

2nd Webinar on General Insurance COVID-19: Impact on Motor and other insurance

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1500 to 1700 IST

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Quiz: To kick off the session....

Question 1....

In what year was it announced that every vehicle on Indian roads should have a third party cover as per the Motor Vehicles Act?

A)

1988

B)

1975

C)

1980

D)

1991

Question 2....

How much compound annual growth was witnessed in the Indian Motor GI Industry over 2012 - 2018?

A)

11%

B)

7%

C)

5%

D)

14%

Question 3....

In 2019, what proportion of total general insurance premiums did Motor Insurance account for?

A)

2/3rd

B)

1/3rd

C)

1/4th

D)

1/2

Question 4....



As at December 2019, what value was the Indian Motor insurance sector valued at?

A)

70,000 Crore

B)

Rs.65,000 Crore

C)

Rs.90,000 Crore

D)

Rs.60,000 Crore

Question 5....



In India, how much were the August 2020 auto sales compared to 2019?

A)

65%

B)

58%

C)

69%

D)

73%

Question 6....



In India, by what proportion did the total number of accidents reduce when comparing April to June 2020 vs 2019?

A)

70%

B)

64%

C)

50%

D)

80%

COVID-19: Impacts

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COVID-19 overview

What areas should insurers consider?



Understanding current claims

Reporting delays

Second waves of infection

Assessment of operational resilience

Quantify the impact

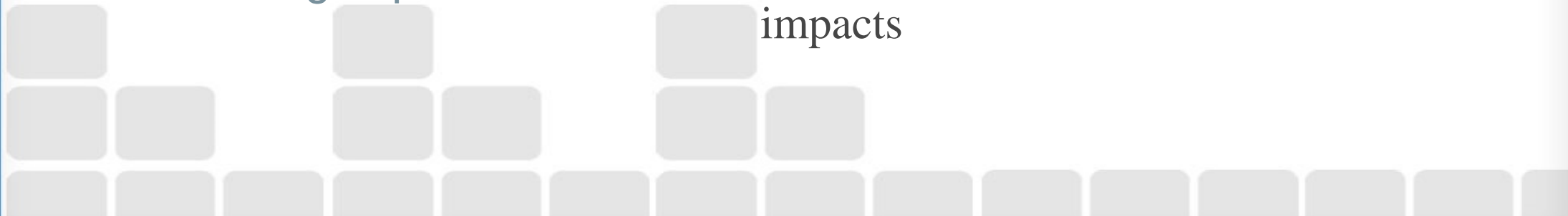
Assessment of liquidity concerns

Consideration of uncertainty
and scenario testing

Pricing of pandemic risk

Understanding exposure

Quantification of secondary
impacts



COVID-19 overview - Classes impacted



We expect that the majority of classes of business will be impacted by COVID-19 to some degree, however we highlight those that have been most impacted globally.

Class of business	Comment
Business Interruption	COVID-19 has demonstrated many unintentional weaknesses in Non Damage Business Interruption cover policy wording leading to potentially much more widespread direct exposure.
Liability	Casualty losses are likely to arise from secondary impacts for which there is significant uncertainty, dependent on economic downturn and trade disruptions
Contingency	Significant impact from the widespread cancellation of films, theatre productions, sporting events among others.
Travel	Significant impact expected on Travel books due to widespread stoppage of travel.

COVID-19 overview - Classes impacted



Given the Indian market, the focus of our presentation today would be on the below classes.

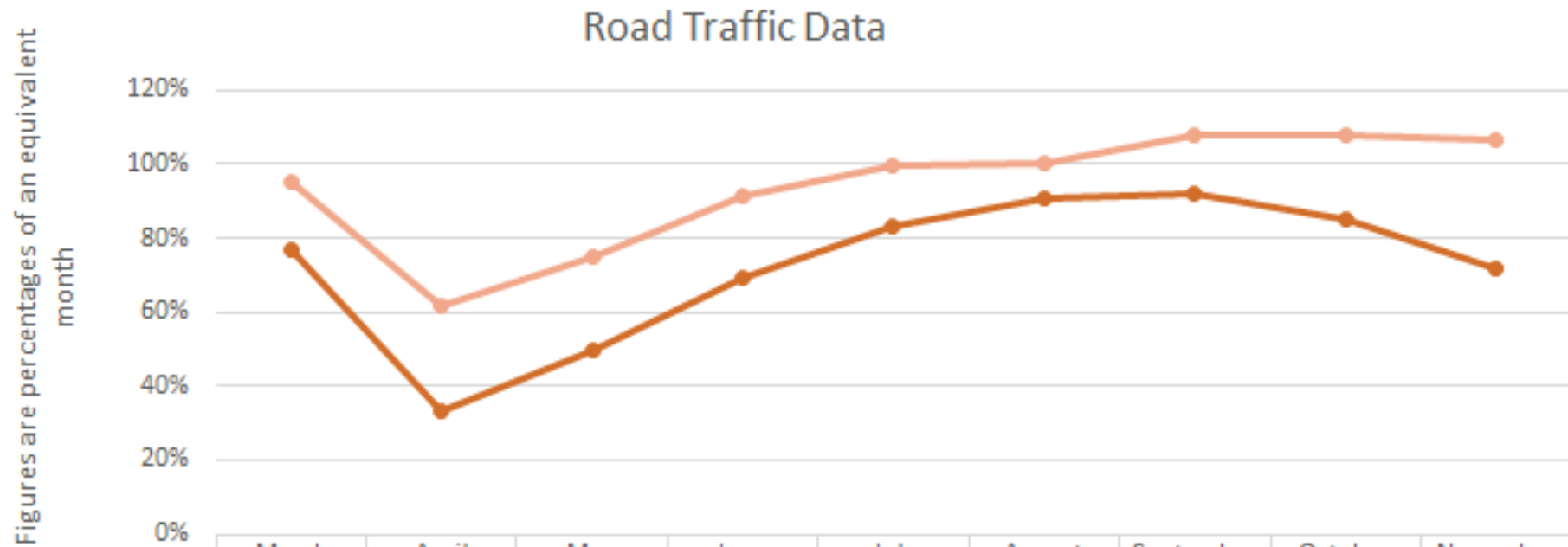
Class of business	Comment
Motor	Reductions in claims, as people move to self-isolate. For many other classes, while there is potential for losses to increase, this will be partially offset by reduction in activity (e.g. Aviation/Travel). This is discussed in further detail below.
Medical	<p>The market did see very high profits at Q2 due to the nature of exposure of the product (limited ot treatment in the period of cover).</p> <p>Many claims may be delayed that will be additive in 2021 with increased severity.</p>

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UK Transport Statistics



Motor - UK Road Traffic Data



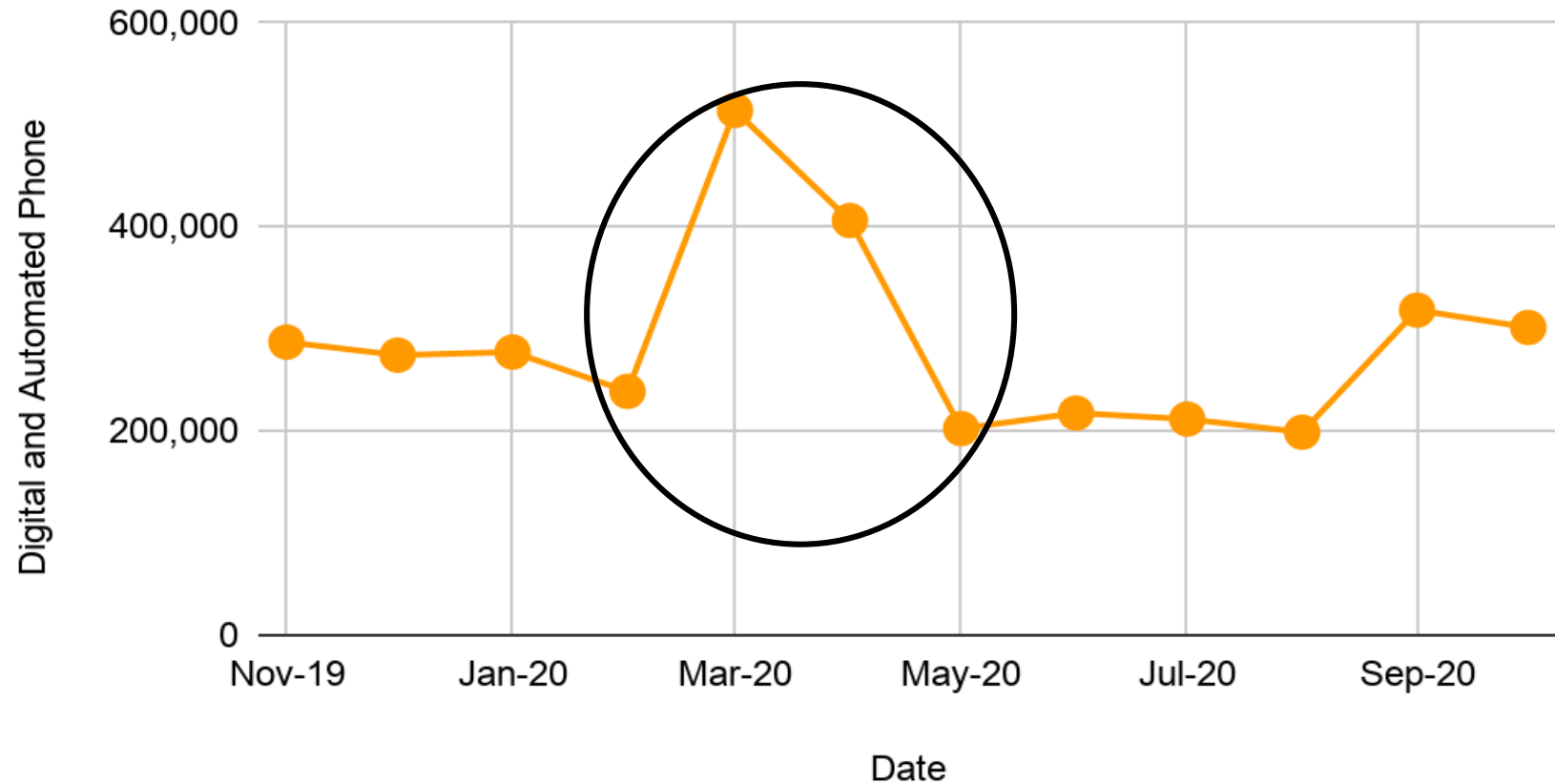
	March	April	May	June	July	August	September	October	November
Personal Motor	77%	33%	50%	69%	83%	91%	92%	85%	72%
Commercial Motor	95%	62%	75%	91%	99%	100%	108%	108%	106%

Motor - UK SORN Data



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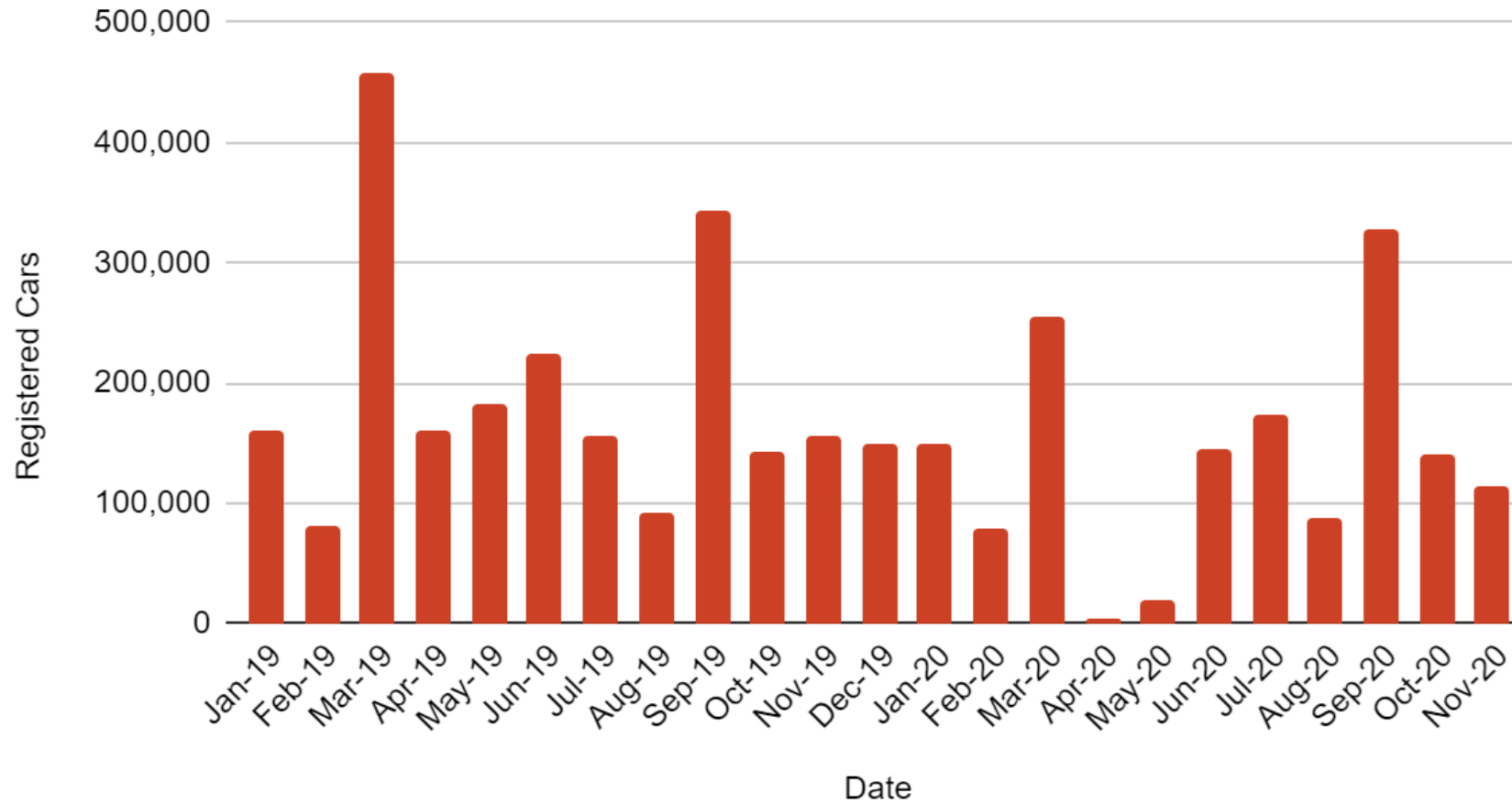
Cars Off-Road in 2020



Motor - UK Car Registration Data



Car Registrations in 2019 and 2020



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What does this mean for motor insurance?



Global trends and other areas of note



European Trends

Claims frequency and severity

US Trends

Impact on court cases

Claims frequency and severity



COVID-19 - Indian Motor Market



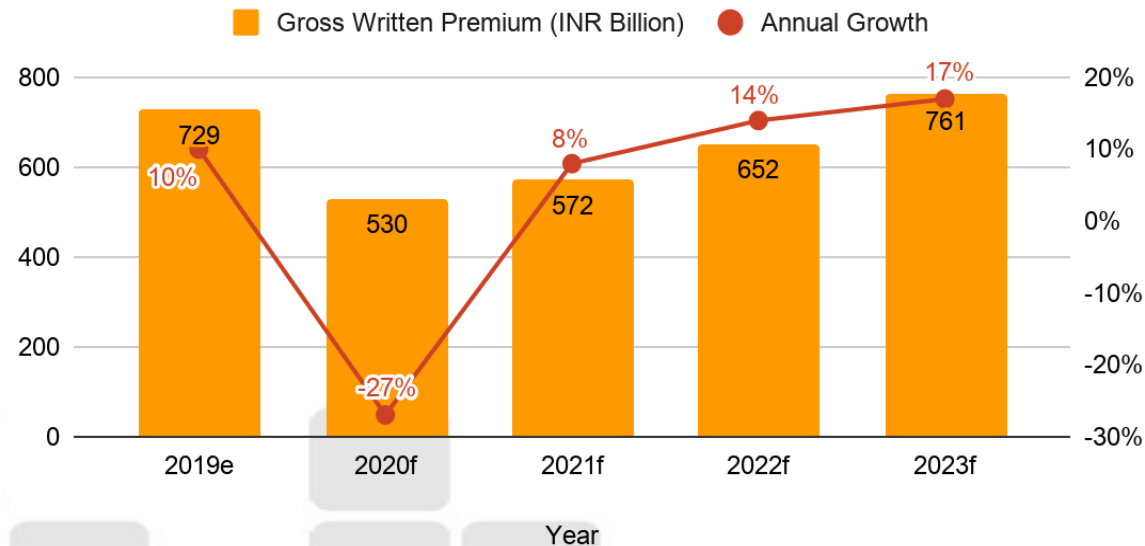
- **Challenges faced by the motor insurance industry in India:**
 - Lack of purchase of new vehicles
 - Claims surveyors not being able to survey damages on time
 - More private vehicles on road and increased purchases of two-wheelers/used cars
 - Spare part dealers and motor manufacturers face shortage of manpower
 - Lower demand for commercial passenger carrying vehicles
 - Possible increase in claims when old cars get back on the roads

- **Claims Frequency**

- **Premium Volumes**

Indian Motor Insurance Market

e - expected f - forecasted



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Impacts on other classes



Medical expenses



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**Frequency
Significant**



Vs. 2019AY.

Significant fall with non-urgent treatment not being sought. Expected to be short term only.

What are the key uncertainties...




To what extent will claims return? A claims catch up is nearly certain when access to private hospitals and public confidence to seek treatment is restored. There is no clear view on what the scale of this will be - what proportion of claims have just been deferred given some will have resolved themselves as time elapsed?

How long will it last? Future claims frequency will be dependent on government action and public behaviour. It may take several years for the full impact on claims experience to work through, although it is expected that the requisitioning of private hospitals will not be extended beyond June.

Other Classes

The following are themes emerging from other classes of business that have been affected by the pandemic. This is not intended to represent an exhaustive list of all P&C classes where there is or could be an impact from COVID-19.



	Class Experience to date	Uncertainties
Travel	<p>Frequency </p> <p>Severity </p> <p>Premium </p>	<p>A high level of claims have been reported, although insurers are expecting that approximately half will ultimately be covered by other channels. However, there is a risk of them running out of funds if restrictions remain in place for a prolonged period.</p> <p>Future experience is uncertain. All participants are assuming disruption extends significantly past the lock down period, with best estimate scenarios typically allowing this to extend until the end of 2020.</p>

Other Classes

The following are themes emerging from other classes of business that have been affected by the pandemic. This is not intended to represent an exhaustive list of all P&C classes where there is or could be an impact from COVID-19.

	Class Experience to date	Uncertainties
Employers' / Public Liability	Frequency ● ● ●	<p>Whilst there has been some reductions in claims frequency to date, it is widely expected that notifications will be lagged and loss events are more likely to be triggered as we emerge from lock down.</p> <p>Key risks being actively monitored:</p> <ul style="list-style-type: none"> - Changes in risk profiles, for example due to (for EL) change in location of work forces or (for PL) the use of properties during the crisis. - How effective insureds are at stopping infection in premises/workplaces as lock down easing measures are implemented.
	Severity ● ● ●	
	Premium ● ● ●	

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Another quiz to end the session!!



Question 7....



True or False: Medical lines have seen no impact owing to COVID-19.

True

False



Question 8....

The average road traffic reduced by 80% during the lockdown months?

True

False



Question 9....



Claims have reduced in line with the reduction in traffic. This statement is?

True

False



Question 10....



Travel insurance might see disruption post 2020. This statement is?

True

False





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Thank you

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