



Stephen Gould  
Chairman  
One Voice Group

19 May 2020

Dear Stephen

Thank you for your letter to Jon Dye, on behalf of the associations representing the beer, pub and hospitality sectors, as the Director General of the ABI I have been asked to respond on his behalf.

As your letter sets out, this is a difficult and uncertain time for many businesses, especially those in the sectors you and your colleagues represent.

I am sure that you are aware most insurance cover purchased by businesses protects against standard risks. Businesses are typically protected against day to day risks such as damage to premises from fire or flood, motor accidents, supplier failure and employee harm. Last year, in the UK alone, these types of everyday claims from businesses amounted to £7.8bn. Business interruption cover is typically built around something specific happening to the physical premises, not something to the whole country. Where extensions have been purchased for notifiable diseases, these are typically for a specific set of diseases and require the disease to have infected the premises concerned. These extensions provide protection to businesses in the hospitality sector when, for example, an employee contracts a norovirus or returns from holiday with malaria, thereby requiring the business to be closed for deep cleaning with the costs and loss of earnings covered by the insurance. Such policies are not designed to cover a global viral pandemic of a kind we have not seen in over 100 years in this country and nor were your members charged for such cover.

I can, of course, appreciate the desire to see insurers make compensation payments outside of policy terms, especially given the very difficult situation facing the hospitality sector. However, the scale of the problem would see the cost of such payments easily run into billions of pounds for which the insurance industry has not collected premiums or reserved. Such goodwill gestures could therefore only be delivered at risk to insurer solvency and require insurance executives to breach their legal and regulatory responsibilities to do nothing that will endanger the financial safety of the company.

Where businesses are covered, insurers have publicly committed to deal with claims as swiftly as possible. Our latest estimate, informed by data from our members to support our response to questions from the Treasury Select Committee, is that £900m will be paid by insurers to businesses for interruption as a result of the COVID-19 crisis as part of an estimated £1.7bn insurance payouts in the UK from ABI members and Lloyd's of London. Any of your members who are unsure whether they have cover or not should seek clarification with their insurer or adviser.

I hope this context offers some assistance in helping your members and wish you all a return to better times. If you would like further dialogue with the ABI team, please contact [debra.marsh@abi.org.uk](mailto:debra.marsh@abi.org.uk) who can assist.

Yours sincerely

**Huw Evans**  
Director General