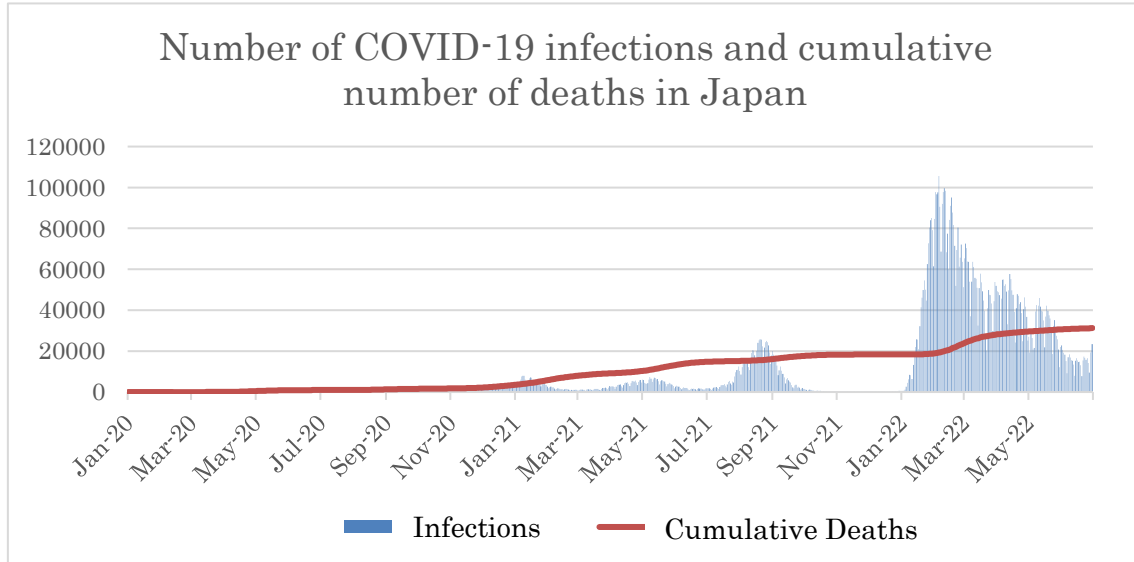


Do we need COVID-19 Insurance?

Status of COVID-19 in Japan

In mid-January of 2020, the first suspected case of COVID-19 infection was reported. In February, an outbreak was occurred among passengers on a cruise ship, Diamond Princess. Although Japan's government implemented strict quarantine measures at airports, COVID-19 spread from person to person and with the emergence of the highly contagious Omicron variant, it spread all at once.

There are cases such that even though patients are treated with medical equipment such as a respirator or extracorporeal membrane oxygenation (ECMO), they end up dying if they develop severe pneumonia after infected with COVID-19. With the news about overwhelmed hospitals with COVID-19 patients and deaths of famous people due to COVID-19 infection, the outbreak prevention measures which include avoiding the 3Cs (Closed spaces, Crowded places, Close-contact settings), wearing masks, washing hands, gargling and taking physical distancing have been highly recommended in Japan.



As of the end of June, 2022

Number of Infections in Japan		Vaccination Rate in Japan	
Confirmed Cases	9,332,455	First Dose	81.9%
Total Deaths	31,281	Second Dose	80.8%
		Third Dose	61.8%

As of June 2022, 10,000 to 20,000 new cases of COVID-19 infections are reported every day; however, as the uptake rate of Pfizer or Moderna vaccine goes up, the number of serious cases and deaths is kept low. In addition to vaccination, the spread of effective medicine against COVID-19 will be the key to suppressing future COVID-19 infection cases.

Life insurance companies' handling of COVID-19

As the industry wide response, COVID-19 is included in the insurance coverage for sickness hospitalization benefit when the insured is hospitalized and death benefit when the insured dies. In addition, with the request of the Financial Services Agency, each company takes special measures, such as setting a grace period for premium payments and renewal of insurance contracts.

Some insurance companies also take the following special measures.

- There were times in Japan when the hospitals accepting COVID-19 patients were on the verge of collapse due to the overwhelming number of patients. Insurance claims from those who were forced to be discharged or denied admittance by the hospitals and received medical treatments at the designated hotels and facilities or at home are accepted and the claims will be paid with and based on the doctor's medical certificate.
- Implementing special measures such as interest exemption or discount for policy loans.
- Simplifying hospitalization and death benefit claims procedures by omitting some of required documents.
- If a policy has an accidental death rider, it is also paid out in case of death due to COVID-19.

Life insurance companies are promoting remote work and as the infection prevention measure, remote sales through online sales platform and other forms of sales without physical contact such as through mail, telephone or the Internet is implemented. Furthermore, every company is working on digitalization to make every aspect of life insurance procedure more efficient and to improve customer convenience.

For life insurance companies, it is true that there is the increase in the hospitalization benefit payout due to COVID-19; however, it is also considered that the financial impact can be small because of the fewer influenza cases. It is also expected that because of the emergence of another infectious disease risk, policyholders would review their existing contracts and it might lead to new contracts.

Launch of COVID-19 insurance

Some insurance companies launched the new insurance product which will pay a lump-sum payment if the insured is diagnosed with or hospitalized for the specific infectious diseases including COVID-19. Other insurance companies introduced the additional coverage which pays double the hospitalization benefit for COVID-19 infection.

As for new products, because of the emergence of the highly contagious Omicron variant, some products were forced to increase premiums or reduce coverage amounts. In the past, we had been overwhelmed by the excessive claim payments for traffic accident insurance products due to the increase in the number of traffic accidents owing to the popularization of automobiles.

When underwriting new risks, it is important to set a clause in insurance provisions to allow companies to change premium rates or coverages, especially if an increase in the incidence is expected.

Oriental Life Insurance Development Center bears sole responsibility for the contents of this article.