

COVID-19 insurance update – 26 March

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.

26 March 2021

Summary

- The FCA reports that insurers have paid out £472m in BI claims so far
- FCA makes clear the position on government support deductions to claims payments
- Bupa to give £125m back to policyholders (Insurance Wire)
- Aviva Canada set to reduce premiums to reflect lower pandemic claims (Insurance Business)
- Tesco Bank reveals new travel insurance product with COVID-19 cover (Insurance Times)
- Bosses Are Clueless That Workers Are Miserable and Looking to Leave (Bloomberg)
- Nationwide to allow all office-based employees to work anywhere (BBC)
- Remote working should become the default in the UK – think tank (FT)
- A third of workers expect to work from home more and shop locally in future (BBC)

Analysis

What happens next?

This week has been about paying money back to customers and trying to work out what the world is going to look like once lockdown is lifted. Insurers affected by the FCA's BI test case have paid out nearly £0.5bn in claims so far with much more to come. Bupa is going to give customers a rebate as its hospitals have been busy dealing with the pandemic. Much of the news this week revolves around surveys trying to pin down how people are going to live and work post-pandemic. The overriding view is that more people will want to work from home at least some of the time with many companies (Nationwide and Santander this week) embracing this change. Think-tank Demos has gone one step further and suggested that the government should mandate that working from home is the norm and that employers would have to justify why employees had to come to any given office. This feels like a step too far, not least for the significant proportion of the population who do not have the luxury of being able to work from home. The office-based sector is only one part of the UK population and insurers (and legislators) need to ensure they cater to everyone and not just a white-collar subset of the nation.

The Oxbow Partners View

Incredibly this is the 52nd COVID note, marking a full year's worth of updates (we did take a couple of weeks off at Christmas – and will be absent next week for Easter). It has been quite a year. There are likely to be more twists to come. Stay safe out there.

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Oxbow Partners is a specialist management consultancy for the insurance industry spanning strategy, operations, technology and M&A. Our [Market Intelligence team](#) provides data, analysis and tools to the management teams of global reinsurers and UK insurers in various formats to keep them better informed and make superior strategic decisions.

The FCA reports that insurers have paid out £472m in BI claims so far

The FCA has released some initial data on the level of claims that affected insurers have paid to customers following the conclusion of the test case into business interruption caused by the pandemic. Overall, 10,207 policyholders have received at least an interim payment with nearly 11,000 others whose claims have been accepted but have yet to receive payment. The value of claims paid so far is £472m of which £280m relates to final payments and £192m to interim or initial payments. The FCA will be updating its figures on a monthly basis. The regulator has also reminded firms that it expects claims to be handled promptly and fairly.

[Read more](#)

FCA makes clear the position on government support deductions to claims payments

The FCA had previously issued guidance to firms around its expectations regarding the treatment of government support funds and whether they should be deducted from claim payments to customers. The regulator has made clear that the government's treatment of the Small Business, Retail, Hospitality and Leisure or Local Authority Discretionary grants for tax purposes is not a proper basis for insurers to treat these payments as turnover under the policies. Through discussions with the ABI Ageas, Allianz, Aviva, Axa XL, Axa, Chubb, Covea, Direct Line Group, Ecclesiastical, Hiscox, NFU Mutual, QBE, RSA and Zurich have agreed not to deduct the following grants:

- Local Authority Grant
- Small Business Grant
- Leisure/Retail/Hospitality grants
- Local Restrictions Support Grant (closed)
- Local Restrictions Support Grant (open)
- Additional Restrictions Grant (ARG) and
- Local Restrictions Support Grant (LRSB (Closed) Addendum)

or their equivalents in Scotland, Wales and Northern Ireland. Our view is that the Scottish Pivotal Enterprise Resilience Fund is an example of an equivalent grant.

[Read more](#)

Bupa to give £125m back to policyholders (Insurance Wire)

Bupa has announced that it will be giving its UK health insurance customers £125m in rebates to compensate for the delay in some hospital services due to the pandemic. Treatments for Cancer and Heart disease continued throughout the crisis, but other services have been delayed as the hospitals were used to support the NHS.

[Read more](#)

Aviva Canada set to reduce premiums to reflect lower pandemic claims (Insurance Business)

Aviva Canada has told customers to expect lower premiums on renewals from mid-June as it passes on some of the benefits of lower claims frequency seen during the pandemic. Renewal customers could see price reductions of up to 20% on top of the 5% pricing reduction already announced by the insurer. As we have seen from some UK insurers, price reductions have been a feature of motor insurance from some players but others have warned that pricing should be done on the basis of longer-term trends rather than the short-term impacts from the pandemic.

[Read more](#)

Tesco Bank reveals new travel insurance product with COVID-19 cover (Insurance Times)

Tesco Bank has partnered with ROCK Insurance Group and AXA Partners to offer customers a new travel insurance product that offers cover for customer who test positive for COVID-19 and experience disruption during their trip. With the prospect of holidays getting closer (though possibly not this summer) the need for travel insurance is higher than ever and it is good to see more companies coming to market with policies that can help.

[Read more](#) (requires subscription)

Bosses Are Clueless That Workers Are Miserable and Looking to Leave (Bloomberg)

A Microsoft Corp. survey of global workers found the majority feel they are struggling or just surviving in pandemic work conditions and a large percentage are considering leaving their employer this year. Meanwhile most business leaders polled said they are “thriving”. 46% of respondents are planning to move to a new location this year as they make the most of more flexible working arrangements and 41% said that they are thinking about leaving their jobs. 54% of workers said they are overworked and 39% described themselves as exhausted. Meanwhile 61% of leaders said they are thriving.

[Read more](#)

Nationwide to allow all office-based employees to work anywhere (BBC)

Nationwide, the UK’s second largest mortgage lender is the latest company to set out its stance on flexible working after the pandemic. The building society has said that the majority of its 13,000 staff can continue to work from home full-time if they wish after more than 4,500 of its staff said they would like to work from home full time going forward. In addition, Nationwide is looking at the possibility of traditionally office-based staff working in branches if they would like to go into the office but not commute too far. Santander has also said it will be moving its head office to Milton Keynes from London and will be asking its staff to work more flexibly.

[Read more](#)

Remote working should become the default in the UK – think tank (FT)

Demos, a UK think tank, believes that the government should bring in legislation to make working from home the default position for UK companies with employers obliged to demonstrate the need for staff to attend any particular workplace. Research by Demos found that 80% of the working population want to continue with some form of remote working once the pandemic is over, although not necessarily from home as young people are keen on having workspaces locally rather than commuting to a central office location. Demos believe that this could aid ‘levelling up’ of communities outside of the big cities as more people stay and shop locally.

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

A third of workers expect to work from home more and shop locally in future (BBC)

A study of over 2,000 people conducted for the BBC and King’s College London suggests that public behaviours may be permanently impacted by the COVID-19 pandemic. 32% of workers expect to work from home more and 31% will continue to do more of their shopping locally than before the pandemic. Equally 23% of commuters expect to travel to work less with 31% of London commuters looking to reduce their weekly travelling.

[Read more](#)