



Insurance and Indemnity Survey 8 June 2020

The Care Provider Alliance (CPA) has consulted with care providers in a number of different ways over the last few weeks to get an understanding of the key issues in relation to insurance and indemnity. We ran a survey from Thursday 21 May until Wednesday 27 May 2020 where a total of 115 providers took part in the online survey from across the CPA membership. Most of the participants were home care providers and so additional consultation with care home providers – in the form of a forum discussion - was undertaken in order to get a balanced picture from across the sector.

The report provides a culmination of our key findings from both activities and the report highlights some of the key points that have come to light. Namely,

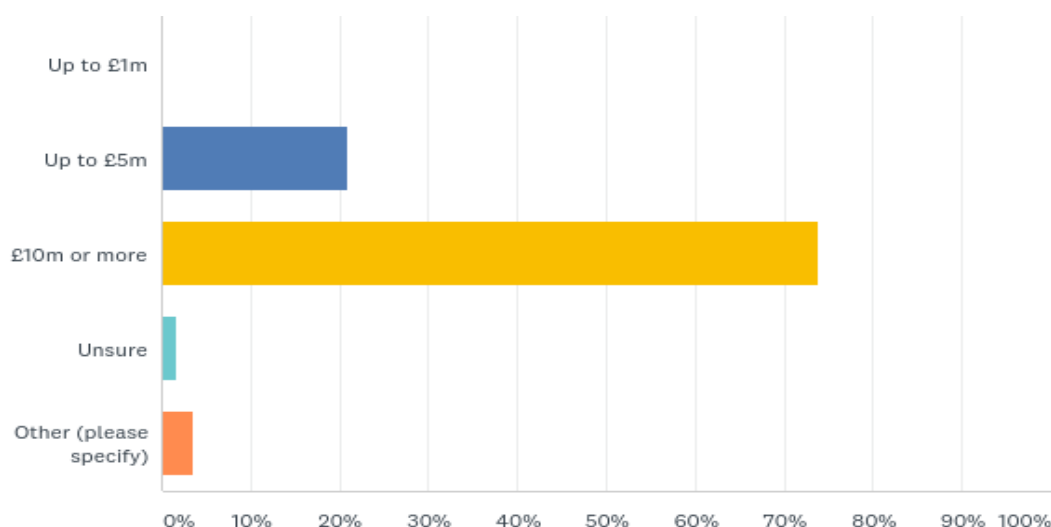
- Providers will face some claims, particularly as a result of supporting people who have not been tested.
- The insurance market is shrinking
- Insurers are seeking to limit their liability
- Costs are rising where cover is provided.

The timing of this report is early-on in the renewal process, and only 1/12 of the market will have actually renewed their insurance policies. The longer-term availability of affordable and effective insurance cover is still in doubt.

Although responses from homecare providers suggest that they may not have experienced the same difficulties as care homes, this is a rapidly evolving situation for which the Government needs to have a solution ready if it changes. The CPA believes that the situation must be kept under review over the coming months to help assess the full extent of the impact on the sector.

Key Findings

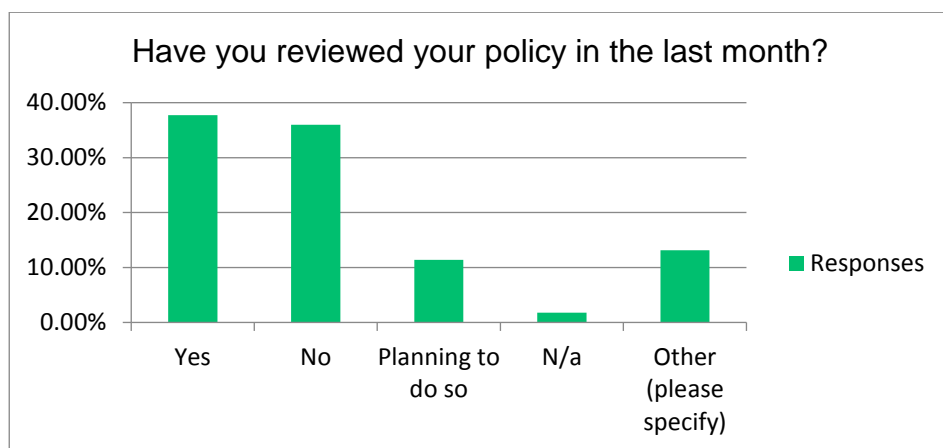
What level of indemnity and liability insurance cover do you have?



The survey results showed that the majority of providers have insurance cover in excess of £10m, with just over 20% of respondents holding cover for up to £5m.

The insurance cover is generally split across a variety of different aspects of the organisation to include business interruption, public liability, employer’s liability, etc. See attached insurance plan from AON for an example of the complexity of insurance cover for a care home operator.

Have you reviewed your policy in the last month?



The majority of participants to the survey had reviewed their insurance policy or were planning to do so. Of those who had not yet reviewed their policy, the reason provided was because the policy renewal was not yet due. However, providers were in active discussion with their insurance brokers to ascertain if their existing policies would cover them for COVID-19 related claims in the event a claim was made. Feedback from such enquiries is noted further in the report.

Did you experience any issues renewing your cover?

There were a number of variations in the responses to this question. Firstly, it was evident that there are notable differences between the homecare and care homes market. In the main, home care providers whose insurance policies had fallen due within the timing of the survey were able to obtain cover. Key issues for home care providers that were noted were increase to premiums and the removal of a couple of insurance providers available in the market – e.g. New India and Aviva.

The care homes market however, raised a number of significant issues, which came out in discussions with providers during the Finance Forum and with Towergate Insurance, and also noted in the survey results. The following key issues applied to the care homes market:

Decline in supply:

The insurance market for care homes, though relatively small, has tightened and continues to tighten. Providers have told us that the five main insurers have stated that they will not take on new care home business and they are not being specific about what needs to change in order for them to start doing so. The implications of this means that providers will have almost no choice or market when they come to renew their policies, causing difficulty if their current insurer chooses not to offer them anything for the next year.

“A lot of the brokers we approached told us that New India was dropping care homes that had had any claim within 5 years and that there were several homes struggling to get cover

like ourselves. A lot of insurance companies are refusing to insure homes because they don't know what damage covid19 will do to the care home sector and also we were told that it's because some care homes were business interruption claims for the covid19."

"Regarding the request for information on issues we are experiencing relating to insurance and indemnity, we renewed our EL/PL/Med Mal cover as of 1st April 2020 and had the following issues:

- Lack of underwriters willing to provide cover – most will not cover care homes at this time*
- We were able to secure EL/Public liability/med mal but at an increase in premium of 102K on last year's premium for the same level of cover. There was another underwriter willing to provide cover but at an additional 250K cost on last year's premium. Covid 19 has been specifically excluded from our cover for this year.*
- Business interruption cover was in place on our previous policy but COVID 19 was not included even though it included specified WHO pandemics and denial of access due to disease."*

Exclusions and restrictions:

We have been advised that some insurers are imposing exclusions to policies, to include COVID-19 and in some cases all communicable diseases. This is a major concern bearing in mind that most care homes require cover for outbreaks of communicable diseases to include legionnaires, Norovirus, Flu, etc.

Some insurers on renewal are offering a very low and capped level of public liability which is unrealistic and means that care homes will essentially have no meaningful public liability cover for any claims associated with COVID-19.

"I have contacted our broker today, who has informed me that some insurance companies are backing out of the insurance market, but not the company we are insured with. We could not make any Covid-19 related claim on the business interruption section of our policy, as it was not foreseen. The situation will probably have an impact when we come to renew next year, both in terms of cost and on the number of quotes we are able to obtain; as a result, there will be less competition in the market which is an additional factor to push prices up."

"Will only provide Covid cover up to £7.5k per case; we have a £2.5k excess, insurer will pay £5k. Max £100k ceiling in one year."

"When we finally got insurance it cost us 3 times our usual yearly policy renewal payments and with 7 vacant empty rooms in a small home for only 20 residents the stress and burden was overwhelming."

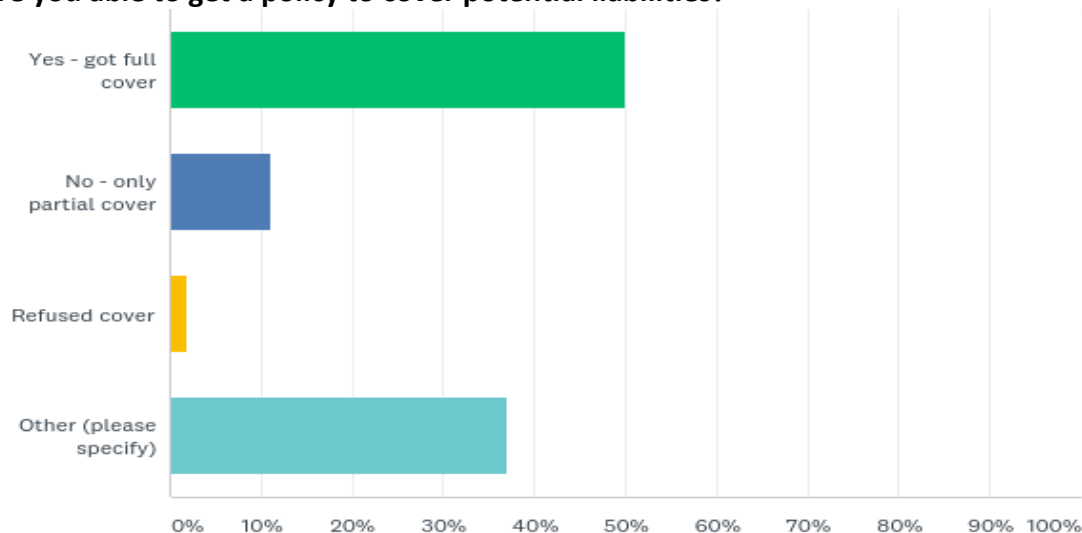
"With insurance companies once you declare that you have been refused cover, no one wants to touch you."

Access to data:

Providers report that insurers are asking for growing amounts of data and are introducing very short periods between offer and acceptance – with a real 'take it or leave it' approach.

Public liability claims are now beginning to emerge – and it is very apparent that there are significant interest in pursuing these from some elements of the legal profession who will be looking to support ‘test’ claims etc.

Were you able to get a policy to cover potential liabilities?



The response to this question varied depending on the type of provider answering the question. The majority of home care providers who responded to the survey on the whole were able to get full insurance cover as noted in the chart above, however some did experience difficulties. Also some key issues which came to light for care home providers upon further consultation.

All providers expressed concerns following initial discussions with insurers. 40% felt that their existing insurer had expressed that changes/exclusions of COVID-19 will apply to their existing cover and 18% had been advised of the potential of significant increase in premiums, with a number stating that their previous underwriter may decline to provide cover.

“We are a Domiciliary Care Provider located in East London and our current Employer's Liability Insurance does not cover COVID -19. We tried adding the premium to cover the current pandemic situation however no joy. It's a double standard by the government to focus on Care Homes and not Home Care in the given unprecedented situation. Home Care is in higher crisis as the care workers are travelling using the public transport and provide care from one service user and travel to another service user.”

“I am insured by Zurich and their position is that I am not covered for COVID-19 business interruptions or claims by staff should they contract the virus by virtue of their employment with me.”

To conclude, it was clear from our consultation with providers that the issue of indemnity and insurance is a complex one. The variety of insurance policies and type of provider adds to the technicality and complexity of the issue of insurance and indemnity cover.

As a result of these complexities further analysis and a more detailed assessment is required to determine the potential impact on providers. This issue is a moving and changing situation and as such the full impact on home care and care homes is yet to be fully understood. However, the issue is remains front and centre of the key concerns of care providers, and must therefore remain a live issue until more is understood.