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Insurance Sector Maintains Its Critical Role in Crisis Response

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As the COVID-19 pandemic continues to spread around the nation, the impact on all elements of life and business is becoming weightier by the day. But whether people are faced with health concerns or business challenges, the reassuring fact is that in almost all cases, there's an insurance policy to fall back on.

Interestingly, despite the widespread panic of this moment, this is far from the first time that the insurance sector has been there to provide a security net. Many insurance companies have been around for decades, even centuries.

For example, after the Great Fire of London in 1666, many groups of underwriters began offering fire and property insurance in response to the chaos that ensued – it's likely that Lloyds of London, the British insurance market, was one of these primary players. In 1918, during the Spanish Flu pandemic and at the height of WWI, National Life followed through on all flu- and war-related claims. Finally, New York Life has weathered a handful of storms, including Yellow Fever, Spanish Flu, both world wars, the Great Depression, and the 2008 financial crisis. In each of these examples, the insurance sector stepped up to protect people and businesses amidst each unique crisis.

It is with this historical foundation that today's insurers retain confidence in their ability to serve and protect their policyholders. With estimated timelines of this pandemic hazy at best, insurers are nonetheless making proactive changes. An increasing number of health insurance providers are waiving out-of-pocket costs for COVID-19 patients. Car insurance companies are pausing payments and policy expirations; others are considering offsetting premiums since most people's mileage will be down significantly. Many insurance companies are working closely with insurance trade associates, lawmakers, and regulators to ensure the increased number of business interruption insurance claims, travel insurance claims, and others are being treated fairly without risking further economic turmoil in the industry.

Given this reality, what does the future look like for the insurance sector? Many industry experts are confident that insurers will come out of this stronger than ever. But not without careful analysis of best practices, business models, and core principles. More regulation is likely – something we also saw in the aftermath of the 2008 recession. Many companies are realizing that traditional policy terms and conditions are steeped in jargon and legalese that most policyholders simply don't understand – something that quickly leads to greater challenges in crises like this. Some experts believe that insurers need to reassess how they define and calculate risk. Finally, there is the growing emergence of insurtech, which could reveal massive benefits, particularly in how big data and predictive analytics drive decision-

making in the insurance industry.

At the end of the day, the insurance sector plays a critical role in crisis response, and the coronavirus is bringing to light both the strengths and weaknesses of the industry. Every insurer's goal is to provide peace of mind to their customers, and never has that been more important than now.