neutral in any union organizing effort over the term of the loan;
 - \$17 billion set aside for companies deemed critical to national security;
 - \$25 billion in grants for airlines;
 - More than \$350 billion set aside for small businesses, who must retain workers in order to be eligible;
 - Individuals are eligible for checks up to \$1,200 along with an extra \$500 per child (married couples filing jointly are eligible for up to \$2,400). This benefit is phased out based on income, with a full cutoff for individuals earning more than \$99,000 and couples earning more than \$198,000. This applies to individuals with no income as well as those on Social Security;
 - The U.S. Federal Reserve is allocated \$4 trillion to aid local governments and industries;
 - Hospitals and other health care organizations are provided \$150 billion for equipment and supplies; and
 - Unemployment benefits will be enhanced by \$600 weekly for four months.
- On March 18, 2020, President Trump signed into law the Family First Coronavirus Response Act for employers with 500 or fewer employees. It goes into effect on April 2, 2020. Significant provisions include:
 - Twelve weeks of paid job-protected FMLA leave after the first 14 days. For those first 14 days, employees may use accrued personal or sick leave, but cannot be required to do so.
 - The law does not pre-empt state or local sick leave, so whatever is most generous prevails.

- The employee may use the leave for COVID-19 requirements or recommendations, the care of a family member based on their COVID-19 requirements or recommendations, or for a child whose school has shut down due to COVID-19.
- Expires December 31, 2020.

INSURANCE AND COVERAGE NEWS, ORDERS AND LEGISLATION:

Below we provide an update as to regulations, news, and litigation related to insurance and potential coverage.

- Massachusetts is one of the latest states to propose legislation that would mandate insurers cover COVID-19 related business interruption claims despite virus exclusions in many policies.
- The New York State Department of Financial Services adopted an emergency regulation requiring New York State regulated issuers of life insurance and annuity contracts, property and casualty insurers and premium finance agencies to provide relief to New York consumers and businesses experiencing financial hardship due to COVID-19. This follows Governor Cuomo's Executive Order No. 202.13.
 - Consumers experiencing financial hardship due to COVID-19 may defer paying life insurance premiums for 90 days. Consumers and small businesses experiencing financial hardship due to COVID-19 may defer paying premiums for property and casualty insurance for sixty 60 days. Premium finance agencies are required to provide the same relief as insurers.
 - The emergency regulation also requires property and casualty insurers to provide the following relief to consumers and small businesses who can demonstrate financial hardship due to COVID-19:
 - Provide a 60-day grace period for the cancellation, conditional renewal or non-renewal of a policyholder's insurance policy;
 - Allow premiums due but not paid during the 60-day period to be paid over the course of the following year in 12 equal monthly installments; and
 - Waive any late payment fees, and not report late payments to credit rating agencies, during the 60-day period.
- New Hampshire and Connecticut Insurance Departments provide guidance on Business Interruption Insurance and COVID-19

BUSINESS AND COMMERCE NEWS AND LEGISLATION RELATED TO COVID-19:

Below we discuss news regarding the economic impact of COVID-19 and measures being taken to address that.

- 3,300,000 Americans have filed for unemployment benefits (initial applications). This is a twelvefold increase from prior to the COVID-19 pandemic. The previous record was 695,000 claims filed in October 1982. Oxford Economics has stated that it forecasts 15,000,000 to 20,000,000 job losses in the coming weeks.
- New York: All non-essential construction must shut down except emergency construction (e.g. a project necessary to protect the health and safety of the occupants, or to continue a project if it would be unsafe to allow it to remain undone until it is safe to shut the site). Essential construction may continue and includes roads, bridges, transit facilities, utilities, hospitals or health care facilities, affordable housing, and homeless shelters. There are similar shutdowns in other states.
- There is significant discussion regarding non-medical factories changing over to manufacturing ventilators and other COVID-19 related medical supplies. President Trump has invoked the Defense Production Act (a Korean War era statute allowing the government for force American companies to produce materials in short supply) to order General Motors to make ventilators.

LITIGATION/CIVIL JUSTICE SYSTEM UPDATES AND ORDERS:

Below we highlight additional judicial orders related to the COVID-19 pandemic.

- Following the issuance of Trial Court Emergency Administrative Order 20-7 on April 6, 2020, Massachusetts courts are open for emergency matters, but the courthouses are closed to the public.
- As of Tuesday, April 7, 2020, the State of Connecticut reduced the courthouses days of operation. Beginning on Tuesday, April 14, 2020, all courthouses will be closed on Tuesdays and Thursdays until further notice.
- Following emergency orders on March 27 and 28, the New Hampshire Judicial Branch has taken significant steps to respond to the COVID-19 pandemic. The Supreme, Superior, and Circuit Courts all made adjustments to broaden court operations to allow more cases to be addressed telephonically, by video, and without in-person hearings.
- United States District Court for the District of Rhode Island remains 100% operational. During the COVID-19 pandemic, the public will be able to listen to Court hearings by dialing into judge specific phone numbers.