



# Canstar insurance guide

How COVID-19 has impacted insurance

Here's what you need to know



## Travel insurance

- Some travel insurance policies exclude epidemic and pandemic claims altogether, some cover only for medical claims overseas and some cover for both medical and cancellation.
- If you were overseas and already had travel insurance in place when COVID-19 emerged as a major event, you should be covered by policies that do not have the blanket epidemic and pandemic exclusion, at least for medical costs.
- If you were in Australia and yet to travel when the Australian Government issued a travel ban in March, then you might be able to claim for cancellation costs, provided your policy does not exclude these for epidemics and pandemics.
- Typically, travellers wouldn't be able to make a claim for cancellation costs unless a "do not travel" warning has been issued. With this warning now in place, it would have triggered many claims being submitted for Australians that were due to travel and had insured their trip.
- If a traveller took out insurance after the severity and spread of COVID-19 became clear, they probably won't be covered for COVID-19 as it was then considered to be a known event. The cut-off varies but is likely to be somewhere between mid-January and mid-February and policy holders will need to check with their insurer.
- With Australians now no longer allowed to travel, they might be looking for a refund of the travel insurance premium they paid well before their scheduled departure date. This is not likely to be available. Travel insurance generally covers events that might result in cancellation that are totally independent of COVID-19, like illness in the family. Even if the traveller hasn't made a claim and now will not be, they had the benefit of the cover for that period and the peace of mind that went with it.



## Life insurance

- Canstar hasn't found a life insurance policy on its database that excludes existing customers from cover for epidemic and pandemic claims like COVID-19.
- What is emerging is higher scrutiny for COVID-19 risk factors for policies being sold now, resulting in the application for insurance being declined in some cases or specific exclusions in the policy sold in other cases.
- The other approach some insurers are taking is to attach an exclusionary period to new policies within which COVID-19 is not covered, say 30 days from taking out the policy.
- With COVID-19 now a well known event and known risk, it will be harder for people to take out a new policy now, as many insurers are tightening up.
- While it could be too late to be taking out life insurance to cover COVID-19, anyone that is considering this product should consider taking out cover for the next epidemic – before it becomes a known event. This is what insurance is meant for.

## Income protection insurance

- Income protection insurance is developing along similar lines to life insurance, but there are some differences.
- Income protection policies normally have a waiting period of 30, 60 or 90 days for each illness or accident before a claim can be made. The period from development of symptoms, recovery and clearance from isolation for COVID-19 would likely fall within the waiting period, so if someone were to take out a policy today or after falling ill, they may not be able to claim.
- Income protection does not usually cover redundancy, though some insurers provide redundancy cover as an optional extra at an extra cost. Anyone with redundancy cover within a longstanding policy should be covered for loss of income, but new policies may exclude the now-known COVID-19 event.



## Landlord insurance

- Landlord insurers have reacted quickly to the Federal Government policy to put a six-month moratorium on eviction of tenants. The legislative process will be tricky as it will require state legislation, but a number of banks have pledged co-operation by supporting landlords with loan repayment holidays.
- There will be renters who meet the criteria to not have to pay rent, and insurers believe this will expose them to extensive claims. Most landlord insurance providers on Canstar's database have either withdrawn their products from sale altogether or have excluded loss of rent cover from new policies sold.
- It is believed existing policies are not affected, but when it comes time for landlords to renew their policy, this might change.



## Health insurance

- Comprehensive health insurance policies, in the Gold and Silver tiers, cover the heart and lung treatments required for severe COVID-19 care, but lower cost Bronze and Basic policies usually do not.
- However, private health insurers are bucking the trend set by other insurances and rather than tightening up on cover for COVID-19, most are extending COVID-19 related cover to Bronze and Basic policies. Private Healthcare Australia has advised that "all hospital policies – from Basic to Gold – will include full hospital coverage for people affected by COVID-19".
- The original expectation was that COVID-19 patients would be treated at public hospitals, but the private system has now been enlisted in anticipation of stretched resources.



## Car insurance

- While the majority of car insurers Canstar compares have not changed their policies, there are some providers offering discounts and cashback offers for new and existing customers who are currently using their cars less than usual.



## Home and contents insurance

- There is no clear reason for COVID-19 to change home and contents insurance.
- Similar to car insurance, the majority of home and contents insurance providers on Canstar's database have not amended policies in the wake of COVID-19.
- Canstar has found a handful of providers offering discounts to existing customers who are experiencing financial hardship as a result of the COVID-19 crisis.



Canstar's Insurance Guide

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