

COVID-19 DIGITAL LISTENING for

# PROPERTY & CASUALTY

*Group and Individual Benefits Insights and Competitor Trends*

5.08 – 5.21 BRIEFING

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MARKETBRIDGE



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# Top Trends Among Property & Casualty Insurance During Coronavirus

May 08 – May 21

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Life

PAYER

MassMutual expands frontline life insurance to other states and types of frontline workers.

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# 1 MassMutual expands frontline life insurance to other states and types of frontline workers.

## WHAT IS HAPPENING

- MassMutual is expanding its \$3 billion free life insurance program for frontline workers to five additional states and additional types of frontline workers.
- This is coming during a time many insurers are making it more difficult for consumers to get access to life insurance.

## WHAT ARE THE DETAILS

### ...MassMutual

- Expanding eligibility for the program (as consumers requested at the original announcement) to reach the additional healthcare workers and volunteers working in the following facilities:
  - Licensed hospitals
  - Urgent care centers
  - Emergency medical service providers
  - Nursing homes
  - Assisted living or inpatient hospice and cancer facilities
  - Eligible Federally Qualified Health Centers
  - Temporary COVID treatment facilities
- Expanding MassMutual HealthBridge to the following five states with the highest volume of COVID-19 cases:
  - New York
  - New Jersey
  - California
  - Illinois
  - Arizona
- These states are in addition to Massachusetts and Connecticut where thousands have already applied for the free life insurance.
- The program gives these frontline workers free 3-year term \$25,000 life insurance policies.

## WHY THIS IS IMPORTANT

Life

**MassMutual is differentiating itself from competitors; its actions will be remembered after the pandemic is over.**

## IMPLICATION

While many life insurers are gaining negative brand equity as they make it harder for customers to get policies during the pandemic, MassMutual continues to gain positive brand equity as they listen to consumer feedback.

## 2 State Farm continues to support customers as they are still not driving because of COVID-19.

### WHAT IS HAPPENING

- The LexisNexis Insurance Demand Meter found that there are fewer new auto insurance shoppers and fewer customers switching to a new insurance during the pandemic.
- State Farm announced it is planning to reduce rates by 11 percent because customers' driving habits have changed drastically since COVID-19.
- State Farm SVP: 'We're looking for ways to continue supporting our customers while we monitor and adjust to trends.'
- This is happening around the same time as GEICO is accused of overcharging auto policyholders in California.

### WHAT ARE THE DETAILS



- Reducing rates by 11 percent, totaling about \$2.2 billion because people are driving significantly less due to the pandemic.
- However, some rate changes will be subject to regulatory approval depending on the state.
- Additionally, customer rate reductions might also vary based on individual renewals.



- The Consumer Federation of California Education Foundation (CFC Foundation) has called on the Department of Insurance to order GEICO to refund at least \$210 million that it is overcharging auto policyholders who are driving less due to COVID-19.
- The petition alleges GEICO is violating the Bulletin that was issued by California's Insurance Commissioner which ordered automobile insurers to issue COVID-19 refunds and credits to policyholders for March and April 2020.

### WHY THIS IS IMPORTANT

Auto

Insurance carriers are trying to hold on to their members as fewer people are driving and shopping for insurance.

### IMPLICATION

Carriers should be aware that consumers are more sensitive to price now than they were before the pandemic and are more willing to switch to a different insurer if it means they will save money.

## 3

## The Central Insurance Companies and Mercury Insurance use technology to assess property damage.

### WHAT IS HAPPENING

- The Central Insurance Companies has joined the [Geospatial Intelligence Center program \(GIC\)](#), an insurance industry consortium led by the National Insurance Crime Bureau (NICB) to help combat insurance fraud using advanced aerial imagery.
- Mercury Insurance is enabling [virtual property tours](#) to help homeowners insurance policyholders assess damage while practicing social distancing.

### WHAT ARE THE DETAILS



- The Central Insurance Companies will now have access to advanced aerial imagery and detailed property data to better assess its policyholder's claims during and after the pandemic.
- The GIC fleet of aircrafts fly over impacted areas to capture and evaluate damage to provide members with unprecedented high-resolution photos and data on affected properties.
- The Central Insurance Companies' VP: 'In this current climate, it's essential to keep our customers safe, but still assist in the aftermath of catastrophe.'



- Allowing homeowners and claims handlers to interact through an app to support best social distancing practices when homeowners need to file a claim during the pandemic.
- Homeowners can use real-time video to capture property damage that is required for the claims process.
- Claims handler who used app: 'Once our insured agreed to the estimate and to move forward with the contractor I offered, I was able to issue a check for the repairs within three days... She [the customer] was very pleased with the timeliness of the claim's progression through the whole process.'

### WHY THIS IS IMPORTANT

Property

COVID-19 has expedited P&C insurers' use of technology when assessing property damage.

### IMPLICATION

Because COVID-19 has forever changed consumers' expectations of using technology in their claims process, insurers should invest in the technology to match consumers' needs.

## 4 Tech companies are helping agents and agencies improve their customers' experiences.

### WHAT IS HAPPENING

- Innoveo, the leader in no-code enterprise technology solutions, has launched its [COVID-19 Crisis Response Portal](#) to help insurance companies, agencies and managing general agents (MGAs) manage customer communications through the pandemic.
- Proformex and InsMark, two insurance industry leading platform solutions, announced a [partnership to help life insurance producers work more efficiently and effectively in new COVID-19 environment](#).

### WHAT ARE THE DETAILS

#### INNOVEO

- Deploying its COVID-19 Crisis Customer Portal to provide a digital solution to an industry that has been overwhelmed with customer requests for COVID-19 and policy information.
- The portal is giving companies the ability to be more responsive to customers' needs and quickly provide information on critical safety updates, request policy reviews, claims assistance and business continuity plan updates.
- Innoveo: 'With this pandemic, now is the time to think of those things that will make your organization unique and purpose-led.'



- The Proformex platform is giving InsMark users a single, holistic view of their book of business.



- Proformex has also built automated alerts to notify users of potential problems, such as pending lapses, and revenue generating opportunities, such as policy conversions.
- InsMark: 'COVID-19 has had a significant impact on the life insurance industry...consumers cannot always wait for answers regarding the performance of their policies. Producers need a consolidated, secure location for all their inforce data.'

### WHY THIS IS IMPORTANT

Life

During this uncertain time, these technology platforms understand that speed of response is key to a consumer's overall experience.

### IMPLICATION

Agents need to be equipped with tools to help them quickly communicate and advise their clients. Insurers who provide those solutions to agents are likely to be favored.

## 5 Brokers are being included as defendants in business interruption lawsuits.

### WHAT IS HAPPENING

- As more businesses are being denied coverage for their business interruption insurance policies, more owners are filing lawsuits against their insurers as well as their brokers.
  - Experts believe this trend is occurring because plaintiffs are anticipating their losses might not be covered under their policies, so they are turning to their brokers to provide this financial relief.
- This comes as federal courts have already received notices of over 100 lawsuits (as of May 20) that are seeking coverage from insurers for business interruption losses caused by COVID-19.
  - Plaintiffs' attorneys expect the number will rise into the thousands.

### WHAT ARE THE DETAILS

#### Boutros, M.D., P.A. v. Sentinel Insurance Co. Ltd.

- Seeking a declaratory judgement not only construing the policy but also that the insurer and broker are required to indemnify the plaintiff for its losses.
- Alleging that the insurer and broker accepted the plaintiff's policy payments with no intention of providing any coverage.
- Additionally, the plaintiff suggests that the broker played a role in denying the claim.

#### John's Grill v. The Hartford Financial Services Group, Inc

- Accusing the insurer and broker of breaching the covenant of good faith and fair dealing, bad faith denial of an insurance claim, fraudulent misrepresentation and constructive fraud.
- Alleging that the broker made misleading statements to the plaintiff when they sold the policy and were responsible for the denial of the policy.

### WHY THIS IS IMPORTANT

Business

Brokers are at risk of suffering great financial losses depending on the outcome of these lawsuits.

### IMPLICATION

Because brokers don't have nearly as many financial resources available as insurers, a business interruption lawsuit could put many out of business.

# Industry News Related to Coronavirus

As of May 21, 2020

## **AM BEST'S STRESS TEST REVEALS THAT MOST INSURERS CAN ENDURE THE PANDEMIC**

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- Analysts report that their initial stress tests of insurance companies show that most insurers capital levels provide an adequate buffer against any COVID-19 related shock to their balance sheets.
- Life insurers are more sensitive to the pandemic because they have higher asset and mortality risks.
- The analysts predict the initial negative impact will come in the form of reduced 2020 earnings and reputational risk that may result from any public legal disputes.
- However, the test does not consider a scenario in which insurers are forced to retroactively apply coverages for losses related to business interruption insurance which would have negative impacts for the industry, specifically commercial lines insurers.

## **SELECTQUOTE'S \$4 BILLION MARKET VALUATION REFLECTS HIGH DEMAND TO RESEARCH AND COMPARE QUOTES ONLINE**

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- SelectQuote allows customers to compare policies for life, auto and home insurance from a variety of insurers including Prudential Financial and Liberty Mutual.
- COVID-19 has forced consumers to change how they research their insurance options, going online instead of consulting an agent.
- Consumers also want to save as much money as they can during the pandemic, and SelectQuote can reassure consumers that they have seen all their options and know they are paying the best price.
- CEO: 'Consumers don't want folks in their house selling insurance. They'd rather do research online and connect telephonically and we view that as a trend.'
- Shares of SelectQuote jumped more than 40 percent in their stock market debut on Thursday, giving them a market valuation of over \$4 billion.

## **NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE MANDATES INSURANCE PREMIUM REFUNDS**

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- The department has ordered insurers to make initial premium refunds for the following lines of insurance: commercial liability insurance, commercial multiple-peril insurance, workers compensation insurance, commercial automobile insurance, private passenger automobile insurance and other lines where the measures of risk have become 'substantially overstated' because of COVID-19.
- The refund may be provided as a credit, reduction, return, dividend or adjustment and must be implemented as quickly as possible but no later than June 15, 2020.

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