

Helping customers, citizens and charities

Insurers' response to
the Covid-19 crisis



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The industry response to COVID-19

The COVID-19 outbreak is unprecedented in modern times and has been a significant challenge to the UK economy and the insurance industry. The industry has worked hard to serve customers, managing a smooth transition to home working with minimal disruption to customer experience. The industry has continued to manage on average £45million in general insurance claims and £40million in retirement payments per day.

Insurers have been managing an unprecedented level of activity in response to COVID-19 with some members reporting around a 200% increase in query volume to call centres compared to March 2019.

Contributing to the economic recovery

The UK insurance industry is the fourth largest in the world and is vital to the UK economy. Insurance and long term savings providers employ over 300,000 people in high skilled quality jobs with over 230,000 jobs outside of London in 146 different towns and cities across the UK. The industry has a crucial role to play in the economic recovery from COVID-19, continuing to provide a vital final safety net for customers, providing high quality jobs and as large scale investors in infrastructure and green assets, as we look to decarbonise the economy.

The role of the industry in the recovery can already be seen through the £10billion re-insurance agreement with Government to support trade credit insurance, which will be essential to supporting supply chains as the economy re-opens. As lockdown restrictions are eased and businesses start going back to work, insurers also working with their business customers to help support a safe return to the workplace through risk management guidance. Insurers will continue to support their customers with advice as the situation develops.

TheCityUK Recapitalisation project

In response to the unprecedented economic impact of the COVID-19 crisis TheCityUK has established a Recapitalisation Group (RCG) through its Leadership Council, engaging firms right across the UK-based financial and related professional services industry as well as key industry stakeholders and policymakers. The ABI and the insurance industry are actively engaged with the project and will continue to work constructively with the Government and wider business organisations to support the economic recovery.

UK insurers expect to pay out* in excess of

£1.7bn

in response to the COVID-19 crisis including:

£900m

in valid business interruption claims

£275m

A record in travel insurance claims

£500m

estimated from Lloyd's Group syndicates covering event cancellations



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* These are provisional estimates at this stage

Customer Commitments

From the start of the crisis, the industry has realised that this has been a stressful and difficult time for households and businesses across the UK. The industry has pro-actively agreed a series of pledges to support and assist customers across a range of insurance lines including home, motor, travel, pet insurance, health and protection. Insurers have also offered policy extensions and been flexible with customers wherever possible during this unprecedented period.

TRAVEL INSURANCE PLEDGES

ABI travel members have signed commitments to support customers with their travel insurance, including providing extra resources for customers. Leading ABI members signed an additional pledge extending single trip cover up to 60 days to support those customers abroad who were trying to get home.

SUPPORTING HOME AND BUSINESS CUSTOMERS

Individual members have been flexible in adding cover for employees using business equipment and covering employer liability and public liability while working from home, extending policies to cover activities related to ventilator construction, extending unoccupied periods up to 90 days, waiving fees, charges and offering flexibility on required inspections.

SUPPORTING MOTOR CUSTOMERS

Motor members have signed pledges including enabling taxi and private hire vehicles to deliver medical equipment for the NHS, without needing to inform their insurers. Some members have offered partial refunds or offered payment holidays, on a case by case basis, due to the lockdown restrictions. ABI members also agreed to be flexible and offer MOT extensions during the lockdown.

HANDLING CLAIMS

During lockdown members have encouraged digital document delivery instead of post and relaxed levels of evidence required to process a claim, utilising web based claims processes, setting up dedicated claims lines, claims handling teams and processing upfront payments to support customers.

PROTECTING ACCESS TO JUSTICE

A new COVID-19 Personal Injury Protocol was launched by the ABI and Thompsons Solicitors to ensure personal injury solicitors and insurers work collaboratively together to mitigate the impact of the coronavirus on the civil justice system in England and Wales. The ABI also reached limitation agreements with the Association of Personal Injury Lawyers in Scotland and Northern Ireland.

PROTECTION AND HEALTHCARE PLEDGES

Insurers have agreed additional commitments to support the NHS, supporting vulnerable customers and those making a claim with health and protection insurance. Insurers have given priority, where possible, to processing claims for NHS and key workers staff as well as granting policy extensions and waiving policy restrictions for business carrying out activities to support the NHS.

The Covid-19 Support Fund

The UK insurance and long-term savings industry launched the Covid-19 Support Fund in May 2020 to help support some of the people hardest hit by the Covid-19 crisis. With £83.9 million already having been pledged in voluntary contributions from firms across the sector, the Fund works in partnership with the Charities Aid Foundation, and a network of partners, including the National Emergencies Trust and Business In the Community.

The key aim is to provide immediate relief to charities affected by Covid-19, as well as a longer-term programme of support for people, communities, and issues where there is the greatest need, including:

- Community based charities that are under unprecedented strain
- Charities supporting the most vulnerable – in particular, families and children living in poverty and older people in isolation
- Initiatives to promote wellbeing and mental health across society

You can learn more about the work of the Fund and our supporters here: www.covid19support.org.uk

The National Business Response Network brings the immense power of responsible businesses to the doorsteps of those in need in our communities. We are extremely excited to have the support of the Covid-19 Support Fund as a founding partner as we scale the Network.

Amanda Mackenzie OBE

Chief Executive of Business in the Community

Getting these vital funds quickly and safely into the hands of the many charities at the heart of our communities is central to CAF's mission and we are proud to be able to work alongside those in the insurance and long-term savings industries to make this happen. We know it will make a huge difference to many people in need of support at this time.

Sir John Low

Chief Executive of the Charities Aid Foundation (CAF)



CASE STUDY

Supporting BAME victims of domestic abuse in Manchester

Donations to the Covid-19 Support Fund are enabling the National Emergencies Trust to support those in urgent need across the UK. Olive Pathway will use its grant to support BAME women victims, survivors and those fleeing domestic abuse in Manchester. During lockdown, Olive Pathway is supporting victims remotely and providing food and groceries packs. It is also providing food packs to families seeking asylum, who have no recourse to public funds.



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Further industry response to the Covid-19 crisis

In May, the Financial Conduct Authority (FCA) announced that they would seek a determination by the court on the status of business interruption insurance to resolve doubt for businesses who are facing uncertainty on their claims. The hearing of this test case will take place in the second half of July.

Insurers support the objective of obtaining legal certainty for the minority of businesses who are disputing whether their insurance policy covers losses as a result of the COVID-19 pandemic. The insurers involved in the test case have worked, and continue to work, tirelessly to meet the very challenging timeframes in order to meet the objective of “achieving the maximum clarity possible for the maximum number of policyholders (especially, although not solely SMEs) and their insurers consistent with the need for expedition and proportionality.”

For valid claims, leading ABI members have agreed a set of claims handling principles to reassure customers at this uncertain time, clarifying and reinforcing existing best practice in claims handling, including making interim payments where possible.

The future of pandemic cover

Given the scale and number of businesses affected, for pandemic business interruption cover to be widely available and affordable it may require a significant subsidy from the Government.

We recognise this is a deeply worrying time for businesses across the UK and the industry wants to engage in constructive discussions about the future of pandemic cover to ensure that businesses can be protected to a greater extent than they have been in the current crisis. The ABI has set up a working group looking at potential solutions for future pandemic cover and we have contributed to [ongoing work](#) from Lloyd's looking at insurance solutions to 'Black Swan events'.

Providing support and advice

At the start of the crisis the ABI developed a [COVID-19 Information hub](#) on our website with FAQs and information for consumers to find out more about the response to the virus. The ABI has helped members of the UK, Scottish and Welsh Parliaments and the Northern Ireland Assembly with over 200 individual pieces of constituency casework. We have also worked with Ministers and officials from the UK, Scottish and Welsh Governments and the Northern Ireland Executive on an extensive range of COVID-19 policy issues.



Supporting the NHS and key workers

At the start of the pandemic the private health sector and the NHS agreed a landmark deal to provide extra capacity to support the fight against COVID-19. In this national crisis, the private health sector has demonstrated that it will do what it takes to help the NHS have the resources it needs. Freeing up beds in private hospitals has significantly helped the NHS treat more patients affected by the virus and save lives.



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