

COVID-19 insurance update – 30 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.

30 April 2021

Summary

- Swiss Re reports \$643m of COVID losses in Q1 2021
- Business travellers suggest COVID-19 has hurt their effectiveness (Insurance Business)
- Life reinsurers remain profitable despite COVID (Reinsurance News)
- Motor insurance claims drop 31% in Q1 (Insurance Wire)
- COVID, capacity and poor insurer service continues to pose problems for brokers (Insurance Times)
- How COVID changed the home insurance market (Insurance Wire)
- Motor market is 'substantial opportunity' for Lemonade post-covid – GlobalData (Insurance Times)
- Chubb and Marsh collaborate on COVID-19 vaccine cover (Insurance Age)
- Reluctance to return to public transport as lockdown lifts (Consumer Intelligence)

Analysis

When will things return to a life more ordinary?

With the battle between the great British weather and the great British desire to get out and have a drink with friends rages on in a particularly chilly April, questions continue to be asked about what the new post-pandemic world will look like. This weekend Liverpool is holding test events where music fans can get up close and personal with no social distancing or mask wearing, as long as they get tested before and after. While this could be the start of further re-opening it seems opinions are mixed regarding getting close to strangers – in a public transport setting. One poll has suggested that business travellers would like to get back to flying around to face-to-face meetings (Chubb) while 50% of regular bus and train users are still keen to avoid joining others on their commute (Consumer Intelligence). This is likely to be good news for business travel insurers and car insurers in the short term as it feels like the early stages of opening up will involve personal transportation as much as possible.

The Oxbow Partners View

The pandemic is far from over, one look at what is going on in India will tell you that, and the financial impacts for insurance companies in the Q1 results are also likely to be significant. Swiss Re has shown the negative impact on life insurance from higher mortality. At the other end of the scale, a 31% drop in motor claims in Q1 should see continued high profits at motor insurers. We will get to a point where COVID doesn't dominate our lives, but we are not there yet. 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.

Swiss Re reports \$643m of COVID losses in Q1 2021

Swiss Re has released its Q1 2021 results showing (excluding COVID) Group Net income of \$843m and a return on equity of 12.9%, better than expected by analysts. The overall impact of COVID-19 on the first quarter results was \$643m with \$32m of these relating to P&C Reinsurance and \$570m in Life & Health Reinsurance. The Life & Health business has been particularly badly hit in Q1 2021 by excess mortality in the US caused by COVID-19. The first 3 months of 2021 saw the highest mortality since the start of the pandemic with more than 200,000 reported deaths in the US. This has declined significantly since March due to the vaccination program roll-out.

[Read more](#)

Business travellers suggest COVID-19 has hurt their effectiveness (Insurance Business)

According to a new survey by Chubb, the majority of business travellers believe COVID-19 has significantly impacted their effectiveness and ability to maintain business. 80% believe they are missing something important if they cannot see body language and 74% believe they are less effective in their jobs due to travel restrictions. In the post-pandemic world 69% of respondents expect company travel budgets to be cut while 81% said they would pay more attention to what travel insurance they had before a trip thanks to the pandemic.

[Read more](#)

Life reinsurers remain profitable despite COVID (Reinsurance News)

According to analysts at Fitch, the world's largest life and health reinsurers remained profitable in 2020 despite the coronavirus pandemic which has reportedly only had a moderate impact on the segment so far. Fitch expects mortality claims related to the pandemic to decline in 2021 for all major reinsurers due to the roll out of vaccines. The vast majority of reported mortality claims have been seen in the US though claims have generally remained lower than pandemic models would imply. Life reinsurers have also benefited from a lower excess mortality in the insured population than the general population.

[Read more](#)

Motor insurance claims drop 31% in Q1 (Insurance Wire)

After a freedom of information request to the ONS by the Association of Consumer Support Associations, Insurance Wire has reported that motor insurance claims have fallen 31% to 107,000 during Q1. The main driver of the drop in claims has been the COVID-related lockdowns across the nation of the UK. Motor insurance prices have also fallen 14% largely reflecting the lower claims environment.

[Read more](#) (requires subscription)

COVID, capacity and poor insurer service continues to pose problems for brokers (Insurance Times)

According to Insurance Times's recent report in association with Close Brothers Premium 74% of the 311 brokers surveyed by Insurance Times identified the continued impact of Covid-19 as the biggest challenge for the broking profession today. The brokers in the survey identified the hard market (63%) and underwriting capacity (59%) as other important concerns. Poor service from insurers was also listed as a continuing issue for brokers, an issue that has been exacerbated by COVID.

[Read more](#) (requires subscription)

How COVID changed the home insurance market (Insurance Wire)

While COVID has significantly reduced the claims frequency in motor insurance, there have been some unusual changes in home insurance claims. According to Aviva, the trend for 'staycations' during lockdown has seen a 188% increase in accidental damage claims relating to hot tubs. LV= has also seen a 225% increase in bonfire related claims as more people have been spending time doing work in their gardens. There have been offsets elsewhere, however with lower burglary claims thanks to more people spending time at home.

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

Motor market is 'substantial opportunity' for Lemonade post-covid – GlobalData (Insurance Times)

A GlobalData survey has found that 69% of people believe they will drive less miles than they did before the pandemic. The company highlights that this could be an opportunity for Lemonade when it launches its new motor product – though this is only likely to be in the US initially. Overall, the increased level of flexibility that will be demanded by customers could benefit usage-based companies such as ByMiles.

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

Chubb and Marsh collaborate on COVID-19 vaccine cover (Insurance Age)

Global insurer Chubb and Broker Marsh have worked with the WHO and UNICEF to provide a No Fault Compensation Program for individuals in 92 lower-income countries to provide financial compensation should they develop rare but serious adverse effects from receiving the Covax vaccine. Up to \$150m of insurance will be provided by the plan which has been led by Chubb and Marsh but is supported by 10 other insurers in the US, UK, Germany, Ireland, Switzerland and Bermuda. This is the first and only vaccine injury compensation mechanism operating on an international scale.

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

Reluctance to return to public transport as lockdown lifts (Consumer Intelligence)

In a recent poll conducted by Consumer Intelligence, 50% of people who would regularly have used public transport pre-pandemic said they will be avoiding them in the near future and 10% said they would avoid them on a longer-term basis. Bus use has more than halved since before the pandemic with only 16% of people using them at the moment and only 6% (down from 24%) of people are currently using trains to get around. 71% of those polled said that they were using public transport less due to concerns about COVID safety. All this adds up to greater car usage, with 5% of households buying an extra car and only 4% selling a car and not replacing it, additionally 22% of people are considering buying an extra car in the next 12 months. Car usage for commuting is also holding up surprisingly well given the number of people working from home with 38% saying they still use their car to get to work vs 42% pre-pandemic.

[Read more](#)