



Society of Actuaries in Ireland

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# Impact of Covid-19 on Personal Lines

23<sup>rd</sup> October 2020

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Cecilia Cheuk & Graham Wright

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# Disclaimer

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**The views expressed in this presentation are those of the presenter(s) and not necessarily those of the Society of Actuaries in Ireland or their employers.**

# Agenda

Willis Towers Watson 



## The journey of COVID-19 on personal lines pricing

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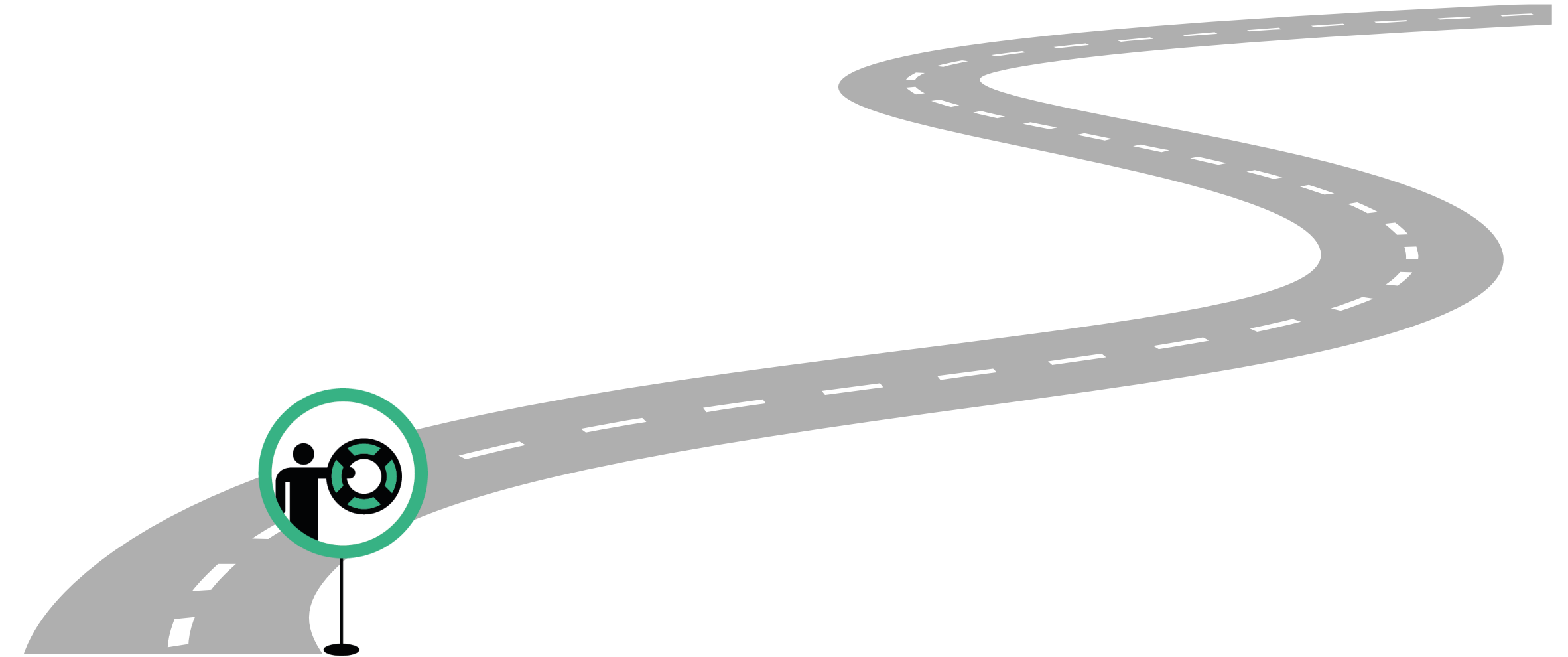


## The future market view of Covid-19 on personal lines

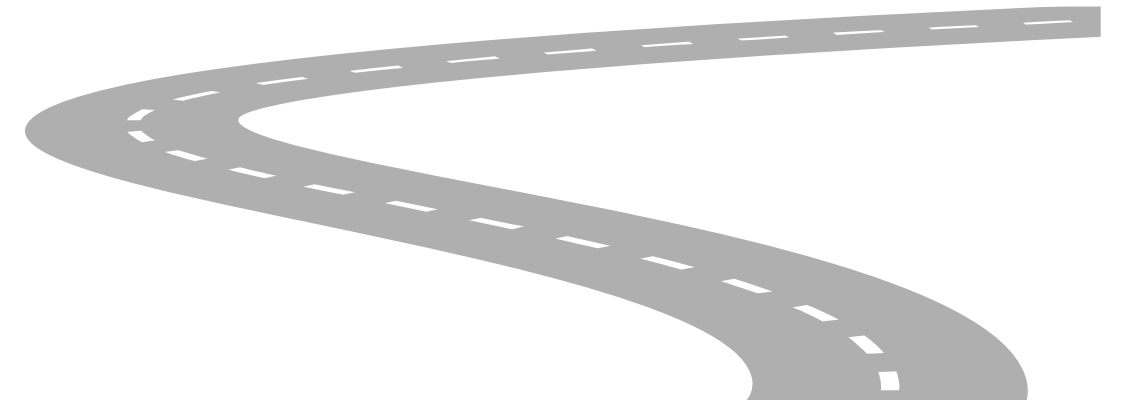
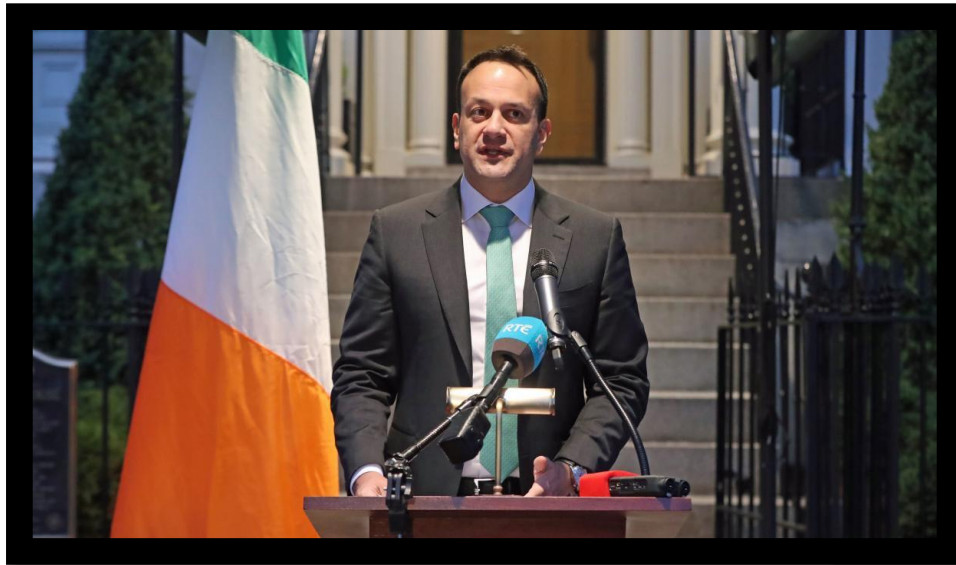
**Graham Wright**, Senior Director & Lead UK Personal Lines Pricing, Insurance Consulting and Technology

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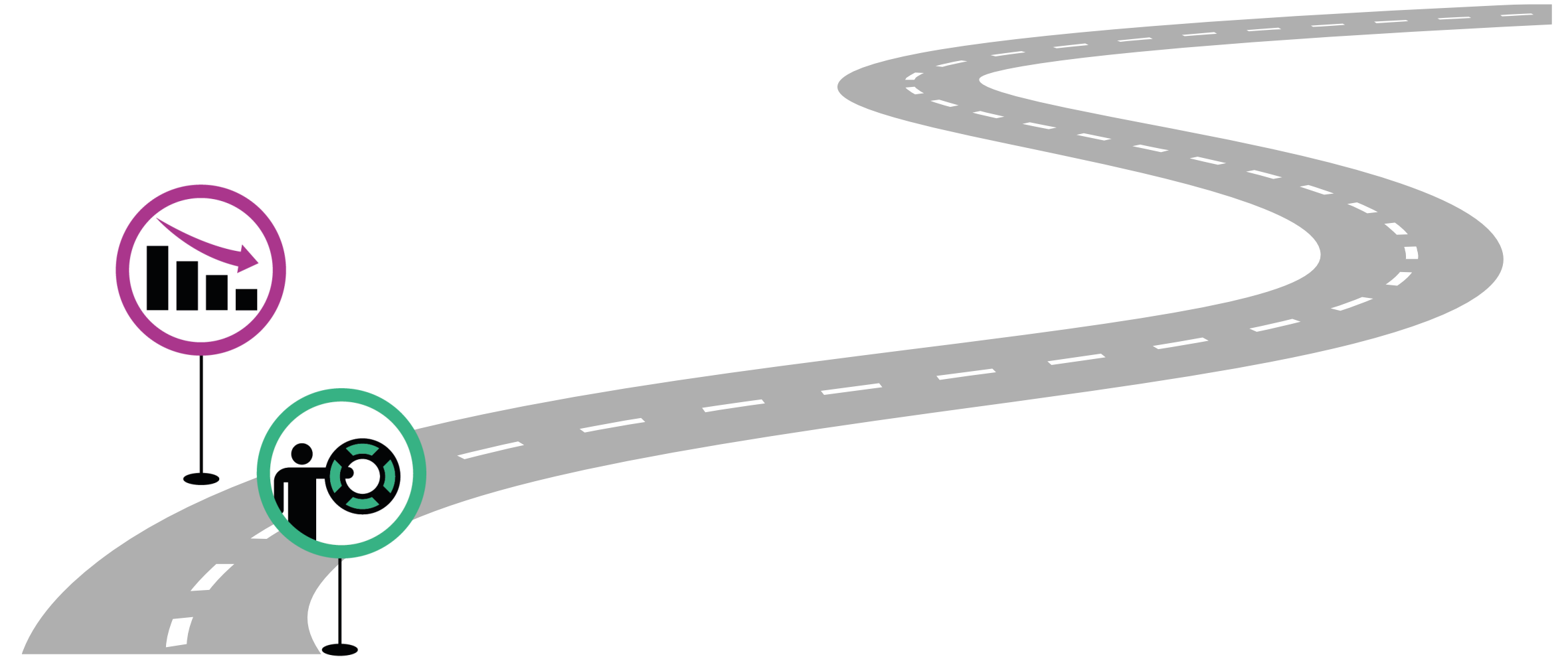
# The journey so far



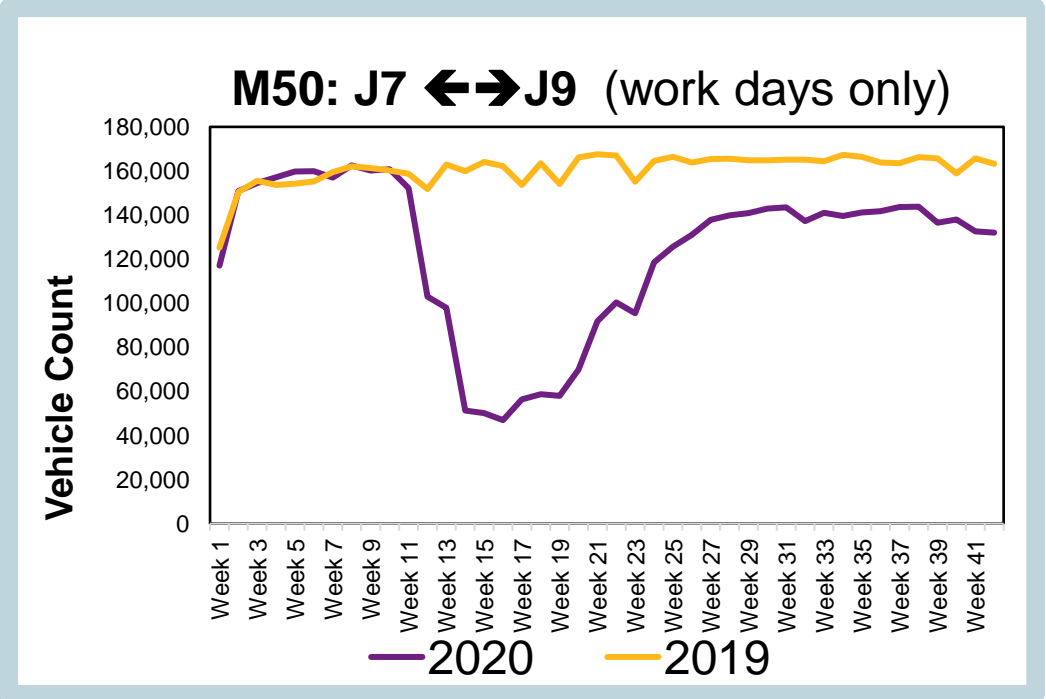
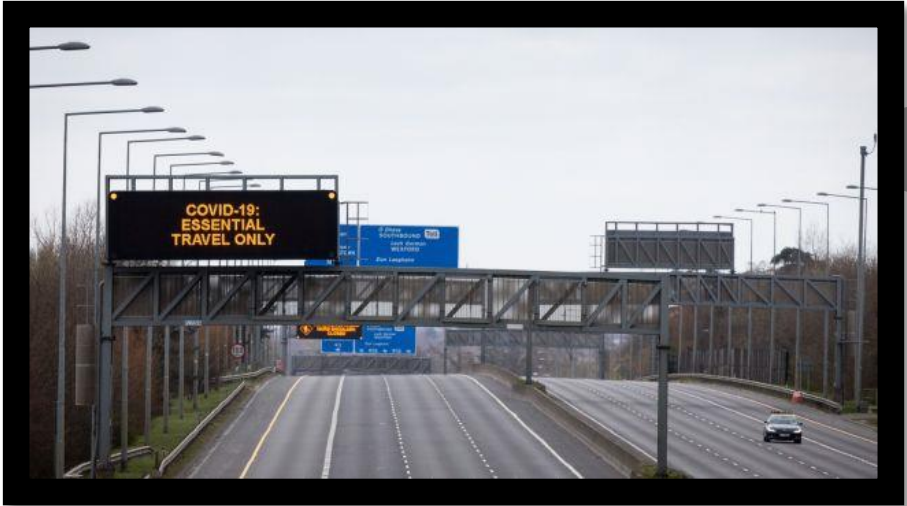
# The journey so far



# The journey so far



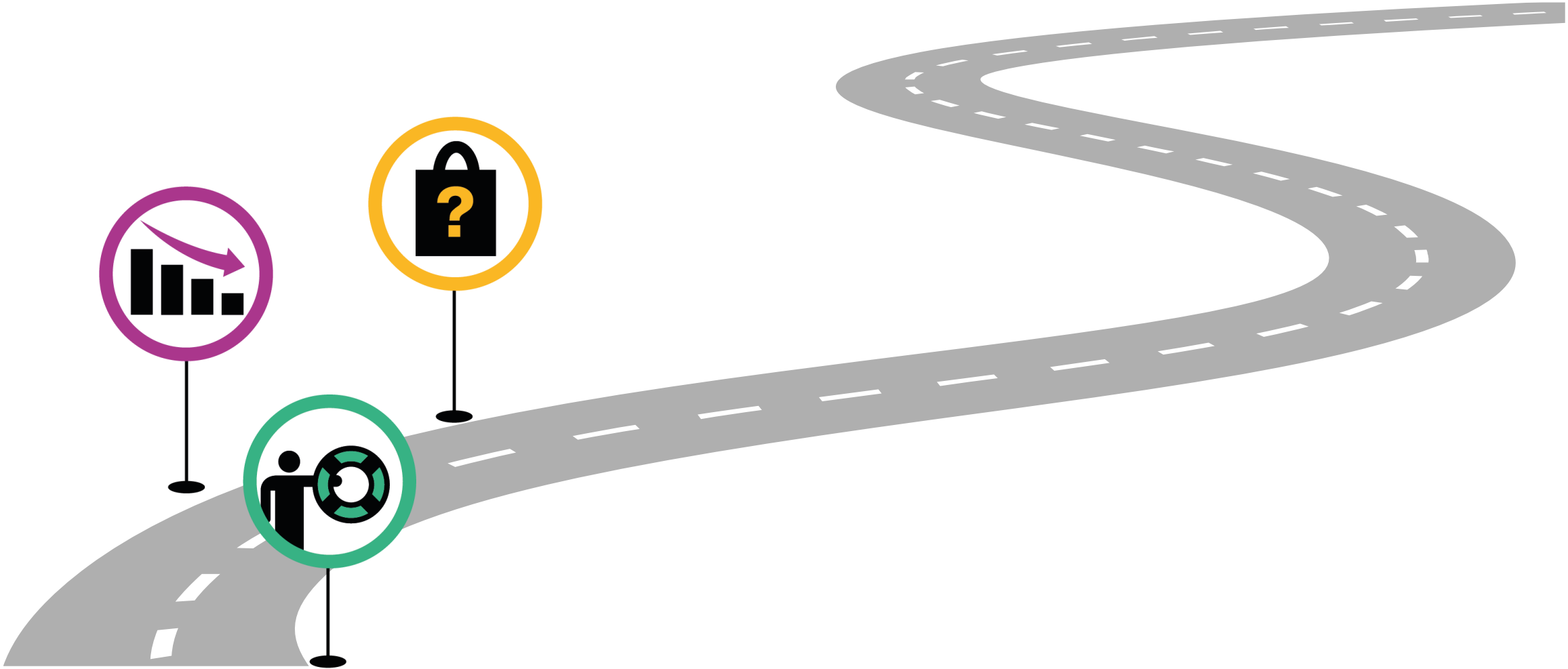
# The journey so far



**Yearly Comparison 2019 - 2020**

Total Killed to 21/10/2019	111	Total Killed to 21/10/2020	116
Total Collisions to 21/10/2019	101	Total Collisions to 21/10/2020	108

# The journey so far





# The journey so far

Can I suspend my motor policy, as I am not using my car at the moment?



**How COVID-19 is affecting car sales and consumer attitudes**

Driving test applicants to face eight-month wait for appointment, says RSA

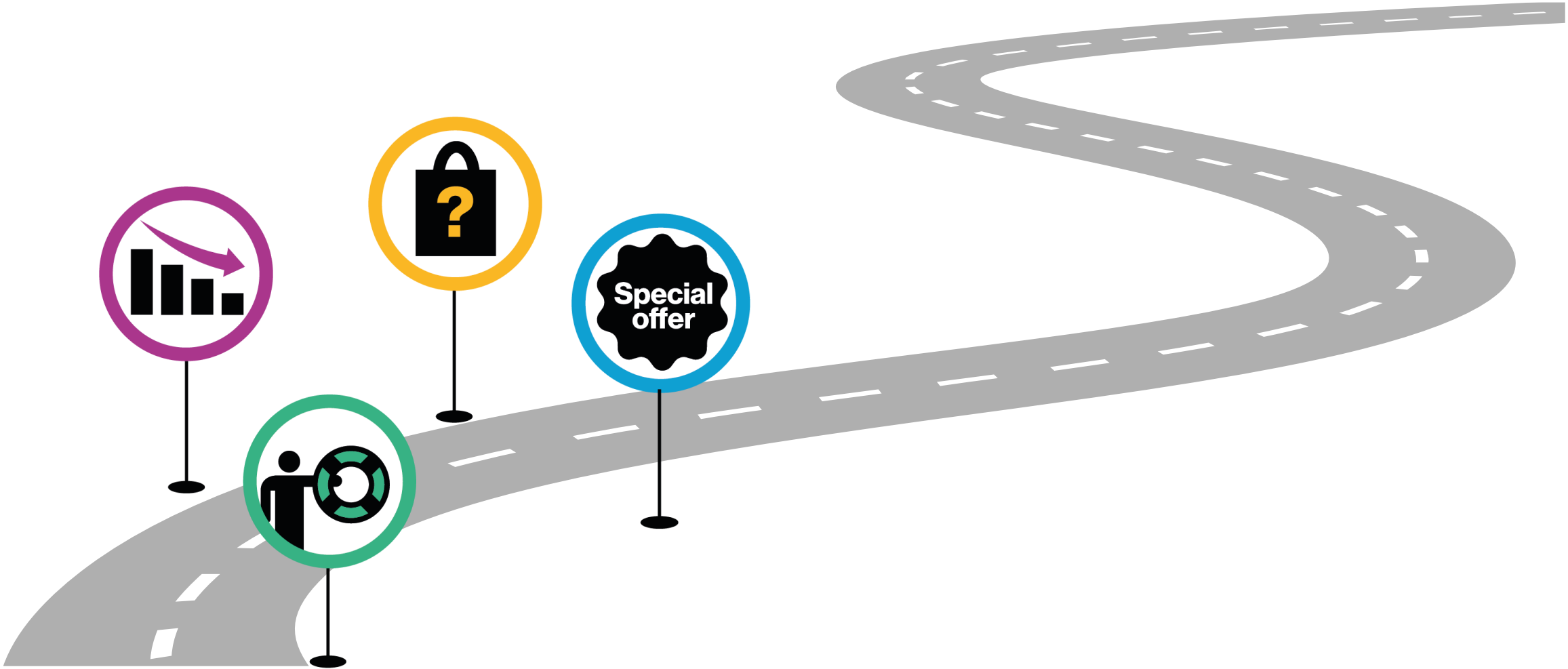
43,192 people now waiting for test with list expected to lengthen in run-up to Christmas

Postpone the planned purchase of a car

Convinced to buy with attractive offers

Increase online shopping because of Covid-19

# The journey so far



# The journey so far

**‘Generous’ Covid-19 benefits fuelling rise in unemployment**

Rigorous checking of applicants’ claims is not being carried out, says Davy report

© Tue, Apr 21, 2020, 10:51 | Updated: Tue, Apr 21, 2020, 10:52

**My renewal is due, but I can’t afford to pay. What can I do?**

**I am working from home, am I covered?**

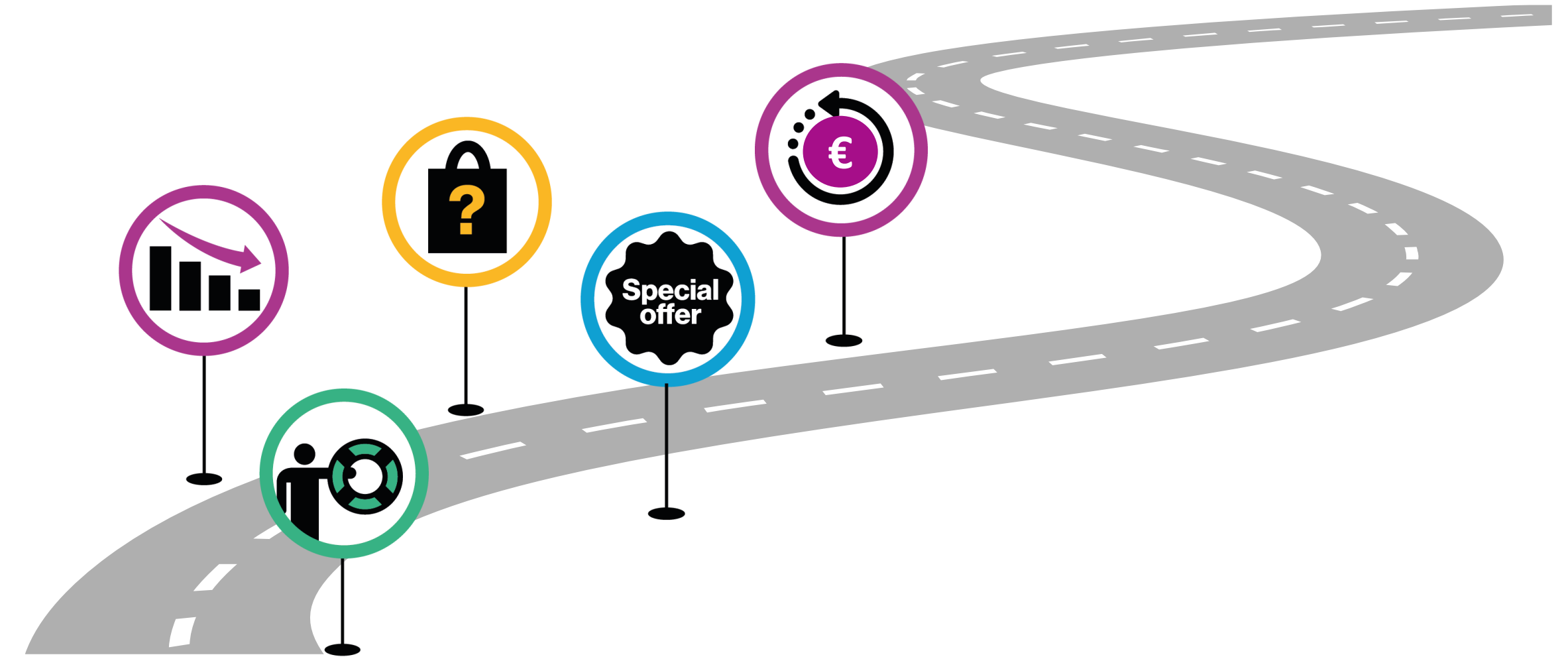
**Can I suspend my motor policy, as I am not using my car at the moment?**

**Special offer**

**I’m a healthcare worker and I need my car for visiting people in the community, do I need business use?**

**My licence is due to expire but I can’t get to the National Driver Licence Service centre, will you still cover me?**

# The journey so far



# The journey so far

Irish insurers urged to partially refund motor premiums as US companies return millions to policyholders

Most motor insurers commit to providing rebate to customers

Fewer claims expected as Covid-19 restrictions have greatly reduced mass travel

© Fri, Apr 24, 2020, 14:45 | Updated: Fri, Apr 24, 2020, 15:39

Most motor insurers agree to give refunds or discount premiums

Updated / Friday, 24 Apr 2020 19:16



Does this refund include a return of government levy?

# The journey so far



# The journey so far

## Covid-19 business interruption insurance claims: expectations set in Ireland

OUT-LAW ANALYSIS | 21 Aug 2020 | 1:20 pm | 7 min. read



Insurers can expect the Central Bank of Ireland (the CBI) to closely scrutinise their decisions not to pay out on business interruption insurance (BII) claims raised in response to the disruptions organisations have faced during the coronavirus crisis.

**Coronavirus (COVID-19)—Ireland business interruption test case**

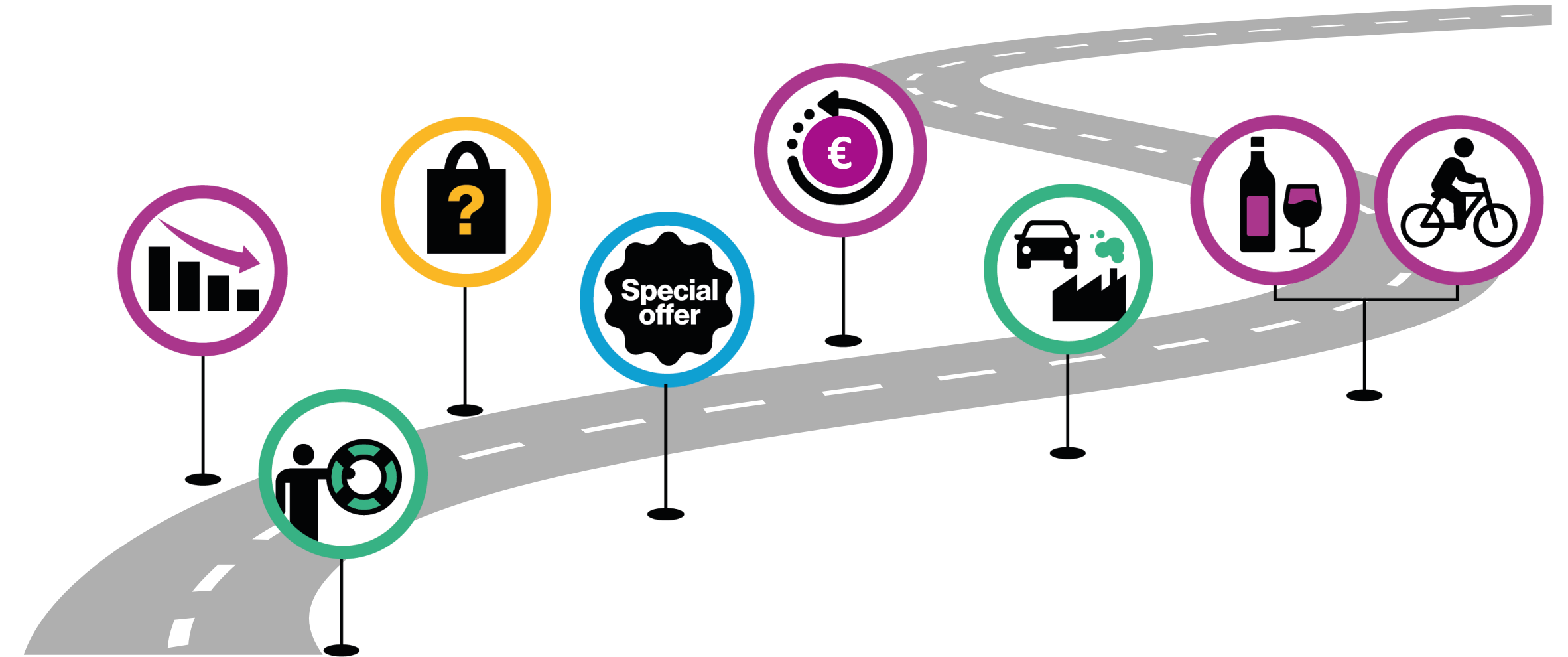
## Assessing Business Interruption Insurance to Offset COVID-19 Related Loss

### Press Releases

## Central Bank publishes Business Interruption Insurance Supervisory Framework

05 August 2020 • Press Release

# The journey so far





# The journey so far

**Covid-19: Ireland likely faces 'imminent second wave' due to reopening, experts warn**

Government should lock down local areas with high Covid-19 rates, group says

© Wed, Jul 15, 2020, 02:38

**THE dreaded 'second wave' of coronavirus has already struck Ireland, according to health experts.**

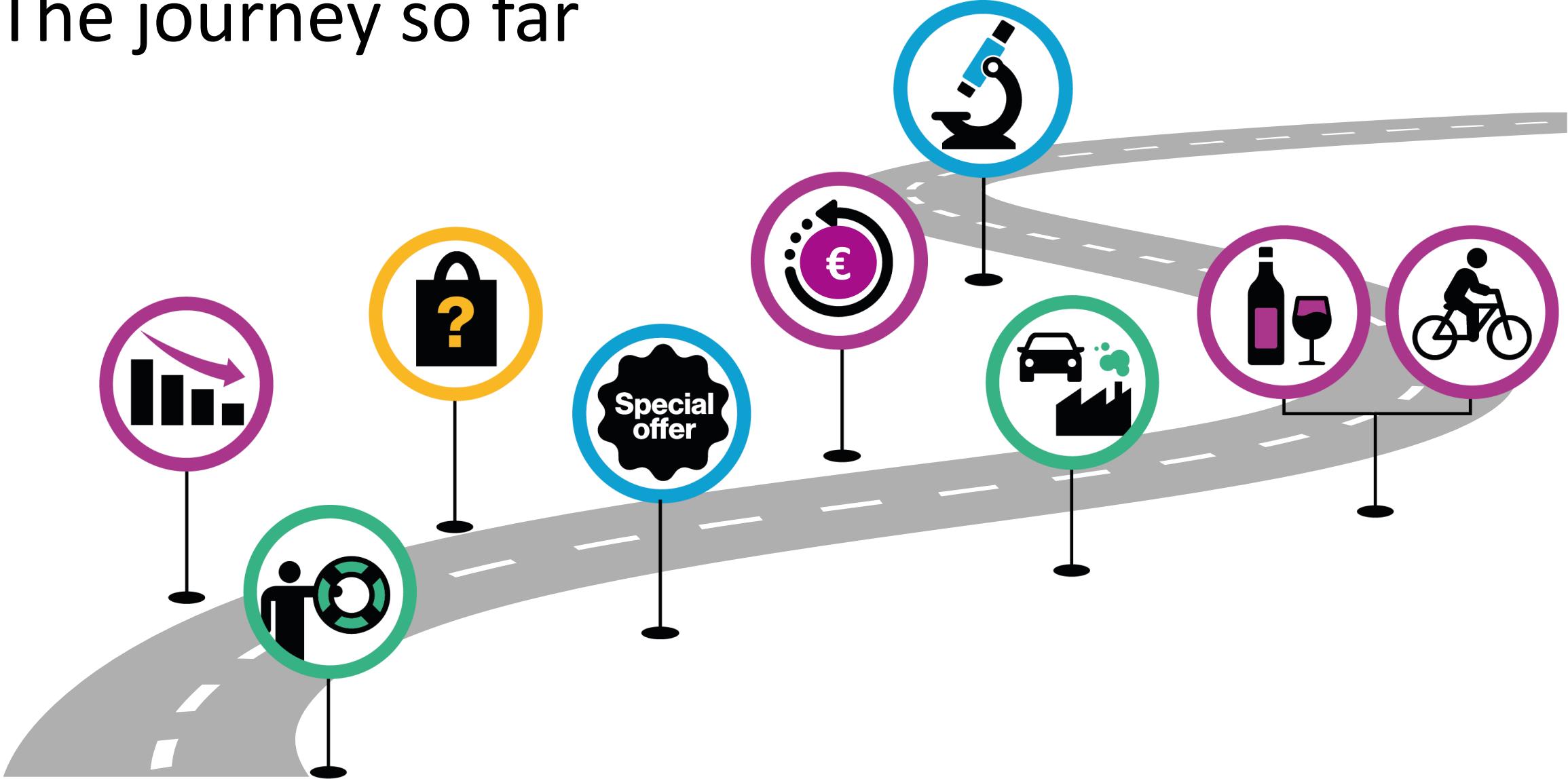
**BOOZERS BACK** Coronavirus – Wet pubs outside Dublin reopen for business for first time since March after months of Covid-19 closures

Aoife Horan  
21 Sep 2020, 9:52 | Updated: 21 Sep 2020, 10:48

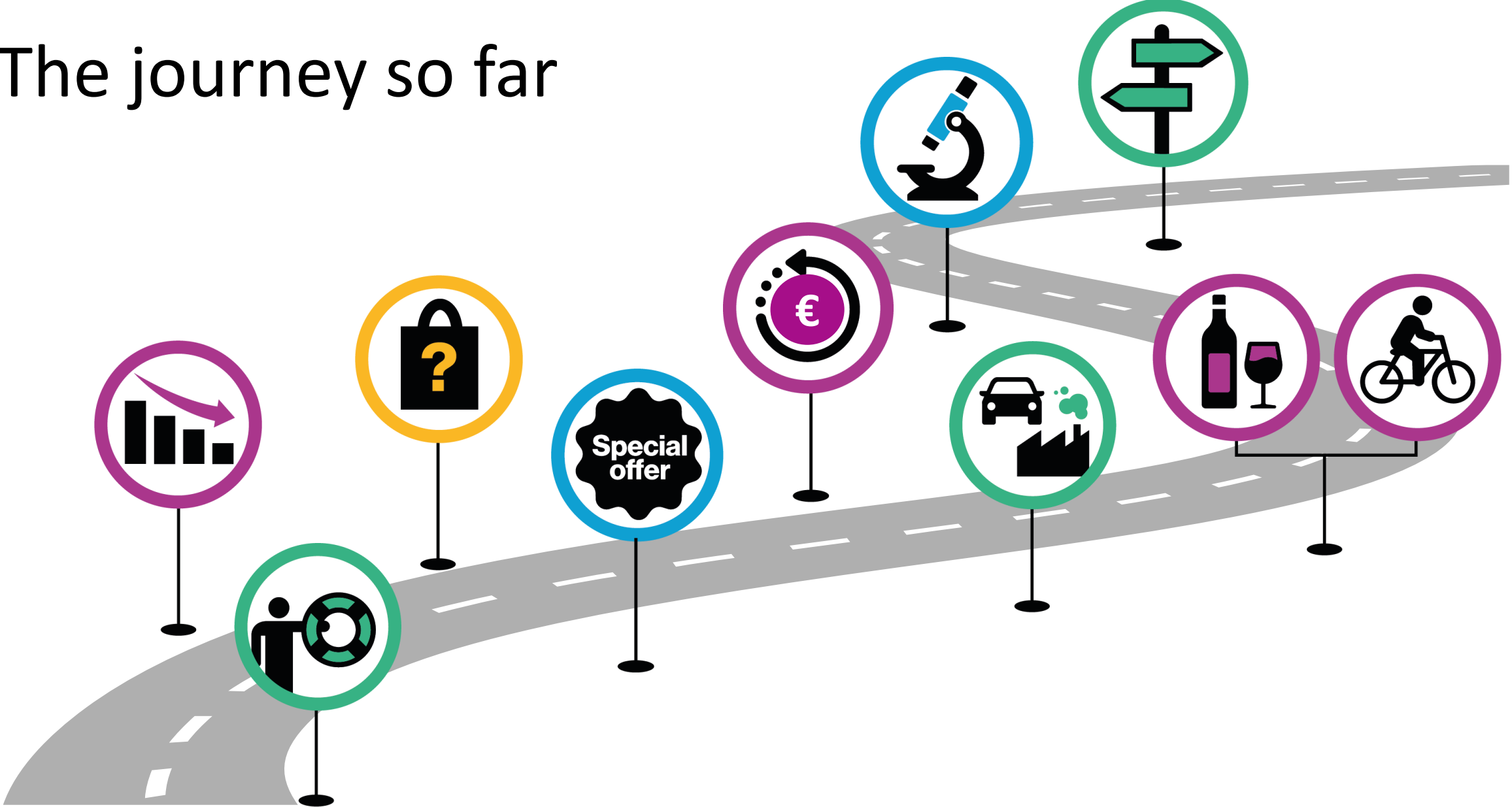
**Indoor dining banned but wet pubs can stay open under new Level 3 restrictions**



# The journey so far



# The journey so far



# The journey so far

Ireland in recession as economy contracts by more than 6%

Decline in economic activity from impact of Covid-19 offset by increase in value of exports

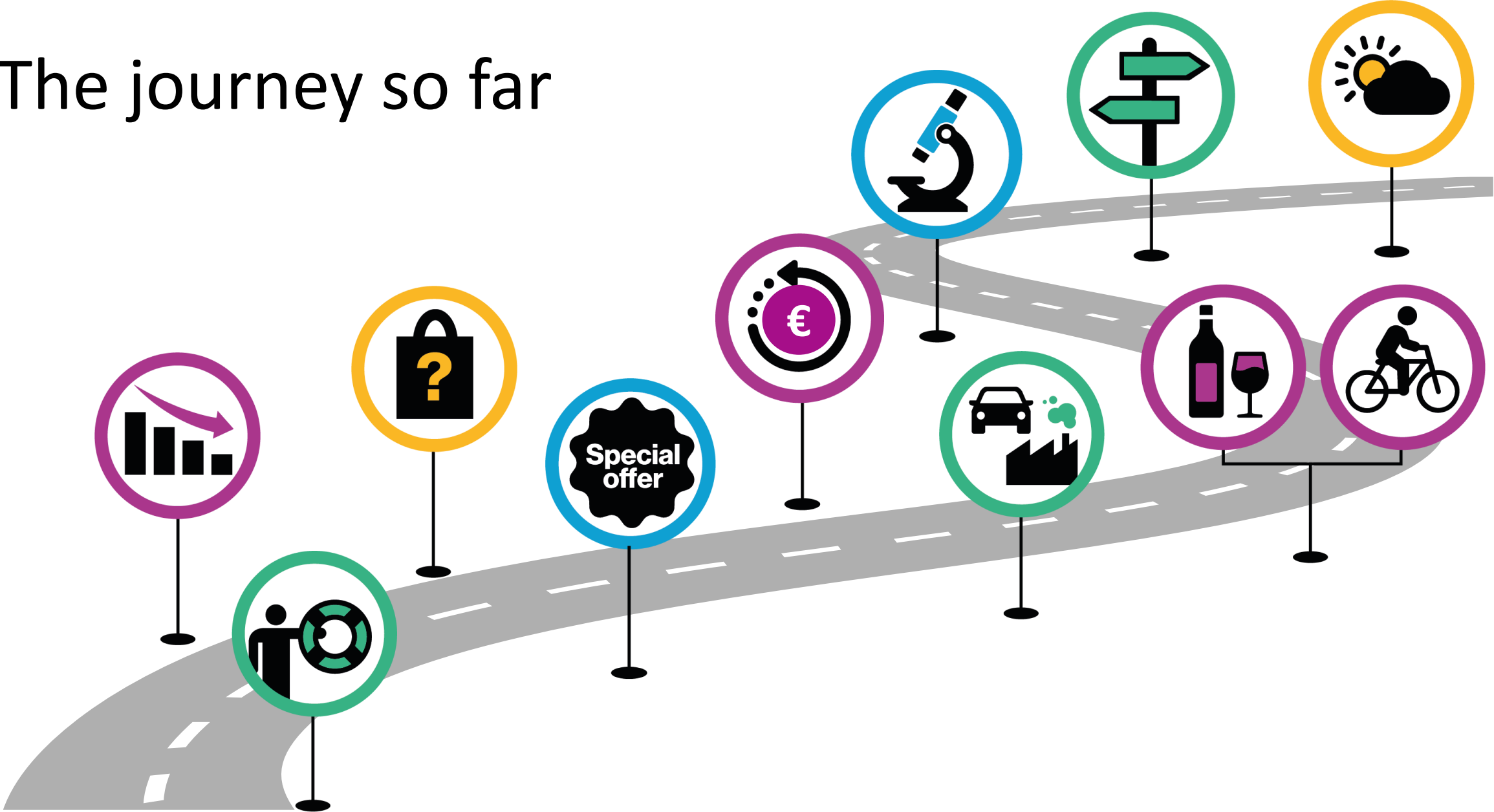
© Mon, Sep 7, 2020, 11:16 | Updated: Mon, Sep 7, 2020, 11:18

Spending to save: Gamble that record €18bn Budget spree will ease Covid-19 crisis and Brexit impact

Budget 2021: Recovery, health and businesses at centre of 'unprecedented' €17.75bn package

Health spending to increase by €4 bn; carbon tax to increase; new teaching and SNA positions to be created

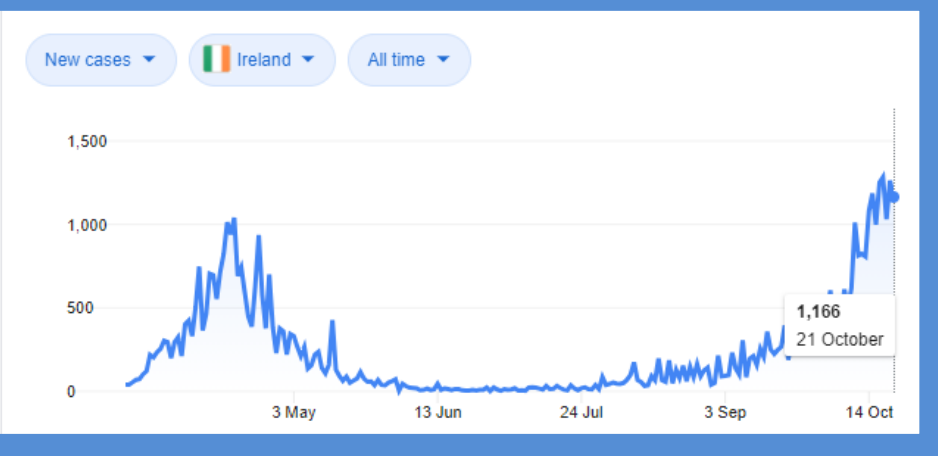
# The journey so far



# The journey so far



Micheal Martin described the move to Level 5 restrictions as 'very, very serious' in his address to the nation



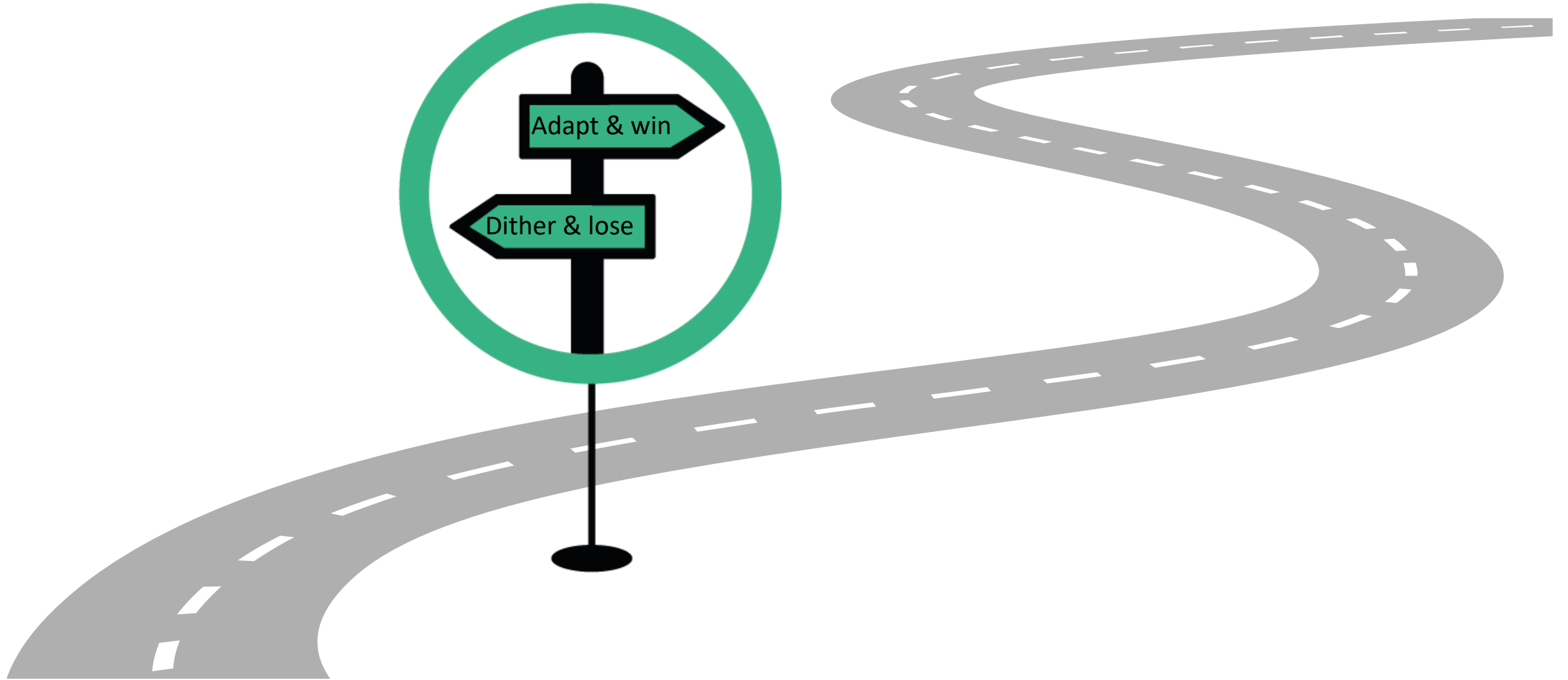
Life under Level 5: What will the next six weeks look like for the State?

Contact tracing must improve if third Covid-19 wave is to be avoided

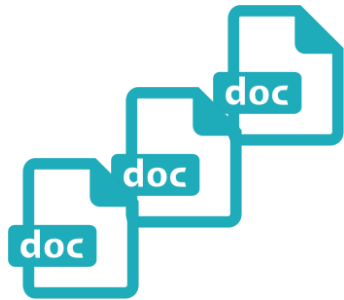
Trinity approves pilot Covid-19 screening programme for students and staff  
Project to run alongside dedicated HSE testing centre on campus

Reasons to be optimistic for a Covid-19 vaccine by Christmas, says expert  
Professor Luke O'Neill believes data is promising and treatments are getting better

# “Adapt and win” or “Dither and lose”



# So what does the future hold for pricing?



**Policy Count**



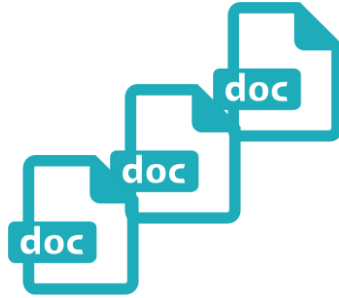
**Collision drivers**



**Market cycle and economic trends**



# So what does the future hold for pricing?



## Policy Count

- Affordability
- Number of drivers
- Number of people per household
- Vehicle per household

# So what does the future hold for pricing?



**Collision drivers**

- Total mileage
- Mix of collision claims
- Repair costs
- Injury costs
- Hire costs

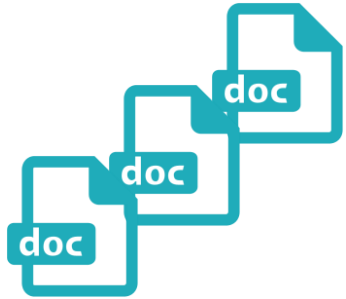
# So what does the future hold for pricing?



## Market cycle and economic trends

- Increased fraud
- Theft
- Underwriting cycle
- Inflation
- Investment
- Telematics
- Rebates
- Reinsurance

# So what does the future hold for pricing?



**Policy Count**



**Collision drivers**



**Market cycle and  
economic trends**

It's all very uncertain... and this is before the CBI differential pricing outcome is fully known... but a fun time to be in pricing

# Questions



## **Cecilia Cheuk**

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