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United States Senate

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April 03, 2020

The Honorable Jovita Carranza
Administrator
U.S. Small Business Administration
409 3rd St., SW
Washington, DC 20416

Dear Administrator Carranza:

We write today regarding an urgent and time-sensitive matter relating to the issuance of upcoming guidance by the Small Business Administration (SBA) for the Paycheck Protection Program, part of the recently enacted *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act, Public Law 116-136).

The Paycheck Protection Program allows businesses to receive loans facilitated by the SBA to pay payroll, mortgage expenses, rent, utilities, and **insurance premiums of all kinds**. While payroll, mortgage expenses, rent, and utility expenses paid for by loans may be forgiven under the program's loan forgiveness standards, a misinterpretation by SBA of the CARES Act could prevent business owners from having loan funds spent on insurance premiums from being forgiven.

To be clear, **it is our intention that loans under the Paycheck Protection Program can be used to pay insurance premiums of all kinds and also be forgiven** if the borrower meets loan forgiveness standards set by the program. We respectfully urge the SBA to immediately promulgate rules, regulations, or other formal guidance to codify this aspect of the Paycheck Protection Program. Failing to do so would financially disincentivize America's small business owners from keeping their property and casualty coverage intact ahead of flood, hurricane, and wildfire season, and compound the extreme hardship facing small business owners across the country.

Thank you for your consideration for this matter. We look forward to quick action on this front.

Sincerely,



Tim Scott
United States Senator

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