

Yellow Alert: Business and Employee Continuity and Recovery Fund

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This morning, The Council joined other trade groups and took decisive action to stabilize markets from the economic hemorrhaging experienced over the past several weeks by the COVID-19 pandemic. The Council is now asking Congress to create the COVID-19

[Business and Employee Continuity and Recovery Fund](https://www.ciab.com/download/22450/) (<https://www.ciab.com/download/22450/>)

The economic disruption caused by COVID-19 knows no boundaries and impacts all of your clients. That's why we're leading a campaign alongside insurance carrier partners and consumer groups of all sizes to create a national mechanism that utilizes the commercial insurance framework to deliver liquidity to your clients, fast.

The Recovery Fund is modeled after a streamlined version of the September 11th Victim Compensation Fund. It would be backed by the federal government and be authorized to contract with interested businesses to administer and facilitate the distribution of federal monies and liquidity to businesses and their employees. The relief would be tied to requirements to keep employees on the payroll, maintain worker benefits, and meet financial obligations. Strong anti-abuse provisions, including post-event audits, would be included.

The federal facility for business continuation does not compel insurers, brokers, TPAs or others to contract with the federal government for distribution of funds. However, we have heard an outpouring of sentiment from the commercial brokerage community supporting engagement with the government to assist clients in obtaining relief.

Separately, The Council is aware of an

[organized campaign](http://www.ciab.com/download/22444/) (<http://www.ciab.com/download/22444/>).

started out of California to pressure insurance brokers producing business interruption policies to advocate for liquidity programs like this one.

This effort continues to evolve daily and momentum is stronger than ever. Congress may be in recess until April 20, but congressional staff is returning this week to begin considering details of a potential Phase 4 economic package. **We're advocating that any additional economic package include the Business Continuity and Recovery Fund** as a vital component to ensure that economy is quickly able to get on its feet after defeating COVID-19.

[Click here](https://www.ciab.com/download/22447/) (<https://www.ciab.com/download/22447/>)

for a summary of the Recovery Fund. It outlines the following:

Purpose:

- Protect lost wages for employees unable to work because of COVID-19 illness
- Preserve jobs through payroll assistance to help businesses retain employees
- Support recovery through solvency assistance
- Support women-owned and minority-owned businesses impacted by COVID-19

Program Administration:

- Establish within Treasury an expedited and streamlined relief program run by a special federal administrator
- Authorize the program to contract with third parties that agree to assist with application filing and review
 - Administratively enforced. Third parties are shielded from any liability except for gross negligence, willful misconduct, or fraud
- Fund the program through advanced authorization of appropriations: no pre-funded pool of money; rather, the creation of an obligation of the federal government (same funding structure as the 9/11 Victims Compensation Fund)

Recovery Compensation:

- The program provides a simple-to-file and audit form that can be electronically filed to quickly provide liquidity to businesses to maintain their viability and ability to retain employees
 - Form requires information on impairment and known collateral sources
 - Formula-based compensation for payroll, payroll support, operating expenses (such as rent and interest expense on pre-crisis debt), and lost income of sick employees
 - Program may also provide assistance for lost revenue (but not lost profits)
- Interim expedited assistance may be provided
- Recovery compensation reduced by any interim assistance and collateral sources

Eligibility:

- Small businesses, nonprofits, veterans' organizations, and tribal businesses (500 or fewer employees); as well as
- Businesses of any size that can demonstrate impairment by COVID-19

Prioritization:

- Sectors most impacted by COVID-19 losses
- Businesses with high proportion of employees who would otherwise be unemployed
- Businesses that are essential critical infrastructure

Timeline:

- 30-day turnaround for prioritized applications; as soon as practicable for all others
- 15-day turnaround for expedited interim compensation

Please contact

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with any questions.

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