



COVID-19 THE IMPACT ON INSURED EMPLOYEE BENEFITS

This briefing is about Group Risk (Group Life, Group Income Protection and Critical Illness), Healthcare, and Travel providers and how COVID-19 could impact cover. Aon has conducted extensive and significant analysis of terms and policy conditions across all leading carriers in these markets to help employers understand key issues when making decisions.

This note will help employers understand the potential implications on the cover provided (including potential claims) plus any business travel implications (potential restrictions and disclosure details), to ensure they are not exposed to any uninsured liabilities. Insurer stances on specific issues across these markets are not the same and so blanket assumptions on how cover is affected cannot be made.

OVERVIEW:

The global spread of COVID-19 continues and the wider risks associated with health, working practice, and business interruption can be accessed on the dedicated [Aon Coronavirus Website](#). However, below these issues sit a level of detail all employers need to understand regarding the impact this could have on their Risk, Healthcare and Travel cover, to ensure they are not exposed to uninsured liabilities.

Group Risk:

The range of benefits perhaps most impacted by the COVID-19 outbreak are the risk insurances; Group Life, Income Protection, and Critical Illness. Employers should not assume there are no implications, with a range of issues being interpreted differently by the various insurers currently operating in these markets. Key headlines here are:

- ▶ **Triggering the catastrophe clause:** Due to the differing definitions of a catastrophe and the time limits over which this would apply, this could be triggered with some insurers but not with others
- ▶ **Business travel (cover):** Insurer stances differ - some require all business travel to be in line with Foreign and Commonwealth Office (FCO) guidance otherwise claims would be jeopardised, others don't have this requirement. Understanding the stance of specific insurers to this issue will be a priority for employers if they are to align insurance coverage with their travel guidelines
- ▶ **Business travel (disclosure):** Currently normal requirements around disclosure of travel patterns apply, but this could potentially change
- ▶ **Actively at Work (AAW) requirement:** Again, insurer stances can vary. If any new cover or change in cover is dependent on an employee being Actively at Work this could be affected depending on the circumstances and the provider
- ▶ **Disclosure:** If an employer is aware of any members suffering from the Coronavirus, this must be disclosed to the insurer when requesting terms, at a rate review, at a switch of insurer or for new business. Potentially the quoted terms or payment of any subsequent claim may be jeopardised

Healthcare:

- ▶ The private healthcare market is not set up to handle, treat or isolate individuals with COVID-19
- ▶ Best practice advice remains that individuals should utilise NHS 111 as the pathway to treatment should symptoms arise
- ▶ Any hospitalisation will be managed through the NHS but the knock-on impact of capacity, should the virus continue to spread, should be acknowledged
- ▶ Providers may pay out on a cash benefit under a medical plan but there are certain rules that have to be met and adhered to for this to be an eligible benefit
- ▶ For underwritten schemes if members have suffered from the Coronavirus, this must be disclosed on any medical declarations individuals complete

Travel:

- ▶ It is essential to monitor and adhere to the travel advisories issued by Governments or Health Agencies
- ▶ For anyone who has already made travel arrangements, they should check insurance policy terms before cancelling on the assumption that travel insurance will cover incurred costs
- ▶ If an employer considers it necessary to ask an employee to travel on business to an infected area they should take advice first and ensure that they have taken the necessary actions to protect the health of the employee, that they are covered under their business travel policy, that the travel does not contravene any business travel stipulations laid down in their employee benefit policies (such as group life, income protection, and critical illness) which could jeopardise a claim and that they are acting in line with their duty of care obligations

WHAT NEXT?

At this stage there is also a note to keep a sense of perspective. For example, the severity of death, disability, critical illness, and medical cost claims are not currently forecasted to be that large, certainly outside of China, and reinsurers are not currently projecting any increase to underlying rating across these insurance lines.

The virus appears to be more severe than typical flu for older adults, patients with compromised immune systems and those with pre-existing chronic conditions such as Cardiovascular Disease, Cancer, Diabetes. On the flip side, the virus appears to be milder than flu in younger adults, children and healthy individuals under 50. Death rates for ages 80+ are 15-20%; 70-80: 8%, while 50 or younger is < 0.5%. Source China CDC (<https://jamanetwork.com/journals/jama/fullarticle/2762510>).

However, the picture both at home and globally changes rapidly with the UK count doubling in the space of a day at the time of writing this briefing. As Government guidance and corporate responses continue to evolve it is also likely that insurer reaction will develop. Aon will continue to provide regular updates on this important issue for the foreseeable future.

Your Aon Consultant may well have already been in touch to discuss these issues in the specific context of your insurance programme. However, if you have any further questions at this time then please reach out to your usual contacts or arrange to speak to one of our team using the details below.

CONTACT US...

letstalkbenefits@aon.co.uk

0344 573 0033

www.aon.com/employeebenefits