

PA Senate Bill 1114 Seeks to Extend Insurance Coverage Due to COVID-19

On April 15, 2020, the [COVID-19 Insurance Relief Act, Senate Bill 1114](#) was introduced in the Pennsylvania Senate. Senate Bill 1114 is Pennsylvania's first legislative attempt to respond to property and business interruption claims arising out of the COVID-19 pandemic.

Coverage for Property Damage or Loss due to COVID-19 or Government-Mandated Closures

SB 1114 would require insurance policies covering property damage, including business interruption insurance, to include "loss or property damage due to COVID-19 and coverage for loss due to a civil authority order related to the declared disaster emergency and exigencies caused by the COVID-19 disease pandemic" as "covered perils."

This Bill would define "property damage" in property insurance policies to include the following:

In a building, office, retail space, structure, plant, facility, commercial establishment or other area of business activity, the direct physical loss, damage or injury to tangible property, as a result of a covered peril, including, but not limited to:

- (1) The presence of a person positively identified as having been infected with COVID-19.
- (2) The presence of at least one person positively identified as having been infected with COVID-19 in the same municipality of this Commonwealth where the property is located.
- (3) The presence of COVID-19 having otherwise been detected in this Commonwealth.

In sum, SB 1114 would override any insurance policy provision that would result in no coverage for property damage or business interruption due to COVID-19. SB 1114 would also require coverage for loss due to government-mandated business closures.

Amount of Coverage Mandated

This Bill would require coverage up to policy limits for "small businesses," defined as entities that qualify as a small business under the U.S. Small Business Administration's regulations or those that receive funding from the Small Business Administration. For other businesses, this Bill would require coverage up to 75% of policy limits. If passed, this Bill would apply to all insurance policies with effective dates before March 6, 2020, which is when Pennsylvania first declared a disaster emergency.

Status of SB 1114 as of April 17, 2020

SB 1114 is pending legislation. As of April 17, 2020, the Bill was referred to the Senate Committee on Banking and Insurance. To become law, SB 1114 would need to pass both houses of the Pennsylvania General Assembly and be signed by Governor Tom Wolf. Any legislation that may be considered by the Pennsylvania General Assembly is subject to revisions before being passed into law.

FHMS's Coverage Department continues to monitor legislative responses to COVID-related insurance coverage issues and is willing to advise you on these developments.

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