

## GFIA statement on COVID-19

The global insurance industry is an essential stabilising force throughout the world. Insurers have and always will contribute towards developing solutions to the greatest challenges facing individuals, businesses and governments, especially during major catastrophes and societal upheavals.

As the world grapples with the COVID-19 pandemic, insurers remain focused on honouring their promises to customers. Insurers have implemented contingency plans for pandemics to protect their employees and to reduce service interruptions. Some insurers are also implementing new flexible payment solutions and taking other measures to adapt to the changing needs of policyholders and the broader societies in which they operate. Many companies, either individually or collectively through their industry associations, are also taking voluntary steps to contribute in other ways to help stem this health crisis and in preparing for the ultimate recovery that will follow. These steps will also include active engagement regarding the development of both short- and long-term legislative solutions to address pandemic risks.

GFIA understands that governments around the world and international organisations are also fulfilling their necessary duties to respond to the crisis: both in protecting the health of their citizens and in supporting the businesses that drive their economies. GFIA appreciates that central banks, governments and international organisations have put forward proposals targeting flexibility in respect to some of the regulatory and data collection requirements.

As governments around the world implement emergency response measures, GFIA asks that they consider the following points:

- The continued financial stability of the insurance industry is vital. Without it, insurers will not be able to continue to respond to the crisis or to honour their obligations to customers under existing policies. Our industry is committed to helping governments meet the financial needs of citizens and businesses. However, where coverage for pandemics and other causes of loss were not included in existing policies or reflected in premium payments, requiring insurers to cover those losses retroactively could seriously threaten the stability of the global insurance industry. Events such as fires, motor vehicle accidents and natural catastrophes covered by insurance do not stop, even during a pandemic. At the same time, insurers manage their financial strength in order to meet the promises and guarantees made to customers, whether they are related to the pandemic or not. As such, retroactively changing the terms of policies would not be an appropriate way to address the large-scale financial impacts of the COVID-19 pandemic. In fact, such actions could threaten the entire financial stability of the insurance industry and significantly undermine insurers' ability to pay other types of claims. In turn, this could exacerbate the negative impacts the economy is currently experiencing.
- Some governments have found it necessary to restrict the movement of people and instruct businesses to close or scale down operations in order to slow the spread of COVID-19. Insurers fully support efforts

to protect their employees, their families and the general public, and are doing everything they can to implement best practices for worker safety. Many insurance professionals are required to keep insurance companies operational, including IT and data processing staff, adjusters, health service providers, vehicle repairers and property restoration specialists. As with other major catastrophe events, such as flooding or earthquakes, it is vital that insurers are able to respond to their customers during the COVID-19 pandemic, particularly where the customers' health and safety is at risk. The business continuity of insurers' operations are highly dependent on a diverse network of insurance professionals and essential suppliers. GFIA therefore urges governments to act on requests from their national markets for exceptions or other steps that can be taken to allow (re)insurance companies to maintain their operations, so that they can continue to provide the insurance coverage and pension savings products that their customers demand.

- Regulators and supervisors around the world have a necessary interest in the solvency and business continuity plans of insurers, and some have implemented additional data calls and requests for information from insurers. While these are jurisdictional decisions in the remit of supervisory authorities, coordination between governmental authorities – and the allowance of some flexibility to account for existing administrative burdens – will be very important in allowing the industry to concentrate time and resources on serving policyholders and confronting the pandemic.
- Insurers and intermediaries have moved their operations to work-from-home environments to continue to be able to serve their customers. This transition presents several administrative challenges in meeting customer needs, including the regulatory requirements in some countries to send documents via the mail or in-person delivery. Governments and regulators should therefore relax requirements for paper-based or in-person communication and encourage the digital delivery of insurance documents. During the COVID-19 pandemic, the focus should be on customer outcomes, such as the customer receiving the documents, instead of the means by which the customer receives the documents.

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### **About GFIA**

Through its 40 member associations and 1 observer association, the Global Federation of Insurance Associations (GFIA) represents the interests of insurers and reinsurers in 64 countries. These companies account for around 89% of total insurance premiums worldwide. GFIA is incorporated in Switzerland and its secretariat is based in Brussels.