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April 2, 2020

The Honorable Steven T. Mnuchin
Secretary of the Treasury
United States Department of the Treasury
Washington, DC. 20220

The Honorable Lawrence Kudlow
Director, National Economic Council
Eisenhower Executive Office Building
Washington, DC. 20502

Dear Secretary Mnuchin and Director Kudlow:

On behalf of our clients and employees, I am writing to offer our assistance in developing a pandemic risk insurance program that will serve two vital national interests: (1) accelerate the recovery of the United States economy in the summer and fall of this year; and (2) protect against another pandemic in the near future. The stakes for businesses, their employees and the economy are simply too high to defer action in addressing pandemic risk exposure. Accordingly, it is never too late to do the right thing. The time is now to structure a public-private partnership with input from policyholders, insurers and the federal government.

As a leading hospitality insurance broker and risk advisor, Besnard Insurance has a particular expertise in pandemic risk and its impact on this large industry.

Besnard's clients are the businesses and organizations at the heart of America and employ millions. In addition to the tragic human toll of COVID-19, we are deeply troubled by the economic hardships confronting our clients and all US businesses and their employees and anticipate that the hardest-hit industries will be hamstrung in their recoveries unless a form of pandemic relief is provided.

A pandemic risk insurance program similar to the Terrorism Risk Insurance Act (TRIA) could provide crucial benefits to businesses and organizations of all types and sizes across the United States by:

- Establishing a viable insurance market for pandemic risk with sufficient, affordable capacity;
- Creating greater certainty for businesses and their employees during a recurrence or future pandemic; and

- Enhancing the resilience of the US economy and its capacity to bounce back more rapidly from a future pandemic event.

The basic framework of a pandemic risk insurance program would be to structure a risk-sharing model between policyholders, insurers and the federal government. As with traditional policies, policyholders would absorb initial losses up to specified deductibles. Insurers would then provide business interruption coverage between that threshold and a higher limit. The federal government would then backstop the overall program by bearing a portion of the damages above a certain level. Again, we believe you model this after the current Terrorism Risk Insurance Act (TRIA) program to develop and pass a Pandemic Risk Insurance Act (PRIA).

Experts have been warning that an event like COVID-19 existed for years and the Government failed to see the exposure to create a TRIA like solution – now I hope it is clear that capital levels in the insurance industry are not enough to manage this peril across the US economy. There are certain risks, like terrorism, that require the full weight of the United States Government to manage in partnership with the insurance industry. A public-private partnership is therefore critical to ensuring all businesses and organizations have the ability to manage this risk prospectively.

Over the past month, we have conferred with our valued clients and trade associations representing policyholders across industry sectors of the US economy to better understand their needs. We have also spoken directly with executives of leading property and casualty insurers and markets globally. Naturally, the precise contours of the program, including trigger points and limits, will need to be developed in close collaboration with these stakeholders and the federal government.

Just like after the attacks on September 11, 2001, the Government must act to develop and pass a Pandemic Risk Insurance Act (PRIA) to ensure business including our policyholders can better survive future similar risks. As our nation, and the world, confront an unprecedented pandemic and the resulting economic fallout, we are eager to contribute and to support your efforts to lead the way forward.

Sincerely,



Adam Besnard

President & CEO, Besnard Insurance