



SURVEY

THE IMPACT OF THE COVID-19 PANDEMIC ON THE LIFE, DISABILITY, AND HEALTH BUSINESS

EXECUTIVE SUMMARY

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Post-COVID Landscape Reshapes Insurance Industry: Adapting to New Realities and Client Demands

Pandemic Spurs Shifts in Employee Benefits and Insurance Services Worldwide

The United Nations' World Health Organization (WHO) declared in May the end of the pandemic as a public health emergency, but the pandemic's impact will forever leave an indelible mark—on our lives, economies, and behaviors. This has led to a cascade of changes in various aspects of society and business that have long awaited transformation.

From fragile care infrastructures to inadequate mental health support, the far-reaching effects of the pandemic have exposed societal vulnerabilities that demand attention.

The pandemic's unexpected silver lining lies in its revelation of the intricate interconnection between work and personal life. The toll of inflexible workplace cultures, fostering burnout among employees, has reached a new height. Such issues have prompted reform across the board. Employers have been reevaluating

their employee benefits packages to accommodate these shifting dynamics. Consequently, the insurance landscape is undergoing a profound evolution as it seeks to meet new expectations and demands from clients grappling with the realities of a post-pandemic world.

In response to these seismic shifts, global Multinational pooling network, Insurope, conducted a comprehensive survey among its Network Members, who operate locally in 83 countries and territories worldwide.

The findings paint a vivid picture of how the industry was impacted and is recalibrating itself to align with the needs of a transformed world. A plethora of innovative changes have been put into place, including the integration of digital solutions, telemedicine offerings, Wellbeing solutions, and a heightened flexibility in insurance plans.

The impact of COVID-19 – key findings include:

- Customers' needs and expectations have changed, and many insurers have changed their products to accommodate a changing environment and customer demands
- Insurers are focused more on Wellbeing initiatives, which could lead to more preventative care
- More demand for digital and virtual solutions
- The pandemic has created more awareness for risk protection
- 23% of the Network Members reported that claims were impacted by the pandemic in 2022, but it is expected that the impact will be less than 2021
- COVID-19 has impacted claims, but most Network Members expect no increase or a slight/moderate increase in future claims. The severity is less than initially feared
- COVID-19 impacted disability and medical claims more than life (mortality)
- There are variations of results and expectations between countries, and the level of state benefits have also had an impact on the results



The insurance industry's response to the pandemic's impact on claims, particularly in the realms of Medical and Disability coverage, has been a central focus. Encouragingly, the severity of these impacts has proven to be less dire than initially feared, showcasing a certain level of resilience within the sector.

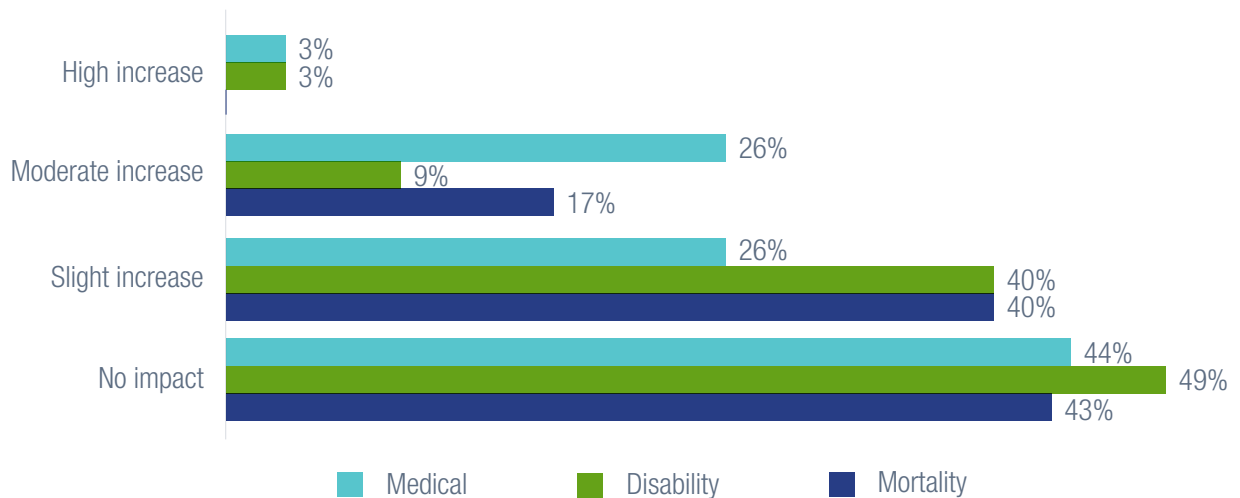
As the world navigates its way through the aftermath of COVID-19, the insurance industry has emerged as a dynamic protagonist in the story of adaptation and recovery.

With clients displaying heightened risk awareness and evolving needs, insurers are stepping up to meet these challenges with innovative products and services that resonate with the new realities of life post-pandemic. The stage is set for a new era of insurance that underscores the resilience and adaptability of both the industry and its clients in the face of unprecedented global disruption.

THE EXPECTED LONG-TERM IMPACT OF COVID-19 ON CLAIMS ALL NETWORK MEMBERS

Do you think COVID-19 will have a long-term impact on Mortality, Medical, and Disability claims?

Most insurance companies expect no impact or only a slight increase in claims due to COVID-19 over the long-term, but medical claims are expected to have a somewhat higher negative impact than the life and disability sectors.

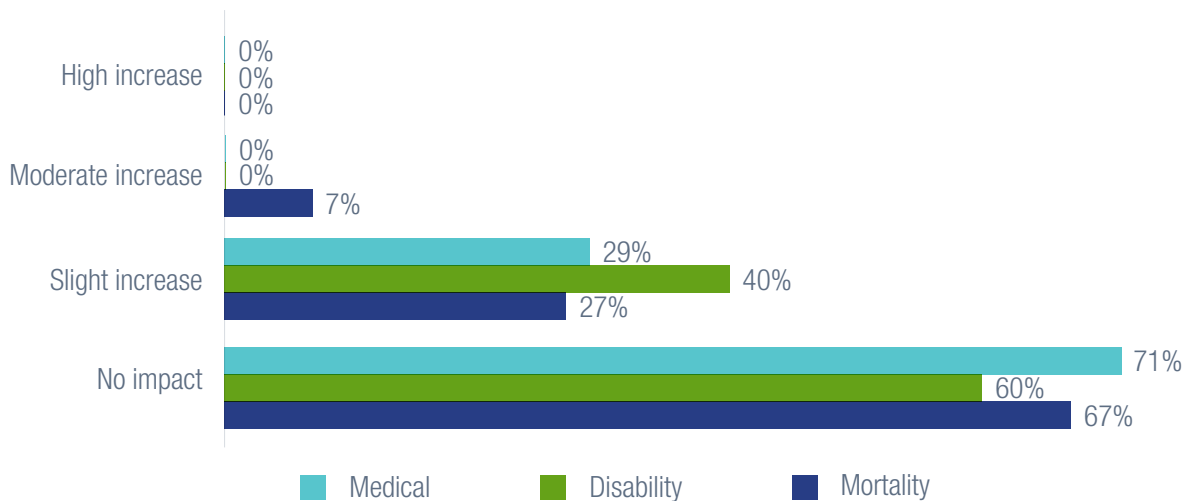


- **Medical**—Higher expected claims in the Americas regions than in the other two regions
- **Disability**—Higher expected claims in the EMEA region than in the other two regions
- **Mortality**—Higher expectations of claims in the APAC region than in the other two regions

THE EXPECTED LONG-TERM IMPACT OF COVID-19 ON CLAIMS TOP 15 NETWORK MEMBERS, MEASURED IN POOLED PREMIUMS

Do you think COVID-19 will have a long-term impact on Mortality, Medical, and Disability claims?

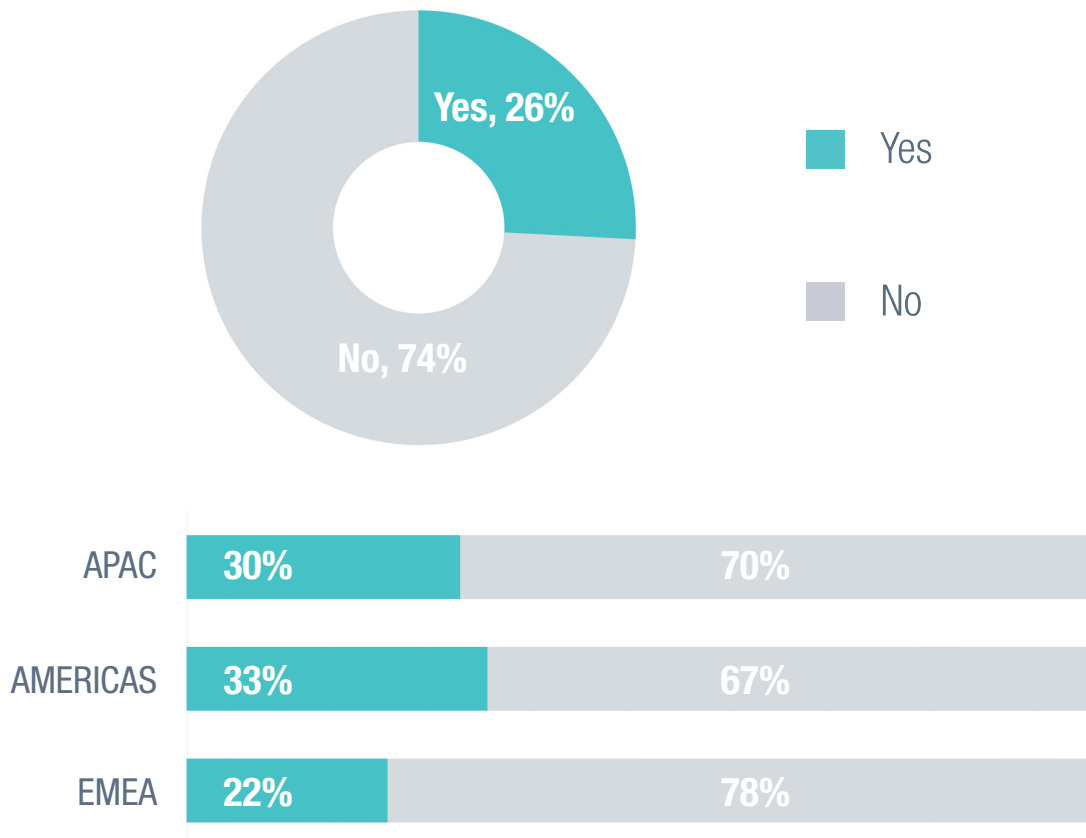
Most insurance companies expect no impact or only a slight increase in claims due to COVID-19 in the long-term. The top 15 Network Members expect less impact of the COVID-19 pandemic than those with smaller pooled portfolios, especially for mortality and **medical**.



CHANGES IN THE UNDERWRITING PROCESS DUE TO COVID-19

Has your underwriting process changed due to COVID-19?

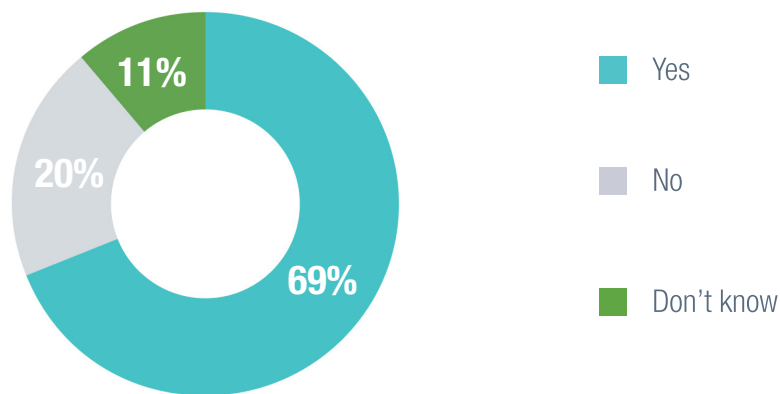
- Network Members with the largest portfolios have implemented fewer changes in the UW process than those with smaller portfolios (20 % vs. 26%)
- Included questions about COVID-19 in the Medical Questionnaire
- Adjustment of COVID-19 related experience
- Increasing rates of mortality and medical insurance
- UW team considers historical Covid claims as an additional analysis
- Revised underwriting standard of medical insurance
- Rate increased based on the assumptions of poorer health service post the lockdowns



CHANGES IN CUSTOMER NEEDS AND BEHAVIOR

Have your sales of group business changed during and after the COVID-19 pandemic?

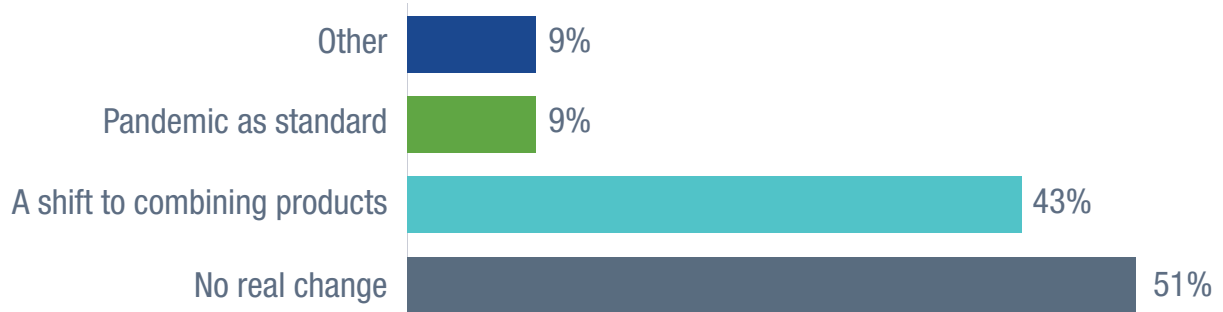
- Americas and APAC are the two regions where customers' demand and expectations have changed the most (100% and 90%, respectively)
- In general, greater interest and demand for insurance coverage, especially for living benefits
- A shift to combined products with comprehensive health management, preventive care, and **wellness**
- Digital/virtual solutions and support (online doctors, online **claims**)
- Guarantees and fewer exclusions (COVID-19 included in the coverage), mental health, increased **flexibility**



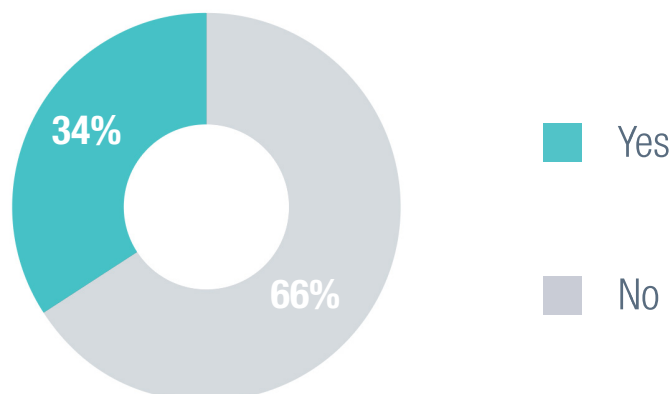
CHANGES IN CUSTOMER NEEDS AND CHANGES IN PRODUCTS & SERVICES

How do you think customer product needs will change due to COVID-19?

- Although the demands and expectations from customers are expected to change, only about half of the insurance companies do not think that the customer product needs will change as a result of COVID-19 (somewhat less expected from the **top 15 Network Members**)
- Some have included coverage for side effects of COVID-19 and waived exclusions for **COVID-19**
- Wellness solutions, preventive care, and mental **health**
- Telemedicine
- Some of the insurance companies report that their claims and UW tables have been **updated**



Have you implemented any changes in your products or services due to the pandemic?



INDUSTRY CHANGES GOING FORWARD

What key changes do you see for the industry going forward relating to COVID-19 ?



- More awareness of the importance of good protection from both employers and employees
 - > Increased demand for life, disability, and medical insurance – new business opportunities
- The chance to focus on more wellness initiatives could lead to more preventative care
- Digitalization and increased use of telemedicine
- Data and tailor-made services as differentiators
- Voluntary Health product
- We must constantly be innovating and provide vaccination services in countries where access is limited

What key threat do you see for the industry going forward relating to COVID-19?



- Higher incidence of claims, in particular for medical and disability
- More and higher claims due to different health structures of the Population (overweight) and less prevention
- New lock-downs that would imply longer disability claims for fragile population
- New wave of the pandemic and new developments of COVID-19 are highly unpredictable
- Maintaining a culture of prevention
- No long-term effects of covid - it will turn into a “normal” infection
- Slow economy with high inflation could force clients to reduce benefits and costs
- Deteriorating claim records and unavailable data on the long-term impact of disability, medical, and death benefits

SURVEY INFORMATION

The Network Members who completed the survey represent approximately 90% of the total Insurope portfolio. The answers are not weighted against each Network Member's share of the total portfolio – all answers are given equal weight.

About Insurope

Insurope is one of the leading multinational pooling networks in the world. Set up in the late sixties we have been providing employee benefit services to multinational companies across the world for over 55 years. We are recognized as a strong network with high service standards, flexible solutions and local Network Members who are leading companies in the area of group insurance for employee benefits. Although Insurope's core activity is multinational pooling, we also offer additional employee benefit solutions and relating services such as online information delivery and reporting.

For more information: www.insurope.com

