

Stresses of COVID-19 Hit Businesses, Their Insurers, so Partnership Is Needed: FERMA

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The Federation of European Risk Management Associations (FERMA) has called for enhanced understanding of the insurance needs of European businesses to help them get through the pandemic and recover afterwards.

“Many companies are under great pressure as a result of the pandemic. We need brokers and insurers to work with us as partners at this difficult time. For some businesses, it may be a question of survival,” said FERMA President Dirk Wegener, in a statement.

Wegener said it is essential that businesses have continuing access to insurance and are kept well informed. “We also need insurers to exercise flexibility when reasonable

and practical. This applies both to timing and extent of premium payments and claims negotiations. We welcome the support that insurers have put in place so far.”

Insurers Under Stress

Wegener acknowledged that insurers are also under stress. The European regulator, EIOPA, states that “imposing retroactive coverage of claims that was not envisaged within contracts could create material solvency risks for insurers. We agree,” he said.

“Forced retrospective changes would jeopardize contract certainty and not help build a sustainable and trusted relationship. A healthy insurance industry will be, among other things, essential for business in recovering from the pandemic,” Wegener continued.

FERMA also urged the European Union to support the creation of national insurance pools for future pandemic risks. “National pools have been useful in responding to other severe and widespread risks, such as terrorism,” he said. “We believe they can be so now. We encourage the European Union to support such developments and ask EIOPA to make proposals.”

Source: FERMA

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