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New York's Alan Levin and Chicago's Rowe Snider and Ben Sykes Quoted in Intelligent Insurer on Social Inflation, COVID-19 Insurance Coverage and the Rise of Insurtechs

Intelligent Insurer

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Alan Levin, a Partner in Locke Lord's New York and Hartford offices, and Chicago Partners **Rowe Snider** and **Ben Sykes** were quoted by Intelligent Insurer on the wide-reaching legal impacts of COVID-19 on the insurance and reinsurance industry in the United States. While the full effect remains to be seen, Snider noted the industry, particularly the workers' compensation system, should be watched. "Traditionally, in contrast to occupational diseases, communicable diseases in the US have not been compensable within the workers' compensation system. COVID-19 is now covered under these presumptions in a particular way and we don't yet know exactly what the ultimate impact of these presumptions will be. The pandemic in the US, going from the date of our shutdown, is about six months old and that's a relatively short timeframe to assess the impact on workers' compensation," he said.

Sykes addressed how the coronavirus pandemic has accelerated digitization within the industry, with an increased appetite from insureds to be able to do business quickly, easily and remotely. He noted this has given insurtechs an advantage, particularly because of their intense focus on the consumer experience, which they have streamlined to the point of being able to pay claims almost immediately. "Companies that are trying to become more consumer-centric are winning the battle for consumer trust, and while some of that may be simply a marketing aspect, it has real implications for decreasing the impact of social inflation, because the consumers are less likely to be challenging claims," Sykes said.

Levin believes part of the solution to social inflation faced by insurtechs may lie in education. He noted, "As an industry we have been challenged in convincing insureds we are on their side and the pandemic hasn't helped that. The industry is going to have to play a bigger role in educating the customer about the real effects of social inflation. Insurers need to work with the reinsurers on this. We all know they continue to work on ways to lower the cost of insurance, but the social inflation effects are significant, and I think they are going to be exacerbated by the pandemic."

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