Market Intelligence
by Oxbow Partners

COVID-19 insurance update – 4 June

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.

04 June 2021

Summary

- Industry expects Tokyo Olympics cancellation (Reinsurance News)
- COVID takes US$8 billion bite from global multiline insurers (Insurance Business)
- Government committee proposes time-limited insurance scheme to prevent lost summer of live events (Insurance Times)
- Home-office, HQ, hybrid or work from anywhere? This is what businesses are planning (World Economic Forum)
- Aviva sued for alleged loss of income after COVID office closure (Insurance Times)
- COVID-hit cash strapped SMEs borrow more to fund business insurance (Insurance Times)

Analysis

Are we all going on a summer holiday?

Just when we all thought that the government's traffic light system for foreign travel was confusing enough, the announcement this week that Portugal will be removed from the green list has been another blow for the travel industry. The lack of clarity around how and why countries are included on each list makes it difficult for travellers to plan breaks over the summer. I know I have personally had to cancel a trip to France as the uncertainty is worse than missing out on a holiday. How will this impact the travel insurance industry? As one would expect it is pretty much impossible to get cover for cancellations due to changes in government restrictions at the moment and therefore the change in the lists is unlikely to cause too much in the way of valid claims. The issues for travel insurers will be in complaints from customers who didn't understand that this would not be covered and from a potential hit to premiums over the summer if more of the nation decide that staying at home is the safest option for another year.

The Oxbow Partners View

As restrictions (at least locally) continue to be relaxed, the number of COVID related news for the insurance industry has also been reducing. This week there have been further calls for large event cover to be provided by the government to enable festivals to go ahead and concerns about the Olympics. Now that we are more than a year into the pandemic and its impacts, most insurance cover explicitly excludes BI or cancellation risks so it is only the big, postponed events that could cause major losses and they don't get much bigger than the Olympics. The (re)insurance industry will hope they make it to the start line in Tokyo. Stay safe out there.

Paul De'Ath (Head of Market Intelligence)
pdeath@oxbowpartners.com
+44 7799 416 704

Tom Austen (Analyst)
tausten@oxbowpartners.com
+44 7808 046 062

Chris Sandilands, ACII (Partner)
csandilands@oxbowpartners.com
+44 203 947 8624

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 be better informed and make superior strategic decisions.

Industry expects Tokyo Olympics cancellation (Reinsurance News)

56% of industry participants asked by Reinsurance News expect the Olympic Games in Tokyo to be cancelled despite organisers remaining confident the games will take place. The cancellation would prove a significant loss event for the industry with estimated insurance costs of $2-$3bn. This would be the largest event cancellation loss event in history.

Read more

COVID takes US$8 billion bite from global multiline insurers (Insurance Business)

A new report from S&P Global Ratings has indicated that Global Multiline Insurers (GMI) took an $8bn hit in 2020 due to the pandemic. Non-life took the biggest hit with GMI's based in Europe more impacted by the pandemic that those domiciled in other regions. European players such as AXA, Allianz and Zurich saw significant losses in their large commercial P&C lines.

Read more

Government committee proposes time-limited insurance scheme to prevent lost summer of live events (Insurance Times)

Live events are struggling to get insurance to cover them for cancellation due to changes in COVID rules. The latest party to call for the government to provide cover is the Digital, Culture, Media and Sport committee (DCMS). A report from the DCMS has recommended that the government implement a time-limited scheme to cover live events to prevent a 'lost summer' for the music industry. The government wants to wait until restrictions are lifted (probably 21 June) to decide on whether to back event cancellation but the DCMS say that that will be too late for many events.

Read more (requires subscription)

Home-office, HQ, hybrid or work from anywhere? This is what businesses are planning (World Economic Forum)

The world of work for many office-based workers has changed dramatically over the last year but what does the future hold? The WEF have pulled together the results of numerous surveys of management and workers and found that some form of hybrid model is most likely, though not necessarily exactly what employees would like. Adecco Group conducted a survey that found employees expect to spend 69% of their time post-pandemic in the office whereas their ideal scenario would be closer to 50%. Getting it right matters – 26% of US workers are planning to leave their current job in the next few months with flexibility being one of the main reasons for wanting to leave.

Read more

Aviva sued for alleged loss of income after COVID office closure (Insurance Times)

Everatt's law firm is seeking a business interruption payout from Aviva due to the COVID lockdowns. The business believes that the work-from-home order from the government limited its ability to serve clients during the lockdown as they were unable to work efficiently without access to all the facilities available at the premises. The lawsuit alleges it should be covered for loss of income up to £478k plus increased expense costs of £150k.

Read more (requires subscription)

COVID-hit cash strapped SMEs borrow more to fund business insurance (Insurance Times)

Premium Credit's insurance index has shown that 73% of SME bosses who use credit to pay for insurance cite the pandemic as the main reason for increased borrowing. Premium increases from insurers were also a reason for higher borrowing, according to 36% of the firms polled by Premium Credit. Cash reserves at many businesses have suffered due to the impact of the pandemic and its associated lockdowns and many firms do not have the cash to fund their insurance costs in one lump sum. 60% of additional borrowing is going on credit cards.

Read more (requires subscription)