

Briefing

How is Covid-19 affecting group risk and healthcare insurance policies?

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The global coronavirus (Covid-19) pandemic has come at a tragic human cost and represents a significant business challenge for many of our clients. In this fast changing environment insurer responses are still evolving. To track this, and to help our clients understand the impacts, our Health & Risk Consulting team are closely monitoring the situation and keeping a central record of insurer Covid-19 stances, which is updated frequently.

The summary below provides high level information on the impacts of this pandemic on some of the more popular group risk and healthcare insurance policies.

Group Life Assurance (GLA)

Typically there are no general exclusions under GLA policies. Death by any cause is covered for all eligible members. There may well be a restriction on travelling against Foreign & Commonwealth Office (FCO) advice, so it is important to consult policy rules.

Restrictions on travel against FCO advice

You should check the [FCO website](#) regularly as 'all but essential' foreign travel is currently not advised. Moreover, cover may not be in place for individuals travelling to restricted areas on business (unless agreed with the insurer in advance).

Catastrophe event limits

Covid-19 has been classed by some insurers as a catastrophic event and most policies will include an event limit or a catastrophe clause limiting the overall

benefit payable in these circumstances.

It is important that you check your policy documents to understand any limits (including any non-standard limits) which apply to your policy.

Maintaining full cover

Can full cover be maintained where employees are temporarily furloughed, are working reduced hours or receiving reduced pay? Typically, yes, as long as the member's full benefit is declared and the appropriate premium paid. However, members must remain "employed" and it is important to note that there may be a time limit imposed (e.g. up to 12 months). Also, benefits increases will not normally be allowed during this period.

Group Income Protection (GIP)

Catastrophe limits and travel restrictions

There are no catastrophe clauses or event limits under GIP policies. Also, GIP policies do not typically have restrictions on travel against FCO advice.

Does Covid-19 count as an 'eligible illness' in order to make a claim?

Given the, hopefully, short term nature of Covid-19 it is unlikely the condition itself will lead to a claim. However, complications resulting from the illness could potentially result in a claim (subject to policy terms and conditions).

Maintaining full cover

Can full cover be maintained where employees are temporarily furloughed, are working reduced hours or receiving reduced pay? Typically, yes, as long as a member's full benefit is declared and the appropriate premium paid. The benefit payable in the event of a claim would typically be based on a member's salary immediately prior to furlough or the temporary reduction in hours.

Private Medical Insurance

Cancellation / deferment of treatment

The NHS is cancelling all elective and non-emergency procedures in NHS hospitals. It has also come to an agreement with private hospitals where the majority of private capacity will be used to support the need for high levels of clinical care expected in the coming weeks.

As a result the majority of non-urgent private treatment is likely to be cancelled or deferred until later in the year.

Ancillary benefits

Insurers are advising that they will still provide the majority of ancillary benefits that come with private medical insurance (PMI) policies. These vary by provider and policy but may include services such as physiotherapy, mental health support or outpatient mental health treatment through virtual consultations, access to digital GP services and stress counselling helplines.

Refund of premium or compensation

Until recently we had seen no insurer announcements on reducing premiums or offering compensation due to treatments being cancelled or deferred due to Covid-19. However, we are aware of at least one provider confirming that any financial benefits arising from Covid-19 will be returned to customers either by "rebate or other appropriate means." Whilst we are not yet aware of the full details, we expect other providers to follow in a similar manner.

For more information about any of the topics discussed, please contact your usual Barnett Waddingham consultant or get in touch via the below.

✉ info@barnett-waddingham.co.uk

☎ 0333 11 11 222

www.barnett-waddingham.co.uk

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