

COVID-19 insurance update – 28 August

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.

28 August 2020

Summary

- Insurers commit to extending COVID-19 customer pledges (ABI)
- Staysure offers travel cover for non-FCO approved countries (Insurance Times)
- Portugal launches travel insurance for international tourists (Schengen Visa Info)
- ERS reports higher profit due to COVID-19
- FCA investigating over 150 COVID-related scams (New Model Advisor)
- Solicitor PI rates rocket as renewal deadline looms (Insurance Times)
- Insurance rates hike in second quarter (Business Insurance)
- The COVID-19 crisis has drastically impacted claims services (Insurance Business)
- How has the insurance industry coped with COVID-19? (Insurance Business)
- Reinsurers to absorb large share of COVID losses (Reinsurance News)
- Short-term insurance brand sees strong growth during COVID (Insurance Business)

Analysis

Just when you thought it was safe to go back in the water

It is easy to become complacent. Much of the government advice at the moment is to remember that this is not over, the virus is still out there and we all still need to do our bit. The same could be said for the insurance industry. There are increasing reports of the crisis being a 'manageable loss' for the industry, commercial rates are moving up, motor insurers have had a first half benefit from lower claims – things are getting back to normal. Except that things are not normal. The ABI announcement today that customer pledges will be extended for another two months shows that we have some way to go before we can put this thing behind us and move on. Offices are still by no means full and risks for insurers are still changing every day. The industry is adapting quickly to the new (hopefully temporary) normal with travel cover for trips to FCO watchlist countries now an option allowing some customers to get back into the water.

The Oxbow Partners View

Risks are changing all the time and insurers need to stay alert to changes in government guidance and customer behaviour at a rate never really seen before. The need to be agile in pricing, claims and all parts of the customer journey are more important than ever. Now is not a time to become complacent. Stay safe out there.

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Insurers commit to extending COVID-19 customer pledges (ABI)

The ABI has announced that the pledges made by its members to support customers during the COVID-19 crisis have been extended to 31 October 2020. The commitments were due to be reviewed on 1 September but have now been extended by two months. This means that home insurance customers will not need to inform their insurer that they are working from home and those commuting more in the car will also be covered as standard without having to change their policy.

[Read more](#)

Staysure offers travel cover for non-FCO approved countries (Insurance Times)

Staysure is the first UK travel insurer to update its policies to cover customers for travel to European countries that have been added to the FCO watchlist. Despite the FCO advising against 'all but essential travel' Staysure will extend cover for claims such as emergency medical and repatriation (not relating to COVID-19), travel delays, loss of baggage etc. This policy helps to provide cover for those still going ahead with their travel plans despite the changing advice from the FCO. If a traveller is already in a country when the FCO advice changes they can also claim up to £1000 for additional accommodation or travel expenses incurred should they need to return home early.

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

Portugal launches travel insurance for international tourists (Schengen Visa Info)

Portugal has launched a travel insurance scheme for international tourists, supported by insurer RNA Seguros de Assistência. Medical, surgical, hospital and pharmaceutical expenses will be covered in the policy, as the announcement comes amongst an effort to revive the Portuguese tourism sector which has been heavily affected by COVID-19. This follows a similar announcement earlier in the month that travellers who chose to travel to Spain's Canary Islands, will have all expenses paid if they get infected by COVID-19.

[Read more](#)

ERS reports higher profit due to COVID-19

ERS, the UK largest specialty motor insurer announced its H1 2020 results this week. Despite an 8% decline in GWP to £168m the business reported a £28.2m profit in the first half of the year, up from £3.1m in H1 2019. The decline in premiums was caused by commercial customers temporarily pausing coverage for their vehicles during lockdown. The boost in profit is largely due to a significant improvement in the combined ratio to 84.9% (H1 2019: 102.8%) driven by lower claims frequency in lockdown. Looking forward, the business expects uncertainty in H2 2020 as the frequency of claims has been rising during the easing of lockdown conditions across the country.

[Read more](#)

FCA investigating over 150 COVID-related scams (New Model Advisor)

Political think tank Parliament Street has found that the FCA is investigating 165 coronavirus related scams. The scams listed include criminals pretending to be HMRC while targeting company owners looking for COVID-19 relief grants. The uncertainty caused by the pandemic has led a spike in phishing scams looking to take advantage of customers of financial institutions through stealing logins or passport information. Insurers need to remain vigilant in the face of the increased fraud risk.

[Read more](#)

Solicitor PI rates rocket as renewal deadline looms (Insurance Times)

The Insurance Times reports that solicitors are being advised to act now to secure PI cover and not wait for the traditional 1 October renewal. The dual impact of COVID-19 and Brexit are likely to increase prices in an already hardening market. Solicitor firms should expect to see a 30% increase in PI rates on average with many firms that have a history of claims to expect even more. Capacity is limited as many insurers are not looking to take on new clients at the moment which is helping to drive up prices.

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

Insurance rates hike in second quarter (Business Insurance)

Average US commercial insurance rate increases hit double digits in the second quarter, increasing at 10.8% across all lines, according to the latest pricing survey released by the Council of Insurance Agents & Brokers. Large accounts experienced the biggest rise, increasing to 14.2% compared to 12.6% in Q1. Among the five major lines tracked by CIAB, umbrella liability coverage saw the biggest pricing increase (20%) and even workers compensation saw rates increase 0.7% after declines in 20 consecutive quarters.

[Read more](#)

The COVID-19 crisis has drastically impacted claims services (Insurance Business)

Glen Eastwood, the managing director of MSL, comments that whilst COVID-19 has been financially favourable for motor insurers, the crisis has drastically impacted businesses which provide claims services. Companies like MSL, who are paid on a per claim basis are experiencing significantly lower revenue due to low claim volumes, which will likely continue for some time due to work from home arrangements for many motor insurance customers. Eastwood warns that the motor claims sector moving forward will see an increase in fraud, PI claims frequency and a slowdown in vehicle repair times due to availability of parts.

[Read more](#)

How has the insurance industry coped with COVID-19? (Insurance Business)

At a recent BDMA webinar, chairman Simon Ford asked a gathered panel how their organisations have helped employees cope with the pressures of COVID-19. Richard Done from Polygon outlined the importance of clear communication and ensuring that employees are kept up to date with developments in the business. Done highlighted that differing pressures are being faced by staff depending on their circumstances, emphasising the importance of understanding and managing these difficulties. Sarah Brodie of the ABI noted that in the next phase, as staff are returned to the office, a phased approach is necessary that considers the needs and preferences of all employees.

[Read more](#)

Reinsurers to absorb large share of COVID losses (Reinsurance News)

Fitch ratings has reported a 10.4 point increase in the reinsurance sectors combined ratio over H1 of 2020, rising to an underwriting loss at 101.8% (from 91.4% in the prior year). This loss includes 9.7 points of COVID related losses, which are likely to continue through the second half of the year. In the report, three of the four companies that experienced the greatest losses (in terms of H1 earned premium) are reinsurers (Sirius International Insurance Group, Ltd., PartnerRe and AXIS Capital Holdings Limited.).

[Read more](#)

Short-term insurance brand sees strong growth during COVID (Insurance Business)

BGL Group's short-term insurance brand, Jaunt, has reported a 60% growth surge in customer numbers since January. Jessica Cordery, the associate director of marketing at Jaunt, believes this increase is driven by a cultural shift with drivers choosing the flexibility of borrowing vehicles rather than owning. Not surprisingly, pre-COVID many Jaunt policies were taken out to cover leisure trips involving borrowed vehicles, which has now shifted to demand for a flexible alternative to annual policies that will cover essential travel during the pandemic.

[Read more](#)