

March 23, 2020

The Honorable Steven Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

The Honorable Mitch McConnell, Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles Schumer, Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Nancy Pelosi, Speaker
United States House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin McCarthy, Minority Leader
United States House of Representatives
2468 Rayburn House Office Building
Washington, D.C. 20515

**RE: Urgent Request to Include All Internal Revenue Code Section 501(c) Organizations in
Emergency Stimulus Funding**

Dear Secretary Mnuchin, Speaker Pelosi and Leaders McConnell, Schumer and McCarthy:

On March 19, the American Society of Association Executives (ASAE) implored Congress to include \$25 billion in emergency capital assistance to the association and nonprofit communities hard struck by event cancellations due to COVID-19. We are grateful Congress included funds through expanded Small Business Administration (SBA) loans to Internal Revenue Code Section (Section) 501(c)(3) nonprofit organizations, among others, within the most recent Senate proposal. We are deeply concerned, however, that the definitions put forth in this critical legislation do not expressly include other nonprofit Section 501(c) organizations, including Section 501(c)(6) organizations such as trade, professional and membership associations. ASAE is the largest organization in the country to represent associations and their employees, with over 48,000 members across America.

As you know, employers everywhere are closing due to financial distress caused by the COVID-19 pandemic. Associations are no exception. Section 501(c) organizations – large and small – face severe layoffs and the threat of bankruptcy during this crisis. Without any fault of their own, associations lose their ability to provide for constituents and employees due to lost production and lost revenues on account of massive event cancellations. As mentioned in our March 19 appeal to Congress, the association and nonprofit sectors at-large depend on event revenues for survival.

To ensure all Section 501(c) organizations are included in crucial stimulus funding to combat COVID-19, **ASAE and its membership request Congress to reconsider its limitation that includes only Section 501(c)(3) within the definition of “nonprofit organization” for SBA loan eligibility.** Without this financial support, innumerable associations will fail.

Associations and other Section 501(c) organizations play an important role to train America’s workforce, create industry and professional standards and disseminate essential information and resources to people in need – particularly during times of crisis. These organizations are already needed to help coordinate federal resources, and they require staff to fulfill this duty. Without support, however, and due to unprecedented financial loss from event cancellations, associations will be unable to meet this critical obligation.

One coalition of teaching organizations, which collectively are ASAE members, was forced to cancel its April annual meeting and now faces a loss of \$226,000 – without support, this loss will bankrupt the coalition, which has supported education and teaching for 50 years.

Another ASAE member, which provides critical assistance for rural healthcare, faces almost \$2.5 million in financial loss as a result of major event cancellations. This would be a vast loss for any organization and a crippling one for many ASAE members.

We also take this opportunity to reiterate our proposal for a pandemic risk insurance program (PRIP). This measure (“Pandemic Risk Insurance Act of 2020”; PRIA) would mandate that businesses who demonstrate significant business interruption and sharp decline in present and future revenue would be insured in case of a possible pandemic or epidemic. This measure would create a federal “backstop,” much like the Terrorism Risk Insurance Act (TRIA), for insurance claims related to a pandemic or epidemic. The specific purpose of pandemic risk insurance would be to provide for a federal loss-sharing program for certain insured losses resulting from a certified pandemic/epidemic. Following are proposed details for PRIA:

1. This measure would create the PRIP, a three-year program to provide a government reinsurance backstop in the case of pandemic health epidemic/pandemic.
2. For purposes of this measure, an epidemic is defined as the occurrence in a community or region of cases of an illness, specific health-related behavior, or health-related events clearly in excess of normal expectancy. A pandemic is defined as an epidemic occurring worldwide, or over a very wide area, crossing international boundaries and usually affecting a large number of people.
3. When the Secretary of Treasury, in consultation with the Secretary of Health and Human Services, the Secretary of Homeland Security and the Attorney General, certify that an “epidemic” or “pandemic” event has occurred within the confines of the United States, then this measure will immediately take effect.¹

Enclosed, please find additional background on PRIA and ASAE’s March 10 and March 19 appeals to Congress regarding support for associations and nonprofits in response to the coronavirus pandemic.

¹ World Health Organization. What is a Pandemic? https://www.who.int/csr/disease/swineflu/frequently_asked_questions/pandemic/en/

Thank you for your consideration and continued support of our country during this challenging time. If you have questions regarding this urgent request for critically needed support for the association and Section 501(c) sectors, please contact Mary Kate Cunningham, CAE, vice president of public policy for ASAE, at mcunningham@asaecenter.org or 202-626-2787.

Sincerely,



Susan Robertson, CAE
President and CEO
American Society of Association Executives

CC:

The Honorable John Thune, Majority Whip
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Charles Grassley, Chairman
Committee on Finance
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20515

The Honorable Ron Wyden, Ranking Member
United States Senate Committee on Finance
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The Honorable Richard Neal, Chairman
Committee on Ways & Means
United States House of Representatives
1102 Longworth House Office Building
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The Honorable Kevin Brady, Ranking Member
Committee on Ways & Means
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The Honorable Lamar Alexander, Chairman
Health, Education, Labor and Pensions Committee
United States Senate

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The Honorable Richard Shelby, Chairman
Committee on Appropriations
United States Senate
S-128 the Capitol
Washington, D.C. 20510

The Honorable Patrick Leahy, Vice Chairman
Committee on Appropriations
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The Honorable Nita Lowey, Chairwoman
Committee on Appropriations
United States House of Representatives
H-307 The Capitol
Washington, D.C. 20515

The Honorable Kay Granger, Ranking Member
Committee on Appropriations
United States House of Representatives
H-307 The Capitol
Washington, D.C. 20515

The Honorable Senator Mike Crapo, Chairman
Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Sherrod Brown, Ranking Member
Committee on Banking, Housing and Urban Affairs
United States Senate
534 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Senator Marco Rubio, Chairman
Committee on Small Business & Entrepreneurship
United States Senate
428A Russell Senate Office Building
Washington D.C., 20510

The Honorable Ben Cardin, Ranking Member

Committee on Small Business & Entrepreneurship
United States Senate
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Washington D.C., 20510

The Honorable Senator Susan Collins, Chairman
Special Committee on Aging
United State Senate
413 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Senator Roger Wicker, Chairman
Committee on Commerce, Science and Transportation
United States Senate
555 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Nydia Velázquez, Chairwoman
Committee on Small Business
United States House of Representatives
2361 Rayburn House Office Building
Washington, DC 20515

The Honorable Steve Chabot, Ranking Member
Committee on Small Business
United States House of Representatives
2361 Rayburn House Office Building
Washington, DC 20515

March 19, 2020

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
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The Honorable Charles Schumer
Minority Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable John Thune
Majority Whip
United States Senate
511 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Senator Susan Collins
Co-Chair, Small Business Liquidity Task Force
United State Senate
413 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Chuck Grassley
Chairman
Committee on Finance
Financial Assistance to Americans Task Force
United States Senate
219 Dirksen Senate Office Building
Washington, D.C. 20515

The Honorable Senator Mike Crapo
Co-Chair, Small Business Liquidity Task Force
United States Senate
239 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Senator Marco Rubio
Co-Chair, Small Business Liquidity Task Force
United States Senate
284 Russell Senate Office Building
Washington D.C., 20510

RE: Emergency Stimulus Funding to Support Association and Nonprofit Communities

Dear Leaders McConnell and Schumer, Whip Thune, Chairmen Grassley, Collins, Crapo and Rubio:

The American Society of Association Executives (ASAE), which is the largest organization in the nation representing the interests of trade and professional associations, urges you to include significant, emergency financial support for associations, nonprofits and other 501(c)3 organizations within federal stimulus or aid packages considered in Congress.

It is not news that associations and nonprofits are suffering major financial harm due to the unprecedented coronavirus (COVID-19) outbreak. Without swift action, harm will be irreparable, and many associations and nonprofits will shutter permanently and be unable to assist employees and provide essential services to members during this time of immense tribulation. We understand you are exploring various options to provide aid to Americans and are extremely grateful for your commitment to the health and safety of our nation.

ASAE and the association community urge you to include the following in relief measures under consideration:

1. \$25 Billion in Capital Assistance to Associations and Nonprofits

Associations and nonprofits have suffered major financial losses as a result of meeting, event and conference cancellations in the recent past and near future. Thousands of organizations depend on event revenues to survive and, due to massive revenue losses, will be forced to cease operations. According to Professional Convention Management Association's most recent Meetings Market Survey, the average revenue of associations' largest meeting is \$1.1 million and meetings revenue overall accounts for roughly 35 percent of total annual revenue.¹ Extrapolating these figures over the entire sector, ASAE requests \$25 billion in emergency funding to the association and nonprofit communities so they can continue to support America's workforce and pursue their missions in public service.

2. Pandemic Risk Insurance

A measure ("Pandemic Risk Insurance Act of 2020"; PRIA) to mandate that businesses who demonstrate significant business interruption and sharp decline in present and future revenue would be insured in case of a possible pandemic or epidemic. The measure would create a federal "backstop" (much like the Terrorism Risk Insurance Act (TRIA)), for insurance claims related to a pandemic or epidemic. The specific purpose of the pandemic risk insurance would be to provide for a federal loss-sharing program for certain insured losses resulting from a certified pandemic/epidemic.

- a. This measure would create the Pandemic Risk Insurance Program (PRIP), a three-year program to provide a government reinsurance backstop in the case of pandemic health epidemic/pandemic.
- b. For purposes of this measure, an epidemic is defined as the occurrence in a community or region of cases of an illness, specific health-related behavior, or health-related events clearly in excess of normal expectancy. A pandemic is defined as an epidemic occurring worldwide, or over a very wide area, crossing international boundaries and usually affecting a large number of people.
- c. When the Secretary of Treasury, in consultation with the Secretary of Health and Human Services, the Secretary of Homeland Security and the Attorney General, certify that an "epidemic" or "pandemic" event has occurred within the confines of the United States, then this measure will immediately take effect.²

Together, these imperative policy solutions will not merely help associations and nonprofits nationwide keep their doors open. They are utterly necessary to protect employees' wellbeing and enable associations and nonprofits to continue to pursue essential missions in the interest of the economy, the public and society as a whole.

Below are data regarding the association and nonprofit sectors' economic impact:

¹ Professional Convention Management Association. 28th Annual Meetings Market Survey. <https://www.pcma.org/convene-28th-annual-meetings-market-survey-slower-growth-ahead/>

² World Health Organization. What is a Pandemic? https://www.who.int/csr/disease/swineflu/frequently_asked_questions/pandemic/en/

- There are more than 62,000 trade and professional organizations;
- There are more than 1.3 million 501(c)(3) religious and charitable organizations;³
- Membership organizations, which include associations, employ more than 1.3 million people;
- Associations generate \$116 billion in revenue; and
- Nonprofit organizations' collective share of GDP is over five percent.⁴

Enclosed, please find additional background on PRIA and ASAE's March 10 appeal to Congress regarding initial support for associations and nonprofits in response to the coronavirus pandemic.

Thank you for your consideration and continued support of our country during this challenging time. If you have questions regarding this urgent request for critically needed support for the association and nonprofit sectors, please contact Mary Kate Cunningham, CAE, vice president of public policy for ASAE, at mcunningham@asaecenter.org or 202-626-2787.

Sincerely,



Susan Robertson, CAE
President and CEO
American Society of Association Executives

CC:

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
2468 Rayburn House Office Building
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The Honorable Richard Neal, Chairman
United States House of Representatives Committee on Ways & Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Kevin Brady, Ranking Member
United States House of Representatives Committee on Ways & Means

³ IRS Data Book 2018. North American Industry Classification System (NAICS). U.S. Census Bureau

⁴ IRS Data Book 2016. North American Industry Classification System (NAICS). U.S. Census Bureau

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Washington, D.C. 20510
The Honorable Ron Wyden, Ranking Member
United States Senate Committee on Finance
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The Honorable Nita Lowey, Chairwoman
United States House of Representatives Committee on Appropriations
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The Honorable Richard Shelby, Chairman
United States Senate Committee on Appropriations
S-128 the Capitol
Washington, D.C. 20510

The Honorable Patrick Leahy, Vice Chairman
United States Senate Committee on Appropriations
S-128 the Capitol
Washington, D.C. 20510

The Honorable Senator Roger Wicker
Chair, Aviation Assistance Task Force
555 Dirksen Senate Office Building
Washington, D.C. 20510

Pandemic Risk Insurance

Introduction

A pandemic risk insurance bill, also known as the “Pandemic Risk Insurance Act of 2020,” would mandate that businesses who could demonstrate significant business interruption and sharp decline in present and future revenue would be insured in case of a possible pandemic or epidemic. The Act would create a federal “backstop” (much like the Terrorism Risk Insurance Act (TRIA), for insurance claims related to a pandemic or epidemic. The specific purpose of the “Pandemic Risk Insurance Act of 2020 would be to provide for a federal loss-sharing program for certain insured losses resulting from a certified pandemic/epidemic. The Secretary of Treasury in consultation with the Secretary of Health and Human Services, the Secretary of Homeland Security and the Attorney General would certify a particular health event or outbreak as a pandemic or epidemic. This will serve as a proactive and prospective program.

Host cities, events organizers, trade associations and other non-profit organizations rely on income from conferences, shows, and conventions for a large portion of annual revenue. While these organizations and cities may have insurance to cover event cancellation and business interruption, an insurer is not apt to cover pandemic-caused losses across industries worth in excess of hundreds of millions of dollars, due to the widespread nature of these losses. The purpose of this Act is for insurers and reinsurers to partner with the Federal government to cover a significant loss an organization or city may incur due to a contagious disease outbreak or a health pandemic event.

At this point, very few insurers and reinsurers will be able to cover significant losses that organizations might sustain in case of a contagion outbreak/pandemic. In fact, insurers have begun to state that they will not write policies to insure covid 19-related losses; we expect that insurers will also begin to decline to issue contagious disease riders altogether. Therefore, we are proposing the “Pandemic Risk Insurance Act of 2020.” (PRIA).

- This Act will create the Pandemic Risk Insurance Program (PRIP) a three-year program to provide a government reinsurance backstop in the case of pandemic health epidemic/pandemic.

- For purposes of this Act, an epidemic is defined as the occurrence in a community or region of cases of an illness, specific health-related behavior, or health-related events clearly in excess of normal expectancy. A pandemic is defined as an epidemic occurring worldwide, or over a very wide area, crossing international boundaries and usually affecting a large number of people.
- When the Secretary of Treasury in consultation with the Secretary of Health and Human Services, the Secretary of Homeland Security and the Attorney General certify that an “epidemic” or “pandemic” event has occurred within the confines of the United States, then this Act will immediately take effect.

Goals and specifics of the PRIA Program would be to (1) create a temporary federal program of shared public and private compensation for insured losses as a result of pandemic losses, which would allow the private market to stabilize; (2) protect consumers by ensuring the availability and affordability of insurance for pandemic risks; (3) protect thousands of businesses (restaurants, hotels, conventions centers, event venues, transportation services, caterers) and municipalities who depend on public events for their livelihoods; and (3) preserve state regulation of insurance.

To meet these goals, the PRIA program creates a mechanism through which the federal government could share insured losses for large event cancellations and significant revenue losses with the private insurance market.

- The role of federal loss sharing depends on the size of the insured loss. For a relatively small loss, there is no federal sharing. For a medium-sized loss, the federal role is to spread the loss over time and over the entire insurance industry.
- The federal government provides assistance up front, but then recoups the payments it made through a broad levy on insurance policies afterwards. For a large loss, the federal government is to pay most of the losses. Recoupment is possible (but not mandatory) in these circumstances as well.
- All insured entities would pay monthly or annual premiums and when the Secretary of Treasury has certified an “epidemic” or “pandemic” then these entities would equally contribute to a loss fund.

The precise dollar values where losses cross these small, medium, and large thresholds are uncertain and will depend on how the losses are distributed among insurers. For example, for loss sharing to occur, the health epidemic or pandemic must meet a certain aggregate dollar value and each insurer must pay out a certain amount in claims—known as its deductible. For some large insurers, this individual deductible might be higher than the aggregate threshold set in statute, meaning that loss sharing might not actually occur until a higher level than the figure set in statute.

1. The federal government shares in an insurer's losses due to a certified health pandemic only if the aggregate industry insured losses resulting from such certified event exceed \$100 million (increasing to \$150 million in 2021).
2. Each insurer is responsible for paying a deductible before receiving federal coverage. An insurer's deductible is proportionate to its size, equaling 10% of an insurer's annual direct earned premiums for the commercial property and casualty lines of insurance specified in PRIA.
3. Once the \$100 million aggregate loss threshold and 10% deductible are met, the federal government would cover 81% of each insurer's losses above its deductible until the amount of losses totals _____
4. After \$10 billion in aggregate losses, there is no federal government coverage and no requirement that insurers provide coverage.

Program Administration

The administration of the PRIA program would be the responsibility of the Secretary of Treasury.

PRIA Consumer Protections

PRIA addresses the second goal—to protect consumers—by requiring insurers that offer PRIA covered lines of insurance to make pandemic insurance available prospectively to their commercial policyholders. This coverage may not differ materially from coverage for other types of losses. Each pandemic insurance offer must reveal both the premium charged for pandemic insurance and the possible federal share of compensation. Policyholders are not, however, required to purchase coverage under PRIA.

If a policyholder declines to purchase pandemic coverage, the insurer may exclude pandemic losses. Federal law would not limit what insurers can charge for pandemic risk insurance, although state regulators typically have the authority under state law to modify excessive, inadequate, or unfairly discriminatory rates. Preservation of State Insurance Regulation would be to preserve state regulation of insurance— federal statute preempts any state definition of a “pandemic event in favor of the federal definition.

March 10, 2020

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The Honorable Mitch McConnell, Leader
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The Honorable Kevin McCarthy, Leader
United States House of Representatives
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The Honorable Charles Schumer, Leader
United States Senate
322 Hart Senate Office Building
Washington, D.C. 20510

RE: Potential Aid for Industries Impacted by Coronavirus

Dear Speaker Pelosi and Leaders McConnell, McCarthy and Schumer:

On behalf of the American Society of Association Executives (ASAE), which represents more than 48,000 association professionals nationwide, I write regarding prospective federal intervention to support the airline, travel and other targeted industries impacted by the coronavirus (COVID-19) epidemic. **ASAE urges you to also include associations, nonprofits and other tax-exempt organizations within any federal aid packages or supplemental appropriations measures**, as many have been and will be harmed by event cancellations and reduced meeting attendance as a result of COVID-19.

As the largest organization to represent trade and professional associations, part of ASAE's mission is to advocate legislative, regulatory and legal issues that directly or potentially impact the broad association, nonprofit and tax-exempt communities. This includes, travel, tourism and conferences, with which associations and other Section 501(c) organizations play a major role.

According to the Events Industry Council's 2018 Economic Significant Study conducted by Oxford Economics¹, more than 1.9 million meetings occur in the United States each year – with more than 250 million attendees. These meetings contribute more than \$446 billion to U.S. gross domestic product and directly support 5.9 million jobs nationwide.

As you are no doubt aware, the fast-spreading COVID-19 epidemic has prompted the cancellation of dozens of major meetings and events in the U.S. and forced other event sponsors to consider cancelling or postponing innumerable other events dependent on in-person attendance at convention centers, hotels and other event facilities. Many of these meetings and events also attract international participants, who generate 11.5 percent (about \$38 billion) of direct spending during their visits to the U.S. International travel to the U.S. has dropped sharply

¹ Events Industry Council. Economic Significance of Meetings to the US Economy. February 2018. <https://dev-meetingsmeanbusiness.pantheonsite.io/sites/default/files/Economic%20Significance%20of%20Meetings%20to%20the%20US%20Economy.pdf>

during the COVID-19 outbreak and signs point to this trend growing until the virus is brought under control. The U.S. Travel Association forecasts international flights to the U.S. will plummet six percent over the next three months alone, which would be the largest decline since the 2008 economic crisis.

ASAE is doing its best to provide the association and nonprofit communities with resources and advice to mitigate losses with hotel and vendor contracts and insurance options if conferences, trade shows or other in-person events must be cancelled or attendance is greatly diminished. Notwithstanding, meetings are the lifeblood for many associations, and tax credits or other federal assistance are greatly needed to protect associations' limited revenue streams and ensure Section 501(c) organizations can continue to fulfill their important missions in public service.

Additionally, many associations operate similarly to small businesses and are greatly impacted if employees are forced to take sick leave or are quarantined as a result of COVID-19 interaction. We are aware the Trump Administration and Congress are considering measures for small businesses that may require cash flow assistance amid the outbreak, and **urge that tax-exempt entities be included in any temporary aid designed to stem the economic fallout resulting from COVID-19.**

Thank you for your consideration. If you have questions regarding ASAE or its request for critically-needed assistance to the association and nonprofit sectors, please contact Mary Kate Cunningham, CAE, vice president of public policy, at mcunningham@asaecenter.org or 202-626-2787.

Sincerely,



Susan Robertson, CAE
President and CEO

CC:

The Honorable Richard Neal, Chairman
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The Honorable Kevin Brady, Ranking Member
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