

## COVID-19 insurance update – 16<sup>th</sup> April

### 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.

16 April 2021

### Summary

- Aon establishes industry collaboration to protect COVID-19 vaccine shipments (Insurance Business)
- How to avoid burnout during COVID (Insurance Business)
- Global reinsurance capital shows signs of growth (Insurance Business)
- CII posts £4.9m loss for 2020 (Insurance Post)
- Insurers have paid £600m in interim and final BI payments (Insurance Times)
- Aviva predicts uptick in cyber insurance sales post-pandemic (Insurance Times)
- Intangible asset underinsurance offers post-pandemic opportunity (Insurance Times)
- Number of suspicious claims at an all time high during COVID - RSA (Canadian Underwriter)

### Analysis

#### Haircuts and braving the cold for a cold one

Teams calls this week have generally been opened with the realisation that someone has been out to get a haircut for the first time in weeks or conversation about a trip to sit outside a pub for the first time in a long time. There is something quintessentially British about the fact the weather being unseasonably cold at the exact time that people (in England at least) can go and meet up outside. The chilly temperatures will only increase the desire to get away over the summer and it seems that foreign travel could be on the cards again with the announcement of a traffic light grading system regarding quarantining obligations – travel insurers will no doubt be getting ready with colour-coded products. Much of the insurance news this week has also been looking towards recovery and the post-pandemic landscape with cyber insurance highlighted as a big growth opportunity, certainly if flexible working arrangements continue beyond lockdowns.

#### The Oxbow Partners View

While the reopening of non-essential businesses is certainly something to be celebrated, this also a pivotal moment for the UK's roadmap strategies. What happens to cases and admissions over the next few months will be key in determining whether those long awaited holidays and plans can finally go ahead. We at Oxbow Partners certainly hope things continue on their present course and insurers can get back to doing what they do best with new and improved offerings in light of the lessons learnt from the pandemic. As ever, 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.

### **Aon establishes industry collaboration to protect COVID-19 vaccine shipments (Insurance Business)**

Aon has announced the launch of an industry collaboration to provide supply-chain protection insurance for global COVID-19 vaccine shipments. This enhancement of all-risk marine cover will use real time reporting of temperatures to make payments for vaccines that fall out of the agreed range. Aon asserts that the product will help maximise the number of doses available to the public and will donate 100% of the revenues earned to charity. The offering is also made possible through a collaboration with insurtech firm Parsyl and specialist underwriter Ascot as the lead underwriter with the support of various (re)insurers.

[Read more](#)

### **How to avoid burnout during COVID (Insurance Business)**

Realia Marketing's latest webinar, 'Claims can wait an hour. It's time to put yourself first for a while', has been encouraging professionals across the insurance sector to unwind in light of the stressed cause by both Brexit and COVID-19. Paul Williamson, who chaired the panel, warned of dangers of professional burnout. Meanwhile NHS strategy consultant, Cate Russell, called for a more holistic approach to stress within the work place and coping strategies. As companies look to post-COVID recovery, panelists noted that 2020 had been a year for the industry to reflect but had also disrupted the traditional balances of work and life. Whatever shape recovery takes, firms should learn from the lessons of 2020/21 and explore new ways of staff working, whether this means blending new and traditional communication channels or offering flexible working solutions.

[Read more](#)

### **Global reinsurance capital shows signs of growth (Insurance Business)**

According to Willis Re, global reinsurance capital grew 7% year-on-year in 2020 reaching \$658 billion. This figure from Willis' Reinsurance Market Report, was reportedly driven primarily by strong investment market appreciation. From an analysis of 17 reinsurers combined ratio deteriorated from 100.6% in 2019 to 104.1% in 2020, primarily due to COVID-19 loss reserving. However, on an underlying basis combined ratio improved from 103.1% to 100.7%, the first full year improvement since 2014. Despite this, underlying return on equity fell from 3.2% to 1.3%. Overall analysts at Willis Re are encouraged by the way reinsurance has weathered the storm of COVID and the clear trend in improving underwriting profitability.

[Read more](#)

### **CII posts £4.9m loss for 2020 (Insurance Post)**

The Chartered Insurance Institute has reported a £4.9m loss for 2020 as the drop in income caused by the coronavirus pandemic more than outweighed its reduced operational expenditure. However this is less than previous estimates which expected the shortfall to be as much as £7m. Operating income fell 18% year-on-year from £45.2m in 2019 to £36.9m with much of this coming from the inability to hold exams at test centres over lockdown. Membership also fell by 3,731 over 2020 and now totals 125,420. Despite these losses, operating expenditure was reduced during 2020 and the institute has stressed that remains committed to supporting its members out of lockdown and on to post-pandemic recovery.

[Read more](#)

### **Insurers have paid £600m in interim and final BI payments (Insurance Times)**

The FCA has published updated figures from insurers impacted by the business interruption test case decided by the Supreme Court in January 2021. Insurers have now paid out nearly £600m in claims to 13,670 claimants. There are still 21,768 policyholders whose claims have been accepted who have yet to receive even an interim payment so the total payouts for insurers is set to rise over the coming months. The latest information is based on submissions from insurers on 6 April 2021.

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

### **Aviva predicts uptick in cyber insurance sales post-pandemic (Insurance Times)**

COVID has forced many SME to work remotely which has significantly increased their cyber risk. With cyber attacks increasing over lockdown, Aviva predicts a surge in demand for cyber insurance from SMEs post-pandemic. 46% of UK businesses have reported a cyber breach or attack in the last year but only a third of SMEs have cyber cover. Aviva's recent Risk Insights Report found that cyber is the fifth largest risk British businesses face and it expects sales of cyber insurance to increase at a faster rate post-COVID as the view of the product as a 'luxury' dissipates.

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

### **Intangible asset underinsurance offers post-pandemic opportunity (Insurance Times)**

A new report by Howden Group – Insuring the Invisible – has highlighted the fact that intangible assets are increasingly key parts of successful business models and therefore should be insured where possible. Intangible assets across the top 50 global companies amounted to \$11trn. The increased reliance on digital technologies opens businesses up to the risk of losing intangible assets through cyber attacks. Insurers and brokers have a role to play in developing products to plug the underinsurance gap and educate clients about the risks they face. With the pandemic accelerating the digital agenda there is an opportunity to drive new insurance premiums from intangible assets.

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

### **Number of suspicious claims at an all time high during COVID - RSA (Canadian Underwriter)**

Despite a drop in claims volumes during the pandemic, RSA in Canada has seen suspicious claims levels similar to the pre-pandemic state. This indicates a significant increase in the proportion of claims that are being flagged as fraudulent. RSA has seen more people committing insurance crimes for the first time plus an increase in insurance fraud from those who have done it before. The pressures of the pandemic have pushed people into desperate measures where they need to get out of car leases or offload vehicles, for example.

[Read more](#)