



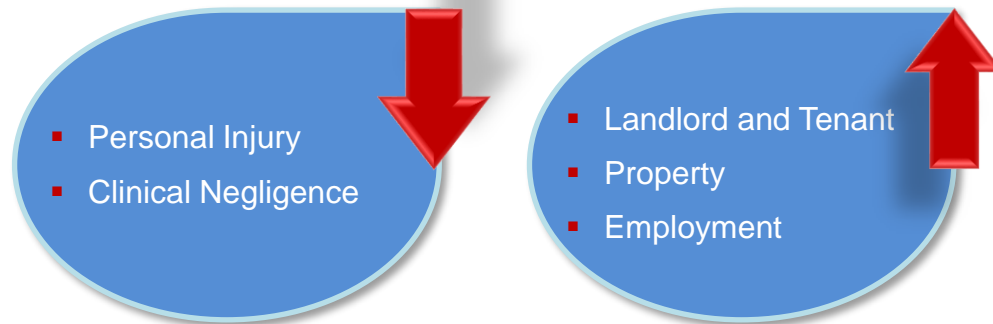
Claims settlement and performance in the Corona crisis and post-COVID-19 period



How Arc Legal have managed and adapted their claims management

- Our preparation begun 2 years ago following the 'Beast from the East' in 2018.
 - Lessons learned put us in a strong position to quickly mobilise the entire workforce to work from home from the 23rd March 2020 following Government guidelines.
- Over the last 2 years, we've moved to a paperless environment, and all of our claims files can be accessed via a safe, secure remote desktop service which is available globally.
- Service Level Agreements (SLAs) for correspondence response turnaround (call answering, and new claims set-up) have continued to be met throughout the crisis.
 - We have had to adjust quickly following lockdown, to ensure that all of our SLAs meet our clients contractual SLAs which have remain unchanged.
- We have all adapted to new ways of working and communicating via Microsoft Teams and Zoom, including claims handling, internal meetings, recruitment, induction and staff training.
- With regularly communicated 'Working from Home' policies in place, this process has assisted our employees to adapt very quickly to the new working environment.

- Overall, our notified claims have remained relatively stable since the outbreak of the pandemic.
- The claims conversion rate from legal advice calls to notified claims is slightly down since March mainly due to an increased volume of calls to the Legal Helpline.
- We have seen a dramatic drop in the volumes of Personal Injury and Clinical Negligence claims but an increase in Landlord and Tenant, Property and Employment claims.



- The impact of the lockdown has been mitigated by the introduction of the Coronavirus Job Retention Scheme (the 'furlough scheme'), the Job Retention Bonus Scheme, and business grant and loans.

Brief history of the Furlough Scheme and the Government response to the COVID-19 pandemic

- The Coronavirus Job Retention Scheme (CJRS) is a furlough scheme announced by the Chancellor of the Exchequer on the 20th March 2020.
 - The scheme provided grants to employers to pay 80% of a staff wage and employment costs each month, up to a total of £2,500 per person per month. The scheme initially ran for 3 months.
- The decision was made to extend the job retention scheme to avoid or defer mass redundancies, company bankruptcies and potential unemployment levels not seen since the 1930's.
- At the end of May, the scheme was extended until the end of October.
 - After a second lockdown was announced on the 31st October, a further extension was announced until the end of November 2020.
 - A further extension was announced on the 5th November 2020 until the 31st March 2021.

Brief history of the Furlough Scheme and the Government response to the COVID-19 pandemic

140,000
companies
applied to
use the
scheme on
the first day
of operation

The cost has
been
estimated at
£14b per
month

As of 18th
October 2020,
the scheme
has cost
£41.4b

Whilst there have been redundancies, we have not seen a large spike in employment claims due to the implementation and extension of the furlough scheme.

Landlord and tenant claims

- The Coronavirus Act 2020 (the Act) was introduced to Parliament on the 19th March 2020 and received Royal Assent on the 25th March 2020.
 - The Act allows the Government discretionary powers on various public issues, including the power to halt the eviction of tenants.
- The Act provides protection to social and private tenants by delaying when landlords can start eviction proceedings.
 - The provisions of the Act, which increased the required notice period length, have now been extended through legislation.
- This has had far reaching effects on landlords, and in turn to their Legal Expense providers, especially on policies that provide indemnity for unpaid rent.



Landlord and tenant claims

- We saw a sharp rise in landlord and tenant claims in April, May and June with tenants unable to pay their rent due to either loss of employment or reduction in their income.
- A new mediation process was implemented to ensure that landlords and tenants entered into mediation prior to claims being submitted to mitigate the impact on underwriting costs.
- Volumes are now back to pre-COVID-19 levels, mainly due to landlords and tenants entering into agreement to pay a reduced rent.
 - Another factor for the drop in claims is that many young people have moved back with family members, as they simply cannot afford to pay rent.
- To enable us to effectively help our policyholders and to limit the amount of claims notified, we produced a very detailed guidance document in partnership with our specialist panel firm of solicitors to guide our landlords and letting agents through the provisions of the new Act. The link to our guidance document is available [here](#).

Landlord and tenant claims

- The document provides guidance in the following areas:
 - What does COVID-19 mean for landlords and letting agents, and how will your Legal Expenses & Rent Guarantee policy help?
 - What should you do if your tenant defaults on their rent?
 - Stage 1: attempt to make a temporary agreement with your tenant
 - Stage 2: submitting your claim
 - Stage 3: initiation of the eviction process
 - I don't want to evict my tenant; will my policy pay my rent?
 - If I do agree a temporary arrangement with my tenant, does this impact my insurance?
 - I still need to pay my mortgage. Is there anything I can do?
 - What other changes might come into force?
 - Do I still need to carry out repairs to my property?
 - What about my legal obligations to provide regular gas and electrical safety inspections?



Employment claims for employees

- The number of calls to the Legal Helpline has increased with employees requesting advice on hypothetical 'what if' scenarios and pre-emptive enquiries.
- The proportion of Employment calls has increased month-on-month and remains high compared to the 2019 call volumes.



Employment claims for Employers/owners of small businesses

- We have seen a significant increase in Employment helpline usage linked to COVID-19 through our Commercial schemes, with employers seeking step-by-step advice on redundancy processes.
 - It's vital that the correct legal advice is provided at this stage to prevent future claims being made against our commercial policyholders for unfair dismissal claims.
- Employers are seeking advice on a number of employees rather than single employees, specifically in relation to the variation of terms and redundancy.
 - As these queries involve a number of employees, they tend to be more complex and time consuming.



Understanding and overview of the current situation regarding the impact of Covid-19 on the claims situation

- Our main focus has been to prepare for a possible spike in employment claims across both our personal and commercial lines.
- To mitigate any future loss for underwriters, we've been implementing new processes to carry out initial assessments in-house, by utilising our own Legal Helpline and by instructing direct access barristers to carry out initial prospects assessment rather than sending all cases to our panel firms.



Arc Legal Assistance

Any questions?

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