

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 AND DIRECTIVES:

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

- On June 5, 2020, President Donald Trump signed into law HR 7010, the Paycheck Protection Program Flexibility Act.
 - The PPP Flexibility Act provides a maturity of at least 5 years for any portion of a PPP loan not subject to forgiveness. Unlike most other provisions of the PPP Flexibility Act, the expansion of the term of PPP loans applies only to PPP loans made after the Enactment Date.
 - The PPP Flexibility Act extends the duration of the PPP to December 31, 2020. Previously, the program had been set to expire on June 30, 2020.
 - The PPP Flexibility Act extends the loan forgiveness covered period to the earlier of (i) 24 weeks after the date of loan origination or (ii) December 31, 2020.
 - The PPP Flexibility Act provides an exemption with respect to the headcount reduction formula under the CARES Act.
 - The PPP Flexibility Act provides that up to 40% of PPP loan expenditures may be allocated to permitted non-payroll related expenditures. Previously, the CARES Act did not contain a provision allocating loan proceeds among the various permitted PPP loan expenditures.
 - The PPP Flexibility Act provides that all borrower payments in respect of PPP loans be deferred until the date on which the amount of loan forgiveness is remitted to the lender by the SBA
- One June 4, 2020 President Donald Trump issued Executive Orders on Accelerating the Nation's Economic Recovery from the COVID-19 Emergency by Expediting Infrastructure Investments and Other Activities.

- On June 4, 2020, the Senate Committee on Health, Education, Labor, and Pensions, discussed “Going Back to College Safely.”
- Centers for Disease Control and Prevention issued data on June 4, 2020, “Evaluating Effectiveness of Social Distancing Interventions to Delay or Flatten Epidemic Curve of Coronavirus Disease.”
- The US Department of Health and Human Services issued the Second Amendment to Declaration under Public Readiness and Emergency Preparedness Act for Medical Countermeasures Against COVID-19 on June 8, 2020.

INSURANCE AND COVERAGE RELATED NEWS AND ORDERS/LEGISLATION:

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

- The State of New York issued an emergency amendment to New York’s Unfair Claims Handling Regulation. The [Seventeenth Amendment to 11 NYCRR 216 \(Regulation 64\)](#) applies to any claim filed after May 30, 2020 for loss or damage to property or injury to persons as a result of looting.

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.

- New Jersey Governor Phil Murphy has signed Executive Order 150, which furthers efforts to reopen non-essential businesses closed due to the coronavirus (COVID-19) pandemic. Starting June 15, 2020, non-essential retail businesses can reopen physically to customers and outdoor dining and beverage services may resume.
- The State of Massachusetts entered Phase 2 of reopening; restaurants in Massachusetts were allowed to reopen Monday, June 8, 2020 with outdoor dining and retail stores could welcome customers back with restrictions.
- Connecticut Governor Ned Lamont has released new details about the rules that businesses that plan to reopen during Phase 2 will have to follow. The new information includes specific rules that eligible businesses that fall under Phase 2 must follow during the ongoing coronavirus pandemic. Phase 2 reopening is set for Wednesday, June 17, 2020.
- US Department of Treasury and the Internal Revenue Service provide answers about COVID-19 Related [Tax Relief](#) for qualified opportunity funds and investors.

- The Internal Revenue Service announce that [Interest Rates](#) decrease for the Third Quarter of 2020.
- The State of Connecticut issued Executive Order 7WW - Clarifying the ballot petitioning process of Executive Order No. 7LL, stating that individual petitions do not need to be mailed to the registrar of voters; and permits caterers to provide outdoor service at any location allowed by their license so long as the event meets the requirements of all executive orders, limits on social and recreational gatherings, and Department of Economic and Community Development sector rules.
- Borrowers under the Paycheck Protection Program (PPP) can qualify for partial loan forgiveness if less than 60% of the PPP loan is used for payroll, the U.S. Small Business Administration (SBA) and Treasury said on Monday.
 - Legislation signed June 5, 2020, lowered to 60% from 75% the minimum percentage of PPP funds borrowers have to spend on payroll costs to have the loans forgiven. While the original PPP rules allowed for partial loan forgiveness under the 75% basement, the new bill passed by Congress had language that could be interpreted as saying that if the borrower did not spend at least 60% of the PPP funds on payroll costs, none of the loan would be forgiven.

LITIGATION/CIVIL JUSTICE SYSTEM UPDATES AND ORDERS:

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

- The State of Connecticut Judicial Branch is targeting the resumption of limited operations on Monday, June 29, 2020.
- On June 4, 2020, the Massachusetts Judiciary posted COVID-19 Video Resources:
 - [Massachusetts courts are working during COVID-19](#)
 - [Eviction moratorium in Massachusetts 2020](#)
 - [Asking for a restraining order during the COVID pandemic](#)