NAMIC CEO Sees Insurance Industry Showing Resilience in Pandemic Response

The COVID-19 pandemic has significantly challenged the insurance industry, but NAMIC CEO Chuck Chamness believes our resilience, adaptability, and focus on emerging technologies like blockchain will help us to emerge stronger than ever.

Speaking to AAIS CEO Ed Kelly during the Virtual Main Event, Mr. Chamness cited the number of sudden, pervasive threats faced by the insurance industry as people and businesses grappled with the sudden onset of an economy-crippling pandemic. He noted that early in the pandemic, the focus was on quick solutions, particularly to business interruption insurance and workers compensation. More than a dozen retroactive state and federal bills were introduced as of mid-May. Some could lead to serious challenges for the insurance industry as definitions of ‘first responder’ and ‘essential worker’ are redefined to allow for a pandemic’s unique challenges. He cautioned that, while a swift response is necessary to help those in need, it’s important to thoroughly study the issue and long-term impacts of such legislation instead of issuing a quick fix.

Mr. Chamness touched on the importance of data during the COVID-19 pandemic, citing the high number of data calls issued in response to the crisis. He said the volume of data calls requiring a timely cooperative response highlights the need for technology like blockchain, where data can be securely uploaded and shared amongst participants. The pandemic has exposed how time-consuming and labor-intensive the traditional data call process is, especially for complex coverages like business interruption. He believes it’s critical to use blockchain, like AAIS’s openIDL, to quickly take in and analyze data so claims can be paid and fraud, errors and repetition can be avoided.

As the federal government develops long-term insurance resource programs to respond to COVID-19, Mr. Chamness cautions against modeling a pandemic program from programs like the Terrorism Risk Insurance Act (TRIA), citing the differences between a terrorist attack and a sudden pandemic. He said NAMIC is working with leaders across the industry and the federal government to develop a Federal Pandemic Loss Plan to make preemptive response and oversight more effective to insurers, brokers, agents and reinsurers. He suggests a model where policyholders opt in to receive coverage from a government fund, engaging businesses based on their personal needs with government acting as a backstop.

Like other seismic events in U.S. history, like 9/11, the 2008 financial crisis, and hurricanes Sandy and Katrina – Mr. Chamness believes the COVID-19 pandemic will permanently affect the insurance industry, not only in how we write policies, but how we work. He sees a rise in remote work, even in the traditional on-the-ground practice of lobbying and policymaking. He also expects a long-term shift in how we view risk, write contracts and plan for the future, particularly in the areas of business interruption and worker’s compensation. Despite the challenges, Mr. Chamness believes the industry will not only survive… but thrive…in our next chapter.

For the full interview with Mr. Chamness, visit the VME library.