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John Glen MP
Economic Secretary to the Treasury
HM Treasury
1 Horse Guards Road
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25 September 2020

Dear Economic Secretary

I am writing to update you on insurers' response to the Covid-19 outbreak and in particular, to reassure you on the insurance treatment of some specific one-off government grants.

As with some other aspects of Covid-19 and insurance claims, this is an unprecedented situation and I am grateful for the patience shown by you and your team in exploring this issue which has allowed a more comprehensive response to be offered that reflects the spirit in which the UK Government put these grants in place.

Having engaged individually with the CEOs of major commercial insurers, I am in a position to confirm that the 12 firms listed below will not be deducting the Local Authority Grant, the Small Business Grant and the Leisure/Retail/Hospitality grants, or their equivalents in Scotland, Wales and Northern Ireland, from any Covid-19 claims payments. In the minority of cases where this has already happened, each firm concerned will review these claims and reach out to claimants in relation to adjusting the settlement accordingly.

The 12 firms are Aviva, Zurich, RSA, Allianz, Hiscox, Axa, Direct Line Group, Covea, Ageas, QBE, Ecclesiastical and Axa XL.

I also wanted to reassure you that the UK insurance industry continues to take seriously our role in helping business recover. ABI members and Lloyd's syndicates are hard at work processing claims worth at least £1.8 billion in Covid-related insurance payments for the UK covering business interruption, travel, trade credit, events cancellation and life insurance claims. In addition, long-term savings and insurance providers have set up the £84m Covid-19 Support Fund which is actively helping communities and charities whose funding has been most hit by the lockdown, including providing a quarter of the National Emergencies Trust Covid-19 funding.

In order to minimise the chances of this situation reoccurring, I suggest the ABI and your officials meet to consider how any future one-off government grants relate to insurance. We have done this previously with flood-related grants and would be happy to engage constructively to help ensure any future uncertainty is minimised, especially for the businesses we are both trying to help.

Yours sincerely

Huw Evans
Director General