

Friday March 27, 2020

## Insurers are helping businesses and householders under COVID-19 essential service rules

The Insurance Council of Australia (ICA) has welcomed general insurance being considered as an essential service during the COVID-19 crisis.

ICA Head of Communications Campbell Fuller said: “Insurance is not listed as a restricted activity or business. This means insurers can continue to work hard to provide services and support to Australians. They’re committed to helping their customers through the pandemic.

“However, this is not business as usual. Far from it. COVID-19 is having a dramatic impact on the operations of most businesses due to social distancing and shutdown rules.

“Insurance companies and brokers are already dealing with an extraordinary burden from more than 252,000 claims worth \$4.6 billion following the Angry Summer of natural disasters.

“We expect most insurance business operations and urgent services will remain available during shutdowns, even if restrictions on the community are toughened. It is inevitable many customers will experience delays and interruptions.

“The ICA is seeking further clarity from the federal, state and territory governments on essential services arrangements.”

If the current shutdown is made more severe, insurers expect emergency repairs would continue to make a building safe for householders. Motor vehicle claims and repairs, and other assistance, should be maintained for vulnerable Australians and for those involved in delivering critical services during the pandemic.

The ICA is also seeking guidance from essential service authorities in each state and territory whether insurance-related workers are able to cross state borders without having to enter isolation.

Insurance Council member companies are seeking to help SME and household customers on an individual basis, especially those experiencing hardship.

**See next page for more information.**

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## **FURTHER INFORMATION:**

- Under the current limited shutdown arrangements:
  - Claims, assessment and repair services are continuing, which helps ensure Australians can have safe homes and motor vehicles. Delays may be experienced
  - Repair and rebuilding work on properties that have been damaged or destroyed over spring and summer are mostly continuing, though some builders are no longer able to provide their services
  - Supplies of some building and motor vehicle materials are now becoming scarce due to disruption to manufacturing in China
  - Claims settlements, and the sales and renewals of most products along with most back-office functions, are ongoing
  - Overseas call centres have mostly been shut down by local authorities. Australian staff are taking on this extra load, usually working from home, which means call delays may be longer than normal
- Many travel insurers have suspended sales of international travel products due to the Federal Government's travel ban. Some are providing products for travel in the second half of the year. Customers are advised to contact the insurer about exclusions that may apply
- Some insurers have temporarily placed an embargo on the sale of landlord insurance policies, or are adjusting what can be covered in future policies. This is due to the uncertainty created by the fast-moving and rapidly changing COVID-19 situation, and discussions by governments about rental protection measures and their potential impact on landlords, tenants and insurers.
- Industry-wide measures are being examined but unlike the banking sector, which has generous government fiscal support, general insurance is a diverse industry that offers complex short-term contracts. Insurers do not have equity (via mortgages and loans) in customer assets to protect their financial exposure

## **ABOUT THE INSURANCE COUNCIL OF AUSTRALIA:**

The Insurance Council of Australia is the representative body of the general insurance industry in Australia. Our members represent about 95 per cent of total premium income written by private sector general insurers. Insurance Council members, both insurers and reinsurers, are a significant part of the financial services system. December 2019 Australian Prudential Regulation Authority statistics show that the general insurance industry generates gross written premium of \$50.2 billion a year and has total assets of \$129.7 billion. The industry employs about 60,000 people and on average pays out about \$152.3 million in claims each working day. Industry underwriting profit for the year to June 30, 2019, was \$2.3 billion.

Insurance Council members provide insurance products ranging from those usually purchased by individuals (such as home and contents insurance, travel insurance, motor vehicle insurance) to those purchased by small businesses and larger organisations (such as product and public liability insurance, professional indemnity insurance, commercial property, and directors and officers insurance).