

BMS is in close contact with Healthcare Liability reinsurance underwriters to best understand what impact COVID-19 will have on their portfolios and appetite for risk going forward. Similar to our findings across the industry, BMS has found our reinsurance partners efficiently working remotely, responding timely, and receptive to hearing our clients' messages. Our findings encompass views from 50% of the MPL reinsurance marketplace, measured by healthcare written premium.

Overall there is a wide variance in reinsurers' positions on COVID-19. At one end, reinsurers are saying that it is business as usual, are taking the long-term view of the crisis and any potential losses, and currently do not plan to limit reinsurance coverage for infectious disease upon renewal. Conversely, other reinsurers have corporate positions that exposure from pandemic infectious disease must be excluded or limited in reinsurance contracts. A handful of reinsurers want to get a sense of their aggregate COVID-19 loss potential before making appetite decisions, and will be reluctant to add new business or extend additional limit capacity to renewal contracts, particularly on programs renewing in the second quarter.

An area of real concern with reinsurers is liability for senior care in nursing homes or assisted living facilities. There are reports across the country about rampant infection in facilities exposing the most vulnerable subset of the population. In addition, echoing reinsurers' concerns, several insurance carriers have placed a moratorium on new eldercare business.

Previous to COVID-19, the MPL market was already hardening; carriers were seeking rate increases and managing limits downward due to the increase in severity of losses. COVID-19 has reinforced carriers' desire to manage new business, expansion in coverage terms, and limits very prudently. We would expect a short to near term drop in frequency of claims due to courts' capacity being restricted and elective procedures being postponed. Only time will tell if there is an increase once this pandemic has subsided.

In these unrepresented times, the need for a trusted advisor is paramount. BMS provides product and market expertise, relationships, and best in class tools and capabilities to assist our clients in navigating these uncharted waters.

Reinsurers have been actively seeking to ascertain their clients' perspective on COVID-19 exposure and how they are addressing the rapidly changing situation that carriers and original insureds face, including:

- Increased utilization of telemedicine and the rapidly changing legislation surrounding it;
- Policy extensions, delays in submitting premium, and other liquidity concerns;
- Keeping apprised of state cancellation provisions in the event of cancellation due to nonpayment of premium;
- Coverage for retired practitioners returning to assist with the COVID-19 outbreak;
- Coverage questions for facilities setting up or expanding daycare to care for the children of healthcare workers;
- Coverage questions for insureds operating beyond their practice specialty;
- Good Samaritan provisions that vary by state;
- States which have enacted immunity for all or some practitioners;
- Possible increased claims from delayed non-emergency procedures and decreased exposure from elective procedures;
- Staffing and equipment shortages which may lead to rationing;
- Potential Employers' Liability claims due to unsafe working conditions and shortages of necessary protective equipment.

Contact Information

Sean McDermott

Executive Vice President - Philadelphia

sean.mcdermott@bmsgroup.com

Direct: +1 215 825 3077

Mobile: +1 215 284 7601

Nikole Miles

Senior Vice President - Minneapolis

nikole.miles@bmsgroup.com

Direct: +1 952 229 8868

Mobile: +1 952 905 6413

Alex Archer

Broker - London

alex.archer@bmsgroup.com

Direct: +44 20 7374 5923

Mobile: +44 7920 507 398