

HENDERSON BROTHERS UPDATE

Insurers are “Financial First Responders” in COVID-19 Crisis

Date: March 31, 2020

According to the Insurance Information Institute COVID-19’s Impact on the Property Casualty Industry presentation from March 20, 2020 – Insurers are financially strong as a group and stand ready to pay the covered claims.

As reported in 2019: Q3 the cumulative policyholder’s surplus is more than \$800 billion, eight times what unsure paid for the 2017 US natural disasters. Investment portfolios are diversified and able to withstand monetary loosening and equity market volatility. Large share of carriers’ exposure reinsured via global corporate companies with significant capital. In an unlikely individual insurer insolvency, existing state guaranty funds will pay claims on insurer’s behalf.

Personal liability policies may be impacted by COVID-19. Liability exposure arising from failure to “adequately” follow and communicate public health guidelines. Investigators will require clarity about responsibility to protective equipment, masks, hand sanitizer, lack of hand sanitation stations.

Personal Auto and Homeowners is expected to have the lowest level of impact. Physical damage or damage to insured property is not expected to increase. Reductions in movements of goods and people normally associated with lower economic activity may result in fewer auto insurance claims. There is some concerns over scarcity pricing for auto parts and service repairs under worst case pandemic scenarios.

Travel insurance and cyber risk will be impacted. With an increase in number of employees working from home increases cyber vulnerability from scams and hackers. Travel policies are expected to decrease cancel for any reason benefits and continue to exclude pandemic related claims.

In these difficult times, insurance carriers are providing billing flexibility on premium payments and leniency on policy cancellation for nonpayment through April 30, 2020.

In this time of need, we would like to reconfirm our commitment to you. If you or your family need support at this time, please do not hesitate to contact our dedicated service line - (412) 754-3388. As always, our claims team is available 24 hours a day / 7 days a week.

