

The challenges of Covid-19 on the Health insurance industry: Lessons Learnt

Miriam Blazquez Muñoz

Sanitas Seguros

Bupa Group

Health insurance context in Spain

Spain has a universal health public system in place, with a high quality level of service. The management of NHS is of the competence of the Regional Governments level.

More than 10 million people (2 million civil servants) held in addition a private insurance policy.

64 Health Insurance entities in Spain. 7.952 million € premiums in 2019.

Concentrated industry: 5 main firms has more than 75% market total premiums.

Medical provision:

- **No gate keeper.**
- **Complete products: in patient, out patient, hospitalization, digital consultation.**
- **As an example Sanitas has a network formed by more than 50.000 doctors.**
- **Reimbursement products are the exception in Spain.**

Pre Covid-19 Top Risks

- Cyber and Information security.
- Privacy.
- Reputational contagion.
- Regulatory changes.
- Technology and business model disruption.
- Economic conditions and product value.

[illegible]

Emerging risks:

- Increasing customer and societal expectations, a need for more tailored, personalized products at affordable prices, particularly in regard to affordable, digital solutions.
- Geopolitical uncertainty.
- Next generation of technologies.
- Medical treatments and technologies continue to advance rapidly and often at great cost.
- Challenges for health care in both the public and private sector.
- Climate change.

All these risks and expectations will increase following the pandemic

Covid-19 Crisis

To highlight during the crisis in Spain:

- **The lock down was in place in Spain the 14th March 2020. There was a very restricted period in April during Easter when only restricted essential activities were permitted.**
- **Since May the Government relaxed some measures. Non-essential** businesses were reopened, children were permitted to leave home for a limited time.
- **As the curve was clearly decreasing**, we observed a significant reduction in the pressure in our network hospitals.
- Summer was a calm period. It was called the New Normal.
- Since October, there is a new peak, **the estate of Alarm has been again declare and that permits Regional Governments to put in place new restrictions in the economic and social activity, travel are not permitted in the different regions or local areas, test has been imposed in airports...**

Covid-19 Crisis Management in Sanitas

Main initial measures:

- A Crisis Management Team was created since late February.
- Working from home deployment for all the staff.
- Reinforcement of the call center for guarantee service to policy holders and the business continuity.
- Daily meetings with the involved teams: R&C, Actuarial, Communication, People, Medical Direction, Customers Direction...
- Internal and external communication. Board and DGS regular up dated.
- The pandemic is excluded in the policy, but from the very first moment Sanitas took the decision of cover all the Covid-19 medical treatments. The industry second the decision.
- Coordination with the health authorities.
- Video consultation available for all the policyholders. More than 4.000 v.c. a day.
- Commercial retention plans.
- Cyber security and remote technology.
- Hospital capacity increase. Field hospitals.
- Provision of sanitary material. Protection equipment and reinforcement of health staff was key.
- Volunteer plan.
- IT full mobility plan.

We are maintaining some of the contingency measure still in place during the year.

Main Lessons Learnt

Build the New Normal on emerging trends and opportunities

Always follow a worst-case scenario approach

Managing reputation becomes more important than ever

Start applying lessons learnt during business as usual activities

Be mindful that the decisions made during a crisis may have a great impact in your people

Customer decisions in the short run will be highly influenced by emotions.

Stage your plans

The importance of “fast execution” and good flexible teams

Foster creativity & share your ideas

Be ready to fail when acquiring resources and material

Plan ahead

External and internal communications is a critical success factor

Not all the ingredients must be applicable for futures crisis. Be prepared

Micromanagement

Starting to think of “the way back to a different world”

Promote the use of video consultation

“The sooner the better” approach. Agile

What can we expect from the future

Insurance is good invention. Before the Covid, many said that insurance was going to disappear. While there is uncertainty, insurance is the best way to prevent risks. Uncertainty will exist as long as humanity exists.

This pandemic has demonstrate that health is a priority. Private Health has supported Public Systems to cover the pandemic.

Aging of the population, demographic changes, dependence, pensions.

Preventive medicine, digitalization, robotics, wearables..

More than ever is key to win the trust of customers: conduct, value policy, ESG, responsibility, transparency, social contract, client is the true owner of the companies.

Thank you

mblazquezm@sanitas.es