

**COVID-19 related links/information
provided by Insurance Regulation Committee Members
(links maintained on best efforts basis by submitters)**

[LINK TO IAA COVID-19 WEBPAGE](#)

Information provided by IRC members:

Australia (From Fred Rowley)

In Australia, APRA is in a considerable number of consultations with companies and the professions (including the Institute). I believe rather more data is also being gathered 'ad-hoc'.

However, for the moment actual regulatory action has been limited to deferring most of its broader consultations and review processes.

The exception is that a major supervisory action in relation to Disability Income Insurance (involving more than \$1Bn Pillar 2 capital increases, across the industry, aimed at product reform) has also been set aside for the time being. This product is expected to be an on-going problem, since claims are inevitably linked to employment prospects, as well as actual health.

APRA is expected to announce some further actions fairly soon. Virus cases are still expanding, but still at quite low penetration, especially if you discount the recent inbound travellers (who are in full isolation).

The government itself has (directly) mandated that private health insurance funds, which normally all have a price increase at 1 April, will not have that increase this year. This may be seen as reasonable, since most elective surgery is now cancelled in Australia.

Useful link to Actuaries Institute: <https://www.actuaries.digital/2020/05/15/risk-management-implications-of-coronavirus-covid-19-for-non-executive-directors/>

Belgium (From Daphné de Leval)

- claim impact: reduction in motor and work compensation claims, no significant increase in death claims (young population or limited capital-at-risk) and no clear trend yet in health (hospitals are so overcrowded by covid19 cases that are covered by the social security that other cases (e.g. extra costs for single room covered by insurers) are quite limited)
- liability impacts: reduction in unit-linked, new digital developments
- asset impacts: derisking strategy over the last month, illiquid markets
- forecasts/scenarios: need to review business plan and stress testing (ORSA)
- governance/risk management: more frequent meetings, close follow up of risk indicators, many external virtual meetings with politicians/supervisor/insurance sector
- supervisory issues: weekly reporting to the supervisor on the situation incl. prospective P&L analysis, dividend suspension

- reporting: deferral of some official reporting deadlines, post closure significant events

Canada (From Helmut Engels)

- Office of the Superintendent of Financial Institutions [OSFI Actions to Address Operational Issues Stemming from COVID-19](#)
- Canadian Institute of Actuaries <https://www.cia-ica.ca/covid-19-hub>

Denmark (from Frank Rasmussen)

In Denmark the authorities have demanded weekly reporting on the solvency situation including stress tests of a 15 % equity fall and an 25 bps. interest rate stress. Furthermore. there has been a demand for reporting on the situation for life insurance without guarantees.

Europe (from Dieter Köhnlein)

local perspective from **Europe**.

Supervisory authorities

- EIOPA has decided to provide information about the relevant risk free interest curve more often. This interest curve is a decisive parameter for the calculation of solvency capital under the Solvency II regime.
<https://www.eiopa.europa.eu/content/eiopa-publishes-extraordinary-information-solvency-ii-relevant-risk-free-interest-rate-term>
- <https://www.eiopa.europa.eu/content/european-insurers-face-increased-risk-exposures-due-covid-19-market-perceptions-and-en>
- <https://www.eiopa.europa.eu/risk-dashboard>

Note: Despite the fact that some indicators used in this Risk Dashboard do not capture the latest market development in the context of Covid-19 outbreak, the expected deterioration of the relevant indicators reflecting all available information in a forward looking perspective has been considered in the assigned risk levels. This addresses the current situation of high uncertainty in the insurance market.

Insurance industry

- Insurance Europe, the association of insurance companies have teamed up with other organizations within the Financial Service industry to give a joint message to important governmental institutions to keep the financial markets open during the crisis.
[Need for Joint Statement on Keeping European Markets Open](#)
- As European Social Partners in the Banking and Insurance Sectors Insurers issued a common statement together with other Social Partners about their COVID-19 related common strategy. In particular that all the actors in the European financial services sector will follow strictly the recommendations and rules of public authorities and health agencies in relation to COVID-19.
[Joint statement of the European Social Partners in the Banking and Insurance Sectors on the COVID-19 Emergency Crisis](#)

Actuaries

- The Actuarial Association of Europe has decided to cancel their physical Spring Meetings 2020 scheduled to take place on 2 and 3 April 2020 in Bratislava. All meetings scheduled, will now take place online.
- I am not aware of any statement of AAE on impacts to the insurance industry and the actuarial profession in particular. I expect a related discussion within the next days (see above).

Japan (from Masaaki Shigehara)

In Japan, the Financial Services Agency announced on March 30th about the delay of regulatory reportings of financial institutions. JFSA says that if there is some difficulty in filing reports within legal and regulatory limits, they are considering flexible treatments. But it seems to be mainly for small saving institutes.

And JFSA also requested publicly to insurers to make some arrangements such as extended grace periods for premium payments and renewals.

Insurance industry has reacted to this, for example life insurance companies extend grace period maximum to 6 months.

Portugal (from Ana Maria Martins Pereira)

Portugal Supervisor issue some recommendation to the insurance companies, among other more specific to Portugal, they recommend:

Especial recommendation to the surrenders in life business,

It is important to monitor the health of the Company and provided clients with an explanation certifying he understands what he is doing especially in insurance without guarantees;

Companies have to monitor very carefully the solvency capital requirements, considering these pandemic issues and should not make a distribution of dividends even if they are in a healthy position.

South Africa (from Christiaan Ahlers)

In addition to daily feedback about operational risk and liquidity risk, the following insurance specific feedback is requested.

It is acknowledged that some of these might not be immediately evident, and could possible emerge as trends over the medium term.

Life insurers

Measure:

Monitoring template sent to all life insurers with the following indicators to be completed on a weekly basis:

Number of lapses of policies.

- New business volume by line of business (Life, Funeral, Other).
- Claims volume by business lines (Life, Funeral, Other).
- Volume of fraudulent claims (Life, Funeral, Other).
- Volume of surrenders (Life, Funeral, Other).

Objective / Motivation:

To gain a better understanding of the number of insurance policies being lapsed (due to potential financial pressures experienced by policyholders).

- To gain a better understanding of any increase or decrease in the insurer's new business volumes (specifically for funeral business).
- To gain a better understanding of any increase in the volumes of claims experienced by the insurer (and the impact this has on their liabilities and in turn their solvency).
- To determine if an increase in fraudulent activity is being experienced by the insurer (to identify changes in human behaviour and assess the insurer's ability to identify these fraudulent claims).
- To gain a better understanding of any increase in the volume of insurance policies being surrendered (and the impact this has on the increased surrender values to be paid out by insurers).

ASSA paper: [COVID-19 CONSIDERATIONS FOR LIFE ASSURANCE ACTUARIES](#)

Non-life Insurers

Measure:

Monitoring template sent to all non-life insurers with the following indicators to be completed on a weekly basis:

Delays in claims settlements due to blockages in the supply chain (e.g. inability to procure replacement parts; Y/N).

- Impact of exchange rate volatility on claims settlement (Y/N, estimates).
- Average cost per claim.
- Value of reinsurance recoveries.
- Policy lapses.

Objective Motivation:

To check if insurers are being negatively affected by supply chain disruptions in their claims settlement processes.

- To check if insurers' cost of settling incurred claims have been negatively affected by the currency devaluation.
- To assess the impact of supply chain disruptions and currency devaluation on insurers' incurred claims.
- To determine the trend in insurers' credit risk exposures to reinsurers as the claims environment worsens

- To determine the trend in the loss of insurance business due to the stressed economic environment.

Switzerland (from Eric Dal Moro)

- [Corporate message from SCOR](#)
- [Corporate message from Swiss Re](#)

UK

- [Bank of England announces supervisory and prudential policy measures to address the challenges of Covid-19](#) (from Chris Daykin)
- [Sam Woods Deputy Governor and CEO of the Prudential](#) (from Chris Daykin)
- [Imperial College report: The Global Impact of COVID-19 and Strategies for Mitigation and Suppression](#) (from Chris Daykin)
- IFoA Covid-19 Action Group: <https://www.actuaries.org.uk/news-and-insights/public-affairs-and-policy/pandemics-hub/covid-19-action-group> (From Nick Dexter)

USA

- [Short-term U.S. Economic Impacts of the Novel Coronavirus](#) (from Mike Smith)
- [\(New York\) Guidance to Department of Financial Services \("DFS"\) Regulated Insurance Entities and Request for Assurance Relating to Operational and Financial Risk Arising from the Outbreak of the Novel Coronavirus \(COVID-19\)](#) (from Marc Slutzky)
- [Society of Actuaries research reports on COVID-19](#) (from Marc Slutzky)
- [COVID-19 The PC Perspective](#) – (from Mary Hosford)



US state COVID 19 actions - March 31 2020

- Attachment separately from Ralph Blanchard
- See Massachusetts COVID-19 directives here: <https://www.mass.gov/lists/doi-bulletins#year-2020-bulletins>. Additionally, there is legislation pending in Massachusetts (and I think elsewhere in various forms) that would require insurers to consider COVID-19 a covered peril for businessowners insurance for qualifying restaurants. (From Mary Hosford)
- Reinsurance Association of America (RAA) is tracking state-specific legislation and regulation related to Covid-19 for Business Interruption and Workers' Compensation in two charts available on its [Covid-19 Legislation page](#). Download the [Business Interruption chart](#). Download the [Workers' Compensation chart](#). These charts are available with no login required.

You can find additional information on Covid-19-related federal and state legislation on the RAA's [Covid-19 information pages](#) (from Mike Smith)

OECD (From Stuart Wason)

Initial assessment of insurance coverage and gaps for tackling COVID-19 impacts

14 April 2020 – Restrictions imposed by governments to limit the health consequences of the COVID-19 pandemic are causing widespread disruption to travel, business operations and supply chains. Both individuals and businesses face significant costs and losses, and many will be expecting their insurance coverage to reimburse some of these costs and losses

This note reviews the potential coverage available for COVID-19 related losses across different lines of insurance business, based on assessments and statements by legal counsel, intermediaries and insurance associations.

- [Download the note](#)
- [More OECD work on insurance](#)
- [More COVID-19 responses from the OECD](#)

FSI Brief (From Jeffery Yong)

FSI Brief on insurance regulatory measures in response to Covid-19. It covers actions taken thus far (*23 April 2020*) by regulators in over 50 jurisdictions.

You can access the paper here: <https://www.bis.org/fsi/fsibriefs4.htm>