

Government-backed pandemic schemes stall in UK and Germany

By Ben Norris on November 26, 2020



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State-backed pandemic insurance schemes in the UK and Germany have stalled and now look unlikely to come to fruition as quickly as insureds would like, according to speakers at Reuters' Future of Insurance Europe conference.

The news agency reported that Stephen Catlin, chairman of Pandemic Re, one of the proposed solutions in the UK, now thinks this initiative is unlikely to be ready next year.

Meanwhile, head of the German insurance association GDV, Joerg Asmussen, told the conference that talks about a similar pandemic public-private partnership in Germany have been put on the back burner.

Mr Catlin, who is also chairman and CEO of insurance firm Convex, reportedly told delegates that progress on Pandemic Re has been slowed by complexity and the UK government focusing on other Covid-19 issues.

According to Reuters, he said in June that he thought it would be possible to launch the scheme in 2021. But Mr Catlin told the conference this week that “as time went on, it became clear that the complexity was going to slow it down”. He added that governments are understandably “consumed with the here and now”.

Mr Catlin urged action to drive Pandemic Re forward. Without progress, the UK could “land in the same mess we are in today all over again”, he said.

Discussions about a state-backed catastrophe fund to cover future health crises and potentially other risks are not as far advanced in Germany as some other European countries, such as the UK and France.

This has led German risk management association GVNW to make repeated calls for its government to step up efforts. But the comments from GDV’s Mr Asmussen suggest that so far this has not had the desired effect.

GVNW president Alexander Mahnke again urged for **more commitment** from his government on the issue, at the association’s general assembly late last month.

“We have commented on this several times, most recently in mid-August together with the BDVM in a joint position paper. Previously, in April, we had sent a letter to the Federal Ministry of Finance to initiate talks on establishing a private-sector, state-financed insurance solution for future pandemic risks,” explained Mr Mahnke.

“It is understandable that the federal government currently has to deal with other important topics, but we should not let this topic be forgotten and must discuss together in good time about what future protection for these risk situations could look like. Hence the request here too, to resume the discussions on this as soon as possible and to deepen them further,” he said.

The French public-private pandemic scheme appears as far ahead as any, but it now looks like progress has stalled and it won't come to fruition at least until the Covid-19 crisis is over.

Frederic Durot, technical director of property and casualty at Siaci Corporate & Specialty that is involved in the discussions, told CRE in early November that the scheme has made **little progress** since the summer.

French risk management association AMRAE has also been part of the working group driving the proposed French solution. This group submitted a report to government at the beginning of July 2020, setting out the various courses of action discussed.

A public opinion survey was launched at the end of July to obtain feedback before the end of August. The results of this survey are currently being analysed, explained Mr Durot.

But as France grapples with the rising number of infections and moves into national lockdown, unfortunately there have been no developments since, he said.

Mr Durot does not think the scheme will be revisited until the current crisis is over, partly to avoid confusion among businesses about whether they are currently covered or not.

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