Identification of potential COVID-19 insurance policy exposures

As the economic shutdown in response to the COVID-19 outbreak continues to impact businesses across the country, there are increasing calls for the Property and Casualty Insurance industry to compensate claimants through business interruption (BI) policies. The industry response has been nearly unanimous that these BI claims are not compensable due to standard exclusions for viral contamination, pandemics, etc. In addition, the policies often require the existence of physical damage stemming from a covered cause of loss. However, these exclusions may not be universally included in every policy issued.

Companies are under pressure from a variety of stakeholders including regulators, investors, and auditors to identify where exposure may exist to BI claims and to quantify the potential impact of that exposure. Recently, the National Association of Insurance Commissioners (NAIC) issued a data call requesting information on premiums, policy counts, and losses on in-force commercial multi-peril (CMP) and business-owners (BOP) policies with physical damage requirements as well as viral or pandemic exclusions, in connection with business interruption coverage.

Policy language inventory: The immediate challenge

With large populations of policies, often on a variety of policy administration systems, many insurance companies are struggling to understand their potential COVID-19-related exposure. At the same time, companies are being asked to quickly evaluate and report on their potential exposure to loss driven by COVID-19 claims. Underwriting units that initially made assertions of policy provisions and protections at the onset of the virus will be increasingly challenged to provide more substantial and data-driven evidence in support of their assertions and the completeness of their review.

KPMG solution

KPMG has developed an innovative solution to analyze insurance policies and assess key provisions—such as premium and policy data, and ongoing requests for loss tracking. Our insurance policy analysis solution can answer questions such as:

- Which of my policies contain standardized language and which are manuscript?
- Which policies were in force during specific time periods?
- Which policies contain exclusions for viral contamination, disease, pandemic or similar?
- Which policies include a physical loss requirement?
- Is there a notification period included?
- Is there a limit or length of coverage provision?
How we can help—Cognitive contract analysis powered by KPMG Ignite

KPMG’s mature cognitive contract analysis platform is trained to intelligently “read” insurance policy files and their content in order to automatically provide COVID-19 related insights.

KPMG Ignite, our artificial intelligence platform, provides the engine our deep AI resources use to accelerate policy language identification and aggregation.

Key benefits in working with KPMG:

KPMG insight-driven solutions can be customized to handle different requirements around input, analysis, and results in order to meet your specific business needs.

- Automatically review your entire policy portfolio to identify contract exposure to COVID-19 claims
- Fully automate data gathering and extraction for NAIC COVID-19 reporting requirements
- Add additional data elements for extraction at any time without having to read policies over and over again
- Quantify your COVID-19 exposure in number of policies and applicable limits for a variety of stakeholders
- Provide COVID-19 response teams and Company management with actionable insights

Contact us

Jeanne Johnson
Principal, FSS
T: 704-335-5341
E: jeannejohnson@kpmg.com

Martin Kaestner
Principal, Digital Lighthouse
T: 703-674-7571
E: mkaestner@kpmg.com

Scott Weinstein
Principal, Actuarial
T: 404-222-3594
E: sweinstein@kpmg.com

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