Dear Mel

**Supreme Court Judgment on Business Interruption Insurance**

The Supreme Court has today delivered its judgment in the Financial Conduct Authority's business interruption insurance test case. We appreciate the speed with which the Courts have concluded on this matter.

The Supreme Court has substantially allowed the FCA's appeal on behalf of policyholders. This means thousands of policyholders will now have their claims for coronavirus-related business interruption losses paid.

As we have discussed during your Committee’s hearings, Coronavirus has caused and is causing substantial loss and distress to businesses and many are under immense financial strain to stay afloat. The FCA recognised that a number of complex legal issues arose with respect to business interruption insurance. We have acted as quickly as possible to reach a decisive outcome that gives clarity to these businesses and the insurers.

A number of insurers were invited to participate in the case because their policy wordings had a wide read across to similar policies written by other insurers. My colleagues and I at the FCA would like to thank them for their engagement and participation in reaching this position as quickly as possible. The Supreme Court ruling will clearly have a wider impact than those insurers.

Our next task is to ensure that valid claims are paid by insurers as quickly as possible and that, wherever possible, interim payments are used to reduce the financial burden that businesses are facing. We will be writing to insurers in the coming days to reiterate our expectations and scrutinising their progress.

I know that the Treasury Committee has taken a close interest in this process. My colleagues and I are of course happy to answer any questions and to keep you updated.

Yours sincerely

Nikhil Rathi
Chief Executive