

INSURANCE WITH STEUARTS



BELIEVE

The e-magazine of George Steuart Insurance Brokers (Pvt) Ltd.

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GSIB - NEWS

GSIB A new normal

The GSIB team is fully equipped to deal with and service all insurance requirements (including claims) of its clientele (corporate and individual) off site. Please do contact your manager/account coordinator, for details.



Covid19

Impact on insurance industry in Sri Lanka

The lockdown of business followed by the months long curfew challenged the insurance industry in Sri Lanka. However, the reaction was swift and effective. Firstly the Regulator reached general agreement with general insurers to extend the premium payment warranty by an additional 30 days (90 days in total) for business transacted after the 1st of March 2020. The insurers themselves moved quickly to enable teams to operate off site, provide quotations, confirmation of cover and in many cases payment of claims directly to bank accounts of clients. So too did insurance brokers who all offered similar

electronic solutions towards servicing the requirements of their clients. A large volume of corporate general business is transacted on the 31st of March which was bang in the middle of the curfew imposed. The business was successfully completed despite the unusual circumstances which is the reflection of the nimbleness and innovative spirit of the industry.

Many insurance companies are now offering extended period of cover for motor insurance (to cater to period the vehicle was not in use), installments repayment plans for premiums and so on. In

addition, premiums calculations for such products as product liability, commercial general liability, professional indemnity, workmen's compensation, business interruption, etc. could be re-looked at in the context of lower economic activity.

Issues for the industry is growth in which is likely to be a very difficult economic environment coupled with tightened cash flows due to extended credit periods plus other installment schemes. The use of IT quickly used during the past few months is likely to grow in significance in the industry.

With regard to business interruption itself, many polices as issued in Sri Lanka are coupled to the fire / perils insurance coverage. As there is no claim under the latter, the BI policy does not operate even though there are significant losses experienced by corporate Sri Lanka due to the lockdown and curfew. Some polices have especial extensions for infectious diseases but here too losses due to lockdown and the curfew are not covered.

Talk to us should you require any clarification.

Sent in by Joachim Caspersz

Food for thought

- *When someone does a good job, tell them.*
- *When someone makes a mistake, forgive them.*
- *When someone tells you their problems, listen.*

Editorial

Returning to Work


2020 is at the brink of a new age. The COVID-19 crisis has made organizations vastly more aware of the need for greater flexibility, adaptability, and communications in the distributed workplace.

COVID-19 has provided the market with a glimpse of how a pandemic event can affect the private sector. It can lead to unpredictable and varying government restrictions, labour shortages, financial market volatility and supply disruptions. It affects the industry indiscriminately and in most cases, the private sector is unable to meaningfully mitigate these impacts.

It is remarkable how quickly we have adapted. The newspaper has been written, edited and produced from couches and kitchen tables. January and February seem like an ancient era. The shift may rival great workplace transformations in the 19th and 20th centuries. The current, rapid shift had been enabled as a result of modern technology.

First, broadband services are today quick enough to allow for document downloads and video-conferencing. Home life and social life had been severely affected; but the pandemic kept the lights burning. It had also made remote work seem both normal and acceptable.

Yet although offices will not disappear, it is hard to imagine that age-old working life will return. For more than a century workers have stuffed themselves onto crowded trains and buses, or endured traffic jams, to get into the office, and back, five days a week. For the past two, two-and-half months they have not had to commute, and will have enjoyed the hiatus.



Different businesses will face different challenges as the lock down restrictions are eased. These will range from getting staff back into the workplace, whether returning from furlough leave or from home working, to decisions around cutting costs and redundancies.

Without the Monday-to-Friday commute, the weekend seems a more nebulous concept, as does the 9-to-5 working day. In future employees may work and take breaks when they please, with the company video call the only fixture. The downside, however, is that the rhythm of life has been disrupted and new routines are needed.

But common to all employers as they plan their exit from lock down will be following the most up to date government and public health guidance and making sure health and safety considerations are top of the agenda.

Employers can take to ensure the physical and mental well-being of employees returning to the office. Priority is to safely integrate employees back into the office, including advising on complying with the COVID-19 secure guidelines.

M.Z.M. Nazim

Business English Vocabulary

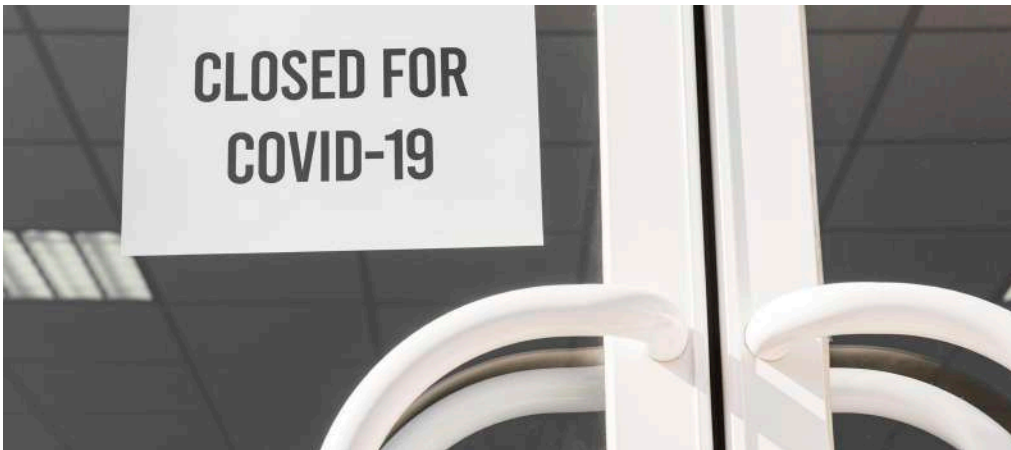
Guarantee

The verb to guarantee means to make an assurance, usually in written form, of the quality of your product or service. The noun guarantee refers to the assurance itself. If the guarantee also involves a physical document, that document is often called a warranty.

Case Law

SCGM, Inc. v. Certain Underwriters at Lloyd's U.S. District Court for the Southern District of Texas

Texas Movie Theaters Seeks Coverage Under "Pandemic Event Endorsement," Specifically Alleging Action Is One of First Impression



A group of movie theaters based out of Sugar Land, Texas has filed suit against its carrier in the Southern District of Texas seeking coverage under a Pandemic Event Endorsement alleging its claim is one of first impression for the court. The insured alleges the Endorsement is designed "to provide coverage for insureds who experience financial damages from business interruption during pandemics," an event allegedly defined as "the announcement by a Public Health Authority that a specific Covered Location is being closed as a result of an Epidemic declared by the [Centers for Disease Control and Prevention] or [World Health Organization]." The Endorsement further lists specific covered diseases, including "Severe Acute Respiratory Syndrome-

associated Coronavirus (SARS-CoV) disease."

The insured alleges this endorsement has been triggered by a March 11, 2020 declaration by the World Health Organization (WHO) that the coronavirus outbreak constituted a pandemic, as well as a number of governmental orders impacting restaurants, bars, nightclubs, lounges, taverns and private clubs. Following the issuance of these orders, the insured movie theater group "in accordance with the public health recommendations and directives" elected to close all of its locations. Two days later, a gubernatorial order prohibited Texans from gathering in groups of ten or more, and the Texas Department of State Health Services issued a proclamation of a public health disaster across the state.

Following its closure, the insured filed a claim with its carrier. It received a notice indicating that coronavirus-based claims were not covered under the Pandemic Event Endorsement because the COVID-19 virus is not a named disease under the endorsement. The insured concedes it has not received a formal denial of coverage, yet seeks a declaratory judgment of coverage that, among other things, the WHO's declaration satisfies the definition of Epidemic, that various governmental orders satisfy the term Pandemic Event and that the SARS-CoV-2 pathogen is a Covered Disease under the Pandemic Event Endorsement. The action also alleges counts of anticipatory breach/repudiation, breach of the duty of good faith and fair dealing, and gross negligence.

Local Authority To Tackle Waste Crime in UK

Since the launch of the Government's Resources and Waste Strategy in 2018, regulatory authorities in the United Kingdom have endeavoured to widen their powers to investigate and tackle the problem of waste crime. The launch of the Joint Unit for Waste Crime ("JUWC") in January 2020 creates a new taskforce dedicated to tackling serious and organised waste crime, perpetrated by criminal gangs often involved in other serious criminal activity.

Of this activity, local authorities are often responsible for tackling instances of fly-tipping within their area. In this article, we consider a landmark successful challenge to the scope of local authorities' powers and the practical implications for businesses and individuals.

The term fly tipping is derived from the verb tip, meaning "to throw out of a vehicle", and on the fly, meaning "on the wing" – to throw away carelessly or casually. With the increase in incidents in mind, local authorities have been under pressure to identify those responsible for fly-tipping offences and successfully prosecute them.

Will Air-conditioning help spread the coronavirus?

As the weather heats up and the country opens up, scientists are trying to figure out how much effect air-conditioned air will have in spreading—or curtailing—the virus.

Across the country, as COVID-19 deaths begin to slow and cities and states start opening up businesses, people are forced to try to answer questions about how likely transmission will be in places such as restaurants, barbershops, and offices.

Will being in a space with the AC blasting put you more at risk for contracting the virus?

There are multiple factors to consider, such as how AC could enable the circulation of viral particles in the air and increase

the speed and distance they travel. There are also different types of AC systems, which circulate air in different ways. Still, medical professionals and HVAC experts alike agree that, while it's possible, there's little evidence that AC is a large contributor to infection. In fact, some types of air-conditioning can, inversely, be an effective tool to mitigate the spread.

Your trusty AC window unit at home is different. That does not bring in fresh air from the outside to dilute and replenish the internal air; it merely cools and constantly recirculates the air currently in the room.

That's where it could become a problem, because you are potentially moving contaminated air around the space. That's a concern in public places that use only a window unit, such as restaurants. The chances are that if you've been self-quarantining safely with family or roommates, that air shouldn't be infected, anyway. Here, at least, can you crank up the AC at home during the upcoming restless, stuffy nights.

COVID-19 has significant implications on maritime industry –

COVID-19-related restrictions on supply chains and international travel have serious implications for the maritime industry. While the threats that ships usually encounter at sea have been reduced due to many vessels being idle, other risks have replaced them. Many vessels are in lay-up – out of service and anchored at a fixed location without undertaking any commercial activities.

According to Allianz Global Corporate & Specialty (AGCS), if lay-up of vessels is not properly managed – including regular maintenance – problems can crop up when the ship is finally ready to put to sea again. Relieving crew has also become more challenging due to travel restrictions, AGCS said. That means more fatigued sailors – one of the main causes of human error on board.

Delays in the servicing and inspection of vessels and emergency equipment can also mean that problems remain undetected, while

supply-chain disruption results in oils and consumables taking longer to arrive, which can result in damage to machinery if subpar alternatives are used. An increase in the use of remote pilots – meant to protect seafarers from infection – can also affect safe navigation.

Reactivating a vessel in lay-up can take a considerable amount of time, require extensive safety testing, and cost millions of dollars. An unplanned lay-up can result in a prolonged recommissioning exercise that can last for months, even requiring docking. Comprehensive plans including risk assessments covering storage and lay-up are crucial for ensuring the safety of the vessel during the downtime and its subsequent return to service.

Social distancing protocols could also lead to delays in the inspection and servicing of emergency equipment. Risks arising from delays in the servicing of emergency equipment – for example, firefighting appliances – will require implementation of additional control measures.

Global News



AXA ordered to pay restaurant's COVID losses

A Paris court ruled that insurer Axa SA must pay a restaurant owner two months' worth of coronavirus-related revenue losses, the restaurateur's lawyer said on Friday, potentially opening the door to a wave of similar litigation.

The ruling will be watched closely by restaurants, cafes and nightclubs in Britain and the United States which are also threatening legal action against insurers who have not paid out on business interruption policies.

Axa said it would appeal the ruling. It argued there was a difference in interpretation over a specific type of contract signed by several hundred restaurant businesses with a single brokerage.

The case was brought by Stephane Manigold, who owns four restaurants in Paris. He filed a lawsuit demanding that Axa cover his operating losses after a government order in mid-March to close bars and restaurants to try to slow the spread of the virus. "This is a collective victory," he told Reuters after the ruling.

The court said that the administrative decision to close the restaurant qualified for insurance cover as a business interruption loss.



Coronavirus: Insurer to give £25 refunds as cars and vans sit idle

One of the UK's biggest motor insurance companies, Admiral, is giving a £25 refund to customers as cars and vans sit idle in the coronavirus pandemic. The payment will be paid automatically to anyone with a car or van insurance policy with Admiral on 20 April. The company said it was a "thank you" to customers for staying at home, but also reflected the lower level of claims, benefiting its profits. Other insurers are under pressure to follow suit. Some are offering to defer premiums for those struggling to pay, but Admiral is thought to be the first one actually providing refunds directly to customers.

The owners of 4.4 million vehicles will receive the payment by the end of May. Admiral suggested that the refund and the amount it was spending on other support measures were the equivalent for many customers of one month's worth of their annual premium, but for most young

drivers it will be far less than that. One said the refund accounted for just 1.68% of his annual bill.

Insurance brokers next in line for legal backlash over virus payouts

Some lawyers think business chiefs will take aim at City insurance brokers for selling unsuitable policies. City brokers could end up in the firing line if frustrated business chiefs fail to convince insurance compensate to compensate them for profits lost during the Covid-19 pandemic. Until now, companies that mistakenly believed business interruption policies would pay out for coronavirus disruption have directed legal threats towards the insurers that stand behind the risks on policies. If they fail to secure the payouts they claim they are owed, hotels, pubs, dentists and others could launch legal action against their brokers for failing to advise them correctly, experts say.

Lloyd's broker first in industry to adopt remote working permanently

London-based specialty insurance broker and underwriting firm Direct Insurance Group has committed to a permanent remote-working policy for all staff following the coronavirus lockdown according to an official announcement.

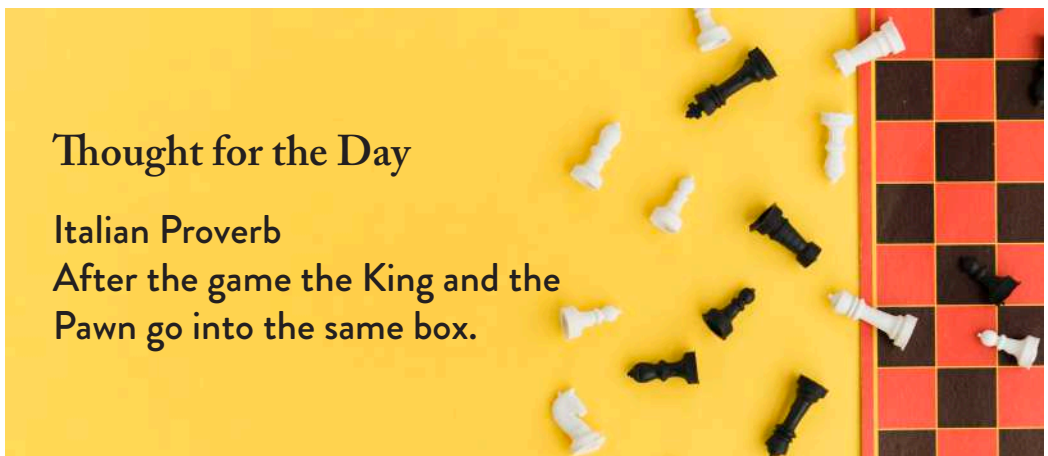
This makes it the first insurance firm to formally commit to such a policy.

The firm will remain headquartered in London and continue to maintain its eight offices located in UK, Europe and North America.

However from the end of the UK lockdown, staff will have the choice to work from the office, their home or a combination of both – based on business and personal needs.



The Life Insurance Council of India has announced that all life insurance companies, both public and private, will process all coronavirus-related death claims, at the earliest and according to a press release from the Life Insurance Council, "The Council also confirmed that the clause of 'Force Majeure' will not apply



Thought for the Day

Italian Proverb
After the game the King and the Pawn go into the same box.

in case of COVID-19 death claims. This step was taken to reassure customers who had reached out to individual life insurance companies seeking clarity on this clause in their contract as well as to dispel rumours to the contrary. All life insurance companies have also communicated to their customers individually in this regard."

Life Insurance Council is a forum that connects various stakeholders of the insurance sector. It develops and coordinates all discussions between the Government, Regulatory Board and the public.

What is force majeure?

Typically, force majeure events include an Act of God or natural disasters, war or war-like situations, labour unrest or strikes, epidemics, pandemics, etc.



Legislators pass breakthrough agricultural insurance law

Lawmakers have passed the long awaited Agricultural Insurance Law that expands the scope of protection from natural disasters to include also pests, diseases, poisons, and environmental factors.

The COVID-19 business interruption coverage enigma

Although COVID-19 is an infectious disease, one must look closely at the specific wording of the insuring clause(s) and exclusions in the

policy. Some wordings offer cover for closure/restriction of the business premises by a public or local authority following occurrence of an infectious disease. Often such a decision might be taken by local environmental health officials, whereas the current lockdown restrictions were announced by central government in Westminster. The question is whether that action would or should trigger the type of clause described here?

Without the courts providing a legally binding decision to the questions posed by BI policy wordings and COVID-19, the interpretation and applicability

of wordings would continue to be scrutinised and legally disputed. Different and uncoordinated cases could lead to divergent outcomes and further confusion. Several large groups of policyholders have already been reported to be considering collective claims. Lloyd's has warned that compensation due to COVID-19 related claims could cost up to £3.5 billion, a figure which exceeds sums paid out after the 9/11 terrorism incidents.

Humour

Client: What 20 Years for Insurance Fraud?!
Lawyer: Well you added a Zero to your claim, so the Judge added a Zero your sentence!



COVID-19 is pushing insurance brokerages into the cloud

In the time of coronavirus, digital tools have become critical to allowing insurance brokers to continue providing their essential services to insureds. The government-mandated shutdowns so far have been particularly important for provider of these digital tools. For insurance brokerages hoping to maintain business continuity during this time – and do so smoothly – the cloud has been an especially important technology that they've had to rely on.

Customers run their systems on their own computers and systems inside of their businesses. A challenge with that type of setup is that if all of their employees one day suddenly have to wake up and work somewhere else, such as in the current scenario, it can make accessing those systems difficult because people aren't in the office and they don't have access to their everyday computers.

While 69% of insurance agencies and brokerages already host their software in the cloud, the coronavirus has pushed those customers who weren't taking advantage of this feature to move their systems that way. A key benefit of the cloud is that agents and brokers need not worry about accessing their systems and all of the information they need to do their job since the cloud allows for that access from anywhere, even if computers are locked up in an office.

At the same time, the transition to the cloud opens up the doors for brokerages in a post-coronavirus future. Working remotely and promoting social distancing measures will be the new normal. Insurance Companies and Broker firms can offer customers cloud-based tools and capabilities so that insurance businesses can continue their services and support their customers, now and down the road.

That means working with digital tools that aren't so reliant on physical papers and scanning and all the things that you might do from a typical day to day perspective in the office. The Cloud is helping customers become more resilient and be able to continue to operate in ways that they never thought they would have to and the digital tools that they're employing are really central and fundamental to the cloud system.

Business Insurance Could Save Your Restaurant from COVID-19

Most restaurants should have business interruption insurance, and that insurance may provide some relief from economic pain. Business interruption insurance covers the loss of income that a business suffers after a disaster. The income loss covered may be due to disaster-related closing of the business facility or from the loss of a key supplier that is itself shut down. However, there's a lot of misinformation swirling out there—some of it propagated by the insurance industry—about whether these policies will or should respond to this crisis. Thankfully, there are a few things restaurateurs can do to protect the ability to collect on your business interruption insurance:

There is some gossip that the insurance industry itself is trying to stop business owners from making claims by repeating the mantra “no insurance available for COVID-19 claims.” That's just not true. While some businesses have “virus” or “communicable disease” exclusions, there are some policies that do not carry that exclusion or have it in a form that makes it potentially inapplicable. And even if your policy carries that exclusion, hope is not necessarily lost. There are many, many different kinds of business income policies out there—the specific wording of your policy, even very minor differences, will matter.

When an insurer tells you that virus contamination isn't “property damage,” remember that most policies are written on an “all-risk” basis, meaning that it is up to the insurer to clearly exclude something as a “cause of loss.” Courts have found that contamination from smoke, chemical odors, and e coli counts as “physical loss or damage.” Also, most policies contain “civil authority” coverage that overrides any requirement that your property be damaged—meaning that if you lose business due to a “stay-home” or “shelter-in-place” government order, you may have coverage.

Final Expense Insurance

Funeral expense sounds lacking in feeling, so they changed it to Final Expense.

Let's say you're retired, no longer have life insurance through your employer, and don't have an individual life insurance policy. You also don't have a comfortable nest egg and are worried about the financial burden you'll leave on your spouse and/or kids when you die.

You contact a life insurance agent and start the application process, which includes answering a few basic questions about your health. The death benefit is great, but the premiums are not affordable because of your age and health. Unfortunately, they don't issue policies with a death benefit that's small enough to make the insurance premiums fit your budget. At this point you might give up and assume you can't afford life insurance.

Final expense life insurance is designed to solve this problem. Experts say that the insurance companies drafted these policies to absorb the risk of some serious medical issues paving way for most seniors, despite poor health, to secure a policy with smaller Death Benefits.

The smaller death benefit of final expense insurance makes the premiums more affordable; and the policy is permanent. No matter when you die, your heirs will get the death benefit you want them to have, as long as you've paid your premiums.

It may not cover everything, such as paying off a large mortgage, but final expense insurance will at least help your loved ones pay the bills: bills directly related to your death, bills they'll have a harder time paying without your income, or anything else.

Revealed

How many drivers are overpaying for car insurance in the UK

The insurance industry is used to getting its fair share of criticism over pricing – but now some striking new research suggests as many as 19.3 million drivers in the UK may be overpaying. That research was carried out by pay-by-mile car

insurance provider By Miles and comparison website Moneysupermarket.com, and suggests that motorists driving less than 7,000 miles a year are actually paying a penalty of £180, on average, compared to drivers who surpass that threshold. It found that the

most popular annual mileage bracket was 5,000-6,000 miles a year and that those with low mileages are being charged up to £215 more than those that complete double that distance in a year. The research highlights that the more miles someone drives, the more likely they are to claim – indeed motorists who drive 12,000 miles a year are 50% more likely to have declared a claim in the last five years than someone who drove 7,000 miles or less. Now, the insurer wants the Association of British Insurers

to do something about it, issuing an open letter asking for a pricing review. Insurers must stop inflating premiums for lower mileage drivers to subsidise the higher claims costs of higher mileage motorists and start actively rewarding people for driving less. The technology needed to log the actual miles completed by drivers already exists, and it's unfair to keep overcharging low mileage drivers just because that data isn't being properly taken into account by insurers.



Trouble renewing your motor insurance policy?

HOTLINE: +94 76 113 65 86

WEBSITE: www.gsinsurance.lk

EMAIL: dilshan@gsinsurance.lk



George Steuart
INSURANCE BROKERS

George Steuart Insurance Brokers (PVT) Ltd.

No.439, Galle Road, Colombo 03, Sri Lanka.

