



MAYES MIDDLETON



STATE REPRESENTATIVE • DISTRICT 23

April 9, 2020

Commissioner Kent Sullivan
Texas Department of Insurance
P.O. Box 149104
Austin, TX 78714

Commissioner Sullivan,

Many businesses in my district representing a broad range of industries have reported wholesale denial of business interruption insurance claims by insurance companies. Sadly, this is a statewide problem and is beyond unacceptable. For example, in the restaurant industry, up to 99% of business interruption claims are being denied.

For years and even decades, the vast majority of Texas businesses that carry business interruption insurance have faithfully paid their premiums and have never made a claim. Now that there is a catastrophic business interruption caused by a health pandemic and government-ordered closure, their claims are denied. Many companies are relying on their business interruption insurance to cover what it is supposed to cover—loss of income and ongoing expenses—to get through this crisis and remain in business.

It is my understanding that one of the main arguments for denial of claims is that there was no property damage. Any business is about commerce and they are in business because they are counting on current income and future income from operations—being entitled to that income and having it taken away (because of a health crisis out of their control) is damage to private property, period.

I am asking that you begin an investigation into the wholesale denial of business interruption claims in Texas. I believe such denials are not only immoral but likely legally wrong under Section 541 of the Texas Insurance Code which bans unfair or deceptive acts or practices in the business of insurance.

Thank you for your consideration,

A handwritten signature in black ink that reads "Mayes Middleton".

Mayes Middleton,
Texas State Representative
House District 23