

*COVID-19* DIGITAL LISTENING for

# PROPERTY & CASUALTY

*Group and Individual Benefits Insights and Competitor Trends*

4.10 – 4.23 BRIEFING

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# Top Trends Among Property & Casualty Insurance During Coronavirus

April 10 – 23

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PAYER

Several insurers are offering members home insurance discounts.

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PAYER

Payers and consumers are changing how they offer and purchase life insurance due to COVID-19.

Life

PAYER

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MassMutual is offering free life insurance to frontline healthcare workers.

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Life

PAYER

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1

## Several insurers are offering members home insurance discounts.

### WHAT IS HAPPENING

- Hanover is providing support for its home insurance customers.
- Plymouth Rock is offering Alternative Living Expense Coverage for customers who work in healthcare.
- State Farm is cutting homeowner's insurance policy rates for more than a quarter of a million policyholders in Louisiana.

### WHAT ARE THE DETAILS



**Plymouth Rock**

**StateFarm™**

### WHY THIS IS IMPORTANT

[Home](#)

**Insurers are showing good will to members by reducing and waiving fees.**

### IMPLICATION

Additional lines of insurances are offering support to their members impacted by the pandemic. Members will likely remember these actions after the crisis has passed, resulting in loyalty and positive brand equity in the marketplace.

2

## Payers and consumers are changing how they offer and purchase life insurance due to COVID-19.

### WHAT IS HAPPENING

- A new LIMRA (Life Insurance Marketing and Research Association) study revealed customers are changing the way they purchase life insurance.
- Since the pandemic, there has been a surge in life insurance purchases, specifically online purchases, as consumers are increasingly concerned about protecting loved ones.
- However, social distancing and shelter in place orders have made it nearly impossible to complete face-to-face life insurance transactions.

### WHAT ARE THE DETAILS

- The LIMRA survey found that there was a slight shift in how customers applied for life insurance:
  - A third of insurance companies reported a decline in face-to-face applications
  - However, 24 percent of US companies that accept online/mobile applications for life insurance saw an increase in applications in March
- Additionally, some companies have made changes to their business practices:
  - Expanded their automated underwriting practices
  - Postponed and/or waived paramedical requirements
  - Added questions on COVID-19 exposure and travel
  - Requiring good health statements
  - Accepting electronic health records
  - Allowing historical exam and lab data instead of an exam

### WHY THIS IS IMPORTANT

Life

As customers pivot to new channels to purchase life insurance, payers are modifying business practices.

### IMPLICATION

To adjust to the changing buying behavior of consumers, insurers should ensure their online/mobile applications for purchasing life insurance create an easy and efficient customer experience.

3

## MassMutual is offering free life insurance to frontline healthcare workers.

### WHAT IS HAPPENING

- MassMutual launched its [MassMutual HealthBridge program](#) to provide frontline healthcare workers in Massachusetts and Connecticut with free term life insurance.
- In total, MassMutual is putting \$3 billion into the program.
- While many praise the move, others criticize it for not covering all healthcare workers, including nursing home aides.

### WHAT ARE THE DETAILS

#### **MassMutual**

- Committing three-year term Life Mutual benefit up to \$25,000 at no cost for frontline healthcare workers.
- The entire application process is completed online.

Conversations from consumers:

“ ”

- ‘[This is a great offer but I'm disappointed that long term care, assisted living facility, home healthcare, and hospice providers aren't eligible.](#) These folks are also "on the front line" of caring for COVID-19 patients.’
- ‘[I'm going to join the majority of the comments here and say you should be ashamed of yourselves for not including Long Term Care facilities.](#) Maybe you don't quite understand what we do in LTC.’

### WHY THIS IS IMPORTANT

Life

**MassMutual is putting aside profits to support frontline workers.**

### IMPLICATION

Healthcare workers are considered high risk customers during the pandemic and while there has been some criticism, MassMutual should gain positive brand equity for supporting these workers.

## 4

**Other insurers are preventing seniors, another high-risk population, from applying for life insurance.****WHAT IS HAPPENING**

- Multiple insurance companies are either suspending or making it difficult for older adults to acquire life insurance.
- These insurance companies decided to change application policies for this group to 'maintain their financial viability.'
- Even under normal circumstances, insuring older adults is a big risk for life insurance companies.
- Especially during these times, older adults pose a greater risk for insurance companies as eight out of every ten deaths from the coronavirus is a person aged 65 and older.
- However, older adults only account for between two percent and almost 4 percent of insurance companies' total life insurance sales.

**WHAT ARE THE DETAILS**

- Halting application acceptance for individuals who are 80 years or older.



- Postponing approving policies for adults who are 80 years or older.



- Suspending applications for adults 70 years or older.

**WHY THIS IS IMPORTANT**

Life

**Insurers are taking small steps to protect themselves from high risk policies.**

**IMPLICATION**

Although the policies account for a small portion of total sales, the moves signal insurers' inclination to maintain financial stability during this uncertain time.

## 6

## Businesses and states are already fighting back against business interruption claim denials.

### WHAT IS HAPPENING

- Business owners and state lawmakers are demanding insurers cover losses due to COVID-19.
- However, insurance companies are pushing back against legislative challenges as they believe covering businesses during the pandemic would have 'far-reaching, significant negative impacts to all consumers and businesses relying on the insurance market to protect them now and in the future.'
- A Washington state study found only 'two of 84 insurers...offered pandemic coverage in their base policies.'

### WHAT ARE THE DETAILS

Conversations from business owners:

- “ ”** • 'I don't think that insurance maybe wasn't ready for it, but that's really not my problem. I pay my premium, my business was interrupted, the government came in and says you can't work. I was ready to work.'

State orders and legislation:

- California Insurance Commissioner sent a notice to insurers that they have a 'requirement to accept, forward, acknowledge, and fairly investigate all business interruption insurance claims caused by the COVID-19 Pandemic.'
- Rhode Island proposed two bills that would prevent insurers from denying business interruption claims to businesses that have 150 or fewer employees and 100 or fewer employees.

Conversations from class action lawsuits:

- “ ”** • 'There are many hundreds, if not thousands, of policies like this one where there is no exclusion for viruses — yet Chubb refuses to pay. The future of these businesses is on everyone's mind.'

### WHY THIS IS IMPORTANT

Business

The outcome for these business interruption lawsuits could be financially disastrous for either insurers or businesses.

### IMPLICATION

Without a compromise, both insurers and businesses will suffer the negative effects which could have far reaching impacts on local economies.

## 5

## Several states have changed policies to allow new agents to get licenses due to COVID-19.

### WHAT IS HAPPENING

- The long-standing process to become a licensed insurance agent requires multiple in-person steps such as proctored exams.
- Social distancing and the closing of nonessential buildings including testing centers due to the pandemic, has made the traditional method of becoming a licensed insurance agent nearly impossible.
- In Florida, the state's CFO took steps to make the process easier for agents during this time because 'insurance agencies are experiencing an uptick in demand...[and] insurance is such an important part of Florida's economy, we wanted to create a process where folks can start working while consumers are still protected.'

### WHAT ARE THE DETAILS



North  
Dakota

- Offering online testing through ProProctor for the life insurance, accident, health and property and casualty insurance exams.
- ND Insurance Commissioner: 'There has been a national call to issue temporary licenses; by doing remote testing, we can continue to ensure individuals selling and negotiating insurance are the highly qualified professionals we have always had in North Dakota.'



Florida

- Allowing insurance agencies to hire new agents who have completed all other license requirements but have not taken that state exam because of COVID-19.
- The change applies to health agents, life agents and personal lines agents.



Texas

- Temporary licenses are available for health agents, life agents and property and casualty agents.
- Reopening some testing locations.
- Those who still need fingerprinting can apply for a temporary license.

### WHY THIS IS IMPORTANT

States are easing barriers and accelerating approvals for agents to become licensed during this unprecedented time.

### IMPLICATION

State governments understand the important role agents play in providing coverage to its residents and may usher in new, long-lasting policy changes.

# Industry News Related to Coronavirus

As of April 23, 2020

## **UNDERWRITER REPORTS INCREASE IN REQUESTS ABOUT PANDEMIC COVERAGE**

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- While many are looking for coverage during the current pandemic, others are looking to prevent similar damages from happening if/when the next pandemic occurs.
- However, COVID-19 coverage is currently not available because there isn't enough data to determine coverage and pricing.
- Requests are coming from governments, companies, and individuals.

## **INSURANCE QUOTE REQUESTS DOWN 30 PERCENT BUT AGENCIES WITH ONLINE QUOTING TOOLS FARED BETTER**

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- Insurance agencies' personal lines insurance quoting volumes were more than 30% lower than expected at the end of March.
- Agencies that have invested in online, consumer-driven quoting capabilities on their websites fared better during the time period, as seen in a recent study.
- Specifically, agencies with online quote systems had a 3 percent increase in quoting activity instead of the almost 14 percent drop other agencies (those which rely more on phone, referral or foot traffic) experienced during the same time period.

## **CALIFORNIA ORDERS INSURERS TO REFUND PREMIUMS TO DRIVERS AND BUSINESSES**

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- The refund covers premiums for March and April and possibly May for the following insurance lines: private passenger automobile, commercial automobile; workers' compensation; commercial multi-peril; commercial liability; and any other insurance line where the risk of loss has fallen substantially as a result of the COVID-19 pandemic.
- The refunds are expected to be paid out by August.
- Refunds will not have to be approved by the California Department of Insurance if the insurance company follows the instructions listed on the announcement.

## **BRIGHTWAY INSURANCE OFFERS DEFERRED COST OPTION TO NEW FRANCHISES**

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- The move is designed to make it easier to attain franchise ownership during the pandemic.
- New franchise owners will be allowed to exercise a stay-at-home option to launch their businesses while delaying costs incurred until they are able to open their store locations.
- Traditionally, a new franchise would be required to have a storefront and at least three employees working in the location by the end of the first year of business.

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