

## COVID-19 insurance update – 3 July

### Oxbow Partners Coronavirus Coverage

We have introduced a weekly note consolidating all Coronavirus-related news relevant to the UK insurance industry. This will be published on Friday mornings for the foreseeable future. [Click here](#) to sign up to the mailing list.

03 July 2020

### Summary

- 🕒 FCA publishes details of second case management conference in BI test case
- 🕒 Insurers widen scope of business cover in light of pandemic (FT)
- 🕒 Lloyd's of London call for expansion of future pandemic insurance
- 🕒 Aon staff get original salaries back and more (Insurance Business)
- 🕒 10m drivers in England set to hit the roads this weekend (RAC)
- 🕒 80% of MGAs expect a return to face-to-face meetings (Insurance Business)
- 🕒 Wimbledon will not get pandemic insurance in 2021 (Metro)
- 🕒 Staycations are set to increase road use this summer (Insurance Business)
- 🕒 InsurTechs could prosper from post-pandemic business models (InsuranceTimes)

### Analysis

#### We're all going on a summer (driving) holiday

Having seen car use drop 70% during lockdown it appears the easing of restrictions this weekend in England could be the catalyst for a surge in driving. The RAC has published a survey suggesting that over 10 million drivers could take to the roads this weekend to go and stay with friends and family for the first time in months. Over the rest of the summer this is likely to continue with many people still worried about flying. Tempcover has found that 79% of people are expecting to use their car for their summer break this year. This trend was predicted by several motor insurers and given as a reason for holding onto capital during lockdown. We might have to wait until the end of the year to see how much one extreme off-sets the other.

#### The Oxbow Partners View

We have been thinking a lot about the future of the world of work this week and it is interesting that there are still vastly different views on what the future holds. The FT this week has highlighted the fact that commercial insurance and personal insurance may need to find a middle ground in order to sufficiently cover both employer and employee post lockdown if many continue to work from home (or as it has been alternatively described, live at work). Conversely 80% of MGAs want to return to face-to-face meetings, so not everyone enjoys the freedom to do household chores between zoom calls. Stay safe out there.

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### **FCA publishes details of second case management conference in BI test case**

The FCA has held the second case management conference in the business interruption test case. Lord Justice Flaux and Mr Justice Butcher gave directions on how the case is to proceed. These included the permission of the Hospitality Insurance Action Group and the Hiscox Action Group to intervene in the case. Each party may make written and brief oral submissions to the test case. The case management conference also clarified a number of points in terms of which facts are 'agreed facts' and which evidence has been ruled out. The hearing later in July will be split into 3 days of the FCA and the intervenors setting out their case, followed by 4 days of defences and a final day for the FCA to wrap up.

[Read more](#)

### **Insurers widen scope of business cover in light of pandemic (FT)**

The FT has highlighted this week, the fact that traditional insurance products are not designed to cover home working. Personal products do not cover work-related risks and commercial policies tend to only cover employees when they are in the office. Many insurers have temporarily extended workplace policies to cover staff working from home but as lockdown eases, discussions will need to be had to find a longer-term solution. The article points out that firms will need to think about employers' liability coverage as the employers' responsibilities to their employees doesn't change just because they are working from home rather than in an office. Cyber coverage is another area of increased concern and potential growth for insurers.

[Read more \(requires FT subscription\)](#)

### **Lloyd's of London call for expansion of future pandemic insurance**

Lloyd's has presented a number of solutions for the global insurance industry and governments to better protect society against future pandemics. The solutions propose using one of a number of existing frameworks in order to fast-track the process of setting up sufficient resources to deal with future pandemic risks. Three of the proposed frameworks are ReStart, Recover Re and Black Swan Re.

[Read more](#)

### **Aon staff get original salaries back and more (Insurance Business)**

In April, Aon revealed that around 70% of its staff globally would be asked to take a 20% reduction in salary in order to help get the business through the coronavirus pandemic. The group has now announced that it is confident that it can manage the crisis without the need for salary reductions and will be repaying its staff the amounts that they have forgone, plus 5% extra. This will be excellent news for the staff affected but it also suggests the global broking industry has a more positive outlook than was feared a few months ago.

[Read more](#)

### **10m drivers in England set to hit the roads this weekend (RAC)**

A survey conducted by the RAC indicates that 31% of all drivers in England are planning on getting away overnight in the car this weekend. That equates to over 10 million people and could make it the busiest weekend on the roads this year. Many of those surveyed are planning on a satay with family and friends but trips to campsites, hotels and B&Bs are also popular. Highways England is calling for all drivers to ensure any loads they are carrying as part of the big getaway are properly secured – 46,000 items were found on England's motorways and major A roads in just 10 months. The RAC is also seeing a similar number of breakdowns as they would normally expect for late June, indicating the level of traffic on the roads is returning to pre-lockdown levels.

[Read more](#)

### **80% of MGAs expect a return to face-to-face meetings (Insurance Business)**

A survey of MGAA members by Full Circle has shown that 80% expect a return to face-to-face client meetings after lockdown with only 15% preferring Zoom or Teams calls. The survey also highlighted that 58% of MGA have felt a negative financial impact from COVID-19.

[Read more](#)

### **Wimbledon will not get pandemic insurance in 2021 (Metro)**

The outgoing CEO of the All England Club has confirmed in an interview with the Metro that should the 2021 Championship need to be called off due to coronavirus, the club will not have insurance cover. Wimbledon has been one of the few sporting events to have the foresight to buy pandemic insurance, but it has said that it is impossible to buy cover for next year at the moment. The club is confident that in the medium term the market will come back but for now the pandemic cancellation market seems firmly closed.

[Read more](#)

### **Staycations are set to increase road use this summer (Insurance Business)**

A survey conducted by Tempcover shows that 52% of people are still not entirely comfortable with air travel and 79% want to use their cars as the main mode of transport for holidays this summer. 82% of those surveyed are planning on driving at least 100 miles each way to their destination and 28% are looking to travel up to 500 miles each way. Worryingly 27% of people may end up driving without insurance as they look to share driving duties without adding an additional driver to their policy.

[Read more](#)

### **InsurTechs could prosper from post-pandemic business models (Insurance Times)**

The increase in home working and home deliveries could boost the InsurTech market as business models move towards more on-demand insurance options. The Insurance Times reports that usage-based insurance is set to grow at 20% per annum between 2020 and 2026. The continued demand for home delivery of food and other goods has boosted the gig economy as even M&S has turned to Deliveroo to ensure groceries can be delivered to customers. This creates an opportunity for InsurTech businesses such as Zego and By Miles to win customers.

[Read more \(requires Insurance Times subscription\)](#)