

March 30, 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 76,000 employees at Marsh & McLennan, 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, the time is now to structure a public-private partnership with input from policyholders, insurers and the federal government.

As the world's leading insurance broker and risk advisor, Marsh & McLennan has a particular expertise in pandemic risk. In 2017, our company helped the World Bank structure the first-ever pandemic risk bonds. In 2018, Marsh developed an innovative insurance product, called PathogenRX, that provided pandemic business interruption coverage for key industries like aviation, construction, gaming, hospitality, retail and tourism.

Marsh's clients are the businesses and organizations of America. In addition to the tragic human toll of COVID-19, we are deeply troubled by the economic hardships confronting 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 would provide crucial benefits to businesses and organizations of all types and sizes across the United States by:

- Facilitating access to capital from lenders, and the equity markets, that will require assurance against future pandemic risks;
- 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.

We have utilized our risk-modeling capabilities to analyze data from past pandemics, including MERS, SARS and Ebola. Given the magnitude of the COVID-19 exposure and current capital levels in the industry, the private insurance sector does not have the risk bearing capacity alone 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 two weeks, we have conferred with 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. 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.

In the attacks on September 11, 2001, our company lost nearly 300 employees. In the months thereafter, we played an important role in helping policyholders, insurers and the federal government develop the original Terrorism Risk Insurance Act of 2002. 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,



John Q. Doyle
President & CEO, Marsh
and Vice Chair, Marsh & McLennan