



**United States House of Representatives
Committee on Financial Services
Subcommittee on Housing, Community Development and Insurance**

Hearing on
“Insuring against a Pandemic: Challenges and Solutions for Policyholders and Insurers”

Thursday, November 19, 2020

STATEMENT OF ANN CANTRELL
Owner, Annie’s Blue Ribbon General Store, on behalf
of the National Retail Federation

Good morning, Chairman Clay and Ranking Member Stivers. It is an honor to appear before you today to discuss pandemic risk insurance from a policyholder’s perspective. I would like to give a special shout out and thanks to my Congresswoman, Nydia Velasquez, who has been a champion for women-owned businesses. We have been women owned and operated since the get-go, so I am so proud that she chairs the House Small Business Committee. The fact that this hearing is being held shows that members of Congress really do care about the people on Main Street.

The National Retail Federation has partnered with Congresswoman Carolyn Maloney, the sponsor of the Pandemic Risk Insurance Act, and we would like to thank her for her leadership on this issue. We look forward to bringing much-needed protection and relief to retailers across the country who have been suffering during this crisis. Retail sales and jobs have been devastated by the pandemic. This is not only a health crisis but a dire economic crisis. It is an honor to appear today on behalf of NRF. I am joining you from Brooklyn, N.Y., where I have had the pleasure and honor of owning a thriving gift shop for the past 13 years. We are a community store and people look to us as a pillar of light and hope in the neighborhood. Kids meet their friends at the shop to pick out a gift for their teacher, parents bribe their kids with a treat from our store if they have to get a shot at the doctor or reward them if they get a good report card. Neighbors come in daily to see what’s new. However, this all changed in March when the whole world started to cave in around us because of COVID-19.

When my team and I discussed closing on Friday, March 13 – yes, Friday the 13th – I immediately called my insurance company. My broker has been with me since the beginning and has never steered me wrong. We have an honest relationship, and he knows my business well. I love that he and his wife even follow my shop on Instagram. He taught me my favorite term in business – “measured risk.” That’s exactly what he called my move to a new location seven years ago when we doubled our square footage and quadrupled our business.

He has always been extremely helpful and straightforward. I remember proudly showing him our new “place” as he explained in detail our comprehensive insurance policy that would cover 12 months of business income if something should happen to my business and I needed to shut down. I have all-risk special form insurance from the Hartford/Sentinel Insurance Company, which costs \$6,182.53 annually. That doesn’t include workers comp or ERISA bond insurance, which I also carry. This is a big expense for a small business, one I had thought would help me in crisis situations. However, harsh reality soon set in.

I quickly learned that viruses and pandemics were excluded from insurance policies like mine years ago and even though we were ordered to close our business by the governor, there would be no relief from our insurance company because it was not considered to be a business interruption since it was not property damage. Insurance companies should not be in the practice of denying policy holders coverage when they need help the most. What happened to “You’re in good hands” or “Like a good neighbor, So and so is there?”

As I read back through the email conversations with my broker, my heart just sinks at the desperation in my tone as I slowly realized what was happening. Even as I followed up after seeing posts on social media saying restaurants would be covered and reached out for help and guidance, there was no relief in sight. I made similar calls to my landlord as I tried desperately to figure out how I could keep covering other financial obligations and pay my team members. I kept trying to figure out our next moves.

The past few months have been the darkest in my life. Navigating the uncertainty of a business I have dedicated years of my life to has been so sad and stressful, compounded by the frustrating and traumatic experience of applying for and hoping to get a PPP loan. Fortunately, we did receive a \$58,000 PPP loan and I would like to thank you Members of Congress who supported the CARES Act which really helped to keep us afloat. All in all, we were closed for over three months, missing some really big holiday selling for us through Easter and Mother’s Day. In the same timeframe in 2019 we made over \$300,000. This year, we made a little more than half that at \$166,000.

I understand that the Pandemic Risk Insurance Act is a solution that would only cover future pandemics, but it still needs to be passed as soon as possible because we never know when the next pandemic will come. We certainly didn’t see this one coming. And in the meantime, I urge members of Congress to provide some type of relief to businesses that were forced to close by government mandate during COVID-19 even if it’s not in the form of business interruption insurance as such.

I would also like to note that the National Retail Federation is a member of the Business Continuity Coalition. The BCC seeks not only widespread availability and affordability of non-damage business interruption insurance coverage but also restoration and expansion of pandemic coverage in other lines. That includes event cancellation, movie/TV production insurance, employment practices liability, and other lines that have been hard hit by Covid-19. The Pandemic Risk Insurance Act would establish a federal program that would help businesses obtain insurance coverage for pandemics modeled on the program for terrorism insurance established following 9/11. When businesses could not obtain coverage for acts of terrorism after 9/11, Congress stepped in. It is time for Washington to do the same for pandemics.

This country needs the Pandemic Risk Insurance Act. Not every pandemic will have a worldwide impact, but when and where one occurs it is likely to once again result in a nearly total cessation of business. This legislation is the cornerstone of a proactive approach in managing the risk and impact of a pandemic in the future. It is time for a real solution to solve a real problem. I would like to thank the committee for inviting me and I am ready for any questions you may have.