

# COVID-19 Outbreak

## Insured Employee Benefits – Frequently Asked Questions for Employers

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The information contained in this document is intended to assist Aon clients to understand some issues related to addressing the COVID-19 outbreak. These are general responses to questions raised by our clients and are not intended to address the specifics of every client situation or to be a substitute for any health advisories from relevant authorities. You should review the information in the context of your own organisation's circumstances and insurance policies and develop an appropriate response. Please contact your Aon consultant or broker with specific questions related to your own organisation's circumstances.

### Assessing Risk Exposure

#### 1. How serious is the risk?

The situation continues to develop fast and presents a material health and business disruption risk to enterprise. Since February, the outbreak has become global in nature with many countries affected with significant infection now in Australia, Asia, Europe, the Middle East and the United States.

While infection rates are rising in Europe, the Middle East and the United States, there are encouraging signs of significantly reduced infection rates in China and South Korea, though the risk level remains high. Further details can be found on Aon's Infectious Disease Response site<sup>1</sup>.

To put the outbreak into context, at the time of writing, there are more than 304,544 diagnosed cases with a fatality rate of 4.26%<sup>2</sup> (though the fatality rate is focused on older cohorts). This compares with the SARS outbreak of 2003 which over a nine-month period had 8,096 diagnosed cases with a fatality rate of 9.6%<sup>3</sup> (though the fatality rate in older age groups was much higher).

#### 2. What is our risk exposure?

This will depend on the circumstances of your organisation. If you haven't already, you should undertake a thorough and urgent assessment of the specific risks posed by COVID-19 for your industry, locations and business activities. Unless the situation changes materially, most of our clients' insurance exposure for employee benefits is considered to be limited, and the effects of COVID-19 are more likely to be acutely felt in falling demand, supply-chain disruption and general business activity disruption.

Group medical claim exposures may now be lower because the government has recommended that Australians return home and avoid all non-essential travel, including domestically.

It is likely that if an individual contracts (or is suspected of) the virus, they will generally be required to be treated in Australia and therefore have their expenses covered under Medicare, or otherwise at a government facility in nearly all other countries.

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<sup>1</sup> <https://www.aon.com/InfectiousDiseaseResponse/default.jsp>

<sup>2</sup> <https://coronavirus.thebaselab.com/>

<sup>3</sup> [https://www.who.int/csr/sars/country/table2004\\_04\\_21/en/](https://www.who.int/csr/sars/country/table2004_04_21/en/)

During SARS, many of the medical insurers had profitable years because people were unwilling to go to Emergency Rooms and deferred elective treatments to reduce their risk of infection.

COVID-19 has a reasonably short recovery period for most who are not in older and vulnerable cohorts, so group disability claims exposure is low. Of the deaths to date, most are in older and vulnerable cohorts so for most companies group life claims will also be low.

Perhaps the most significant insurance claims (for people-related risks) for organisations will be on the business travel and expatriate medical expenses policies.

## Understanding Transmission

### **3. If it is believed that transmission of the virus is possible through people who are infected yet asymptomatic, isn't recording body temperatures ineffective and misleading?**

Fever is not the definitive factor for diagnosis of COVID-19. However, as a symptom it is convenient and helps screen individuals because temperature recording can be done by anyone with a thermometer and can also be a sustained activity. After an individual with a high temperature is detected, the downstream action is to direct them to a General Practitioner for first line clinical evaluation which will determine if a fever exists and review travel and/or contact history and other clinical symptoms. Further actions will then depend on the outcome of this first line evaluation.

### **4. Is it advised and encouraged to get the flu vaccination? Can the flu vaccination produce symptoms of flu? Am I protected against COVID-19 if I have taken the influenza vaccine this year?**

Although the flu vaccine does not cover coronaviruses (it protects against the common seasonal flu which changes frequently), it is still advisable to have this vaccine to protect against Influenza. A flu vaccine cannot give you the flu. Minor side effects may be seen (e.g. some tenderness/swelling, or other mild symptoms). Severe side effects are rare. The flu vaccine does not protect against COVID-19. It prevents added infection in the form of flu in case one is inflicted by COVID-19 or prevents vulnerability to infectious disease due to lower immunity caused by flu.

#### **Additional information:**

The World Health Organisation [website](#) includes more information regarding how COVID-19 spreads and how it is affecting people worldwide.

## Preparedness Measures

### **5. What preventative measures are companies adopting to mitigate the risk of contagion?**

Many companies have temporarily closed their offices and/or are implementing Business Continuity Plans with additional access restrictions in and out of workplaces and ceased all business-related travel.

SafeWork NSW has published useful advice<sup>4</sup> including:

- Encouraging flexible working, providing health information and access to Employee Assistance Programs.
- Consulting with workers and their Health and Safety representatives to develop and put in practice guidelines and other measures to minimise the risk of spreading COVID-19 (expert advice might be needed).

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<sup>4</sup> <https://www.safework.nsw.gov.au/hazards-a-z/diseases/coronavirus-covid-19-advice-and-guidance-for-nsw-workplaces>

- Keeping employees informed on the current situation and any changed work arrangements.
- Effective communication strategies include:
  - regular briefings in the workplace (hosted online where possible)
  - advice over the internet
  - information hotline
  - phone and email contacts for further information.

Useful additional Information sources include:

- [Australian Government COVID-19 Resources](#)
- [Department of Health](#)
- [SafeWork NSW COVID-19 Guidance](#)
- [Health Direct](#)

## **6. Are most organisations repatriating expatriate employees who were away from home at the time of the COVID-19 outbreak?**

We have seen a number of organisations decide to repatriate all expatriate staff back to home country. This is largely due to the recent travel restrictions announced by many Governments (including Australia) as well as the nature of the countries the individuals were in and lack of available comprehensive medical facilities.

It is noted that some individuals have decided to remain in country of assignment – typically where they are a long-term expat. Offering the opportunity for employees to return to their home country is, nevertheless, an important consideration in weighing up the needs of the business with a duty of care around employee wellbeing.

Examining the risks associated with the expatriate assignment locations (e.g. extent of outbreak, suitability and accessibility of medical facilities) together with risk factors of the individual are important.

While employers cannot generally require employees to disclose personal medical issues, it is considered good practice for an employer to inform their employees of the health risk factors and ensure that the employee does not feel obliged to remain in country where doing so would place them at a heightened level of risk.

## **Workers' Compensation**

### **7. As an employer will I be liable if an employee contracts COVID-19?**

In some circumstances COVID-19 may be a compensable workplace injury. To be compensable, work activities must be proven to be the main contributing factor to contracting the virus. Due to the nature of viruses, it may be difficult to determine that employment was the main contributing factor. Each claim will be assessed on its individual merits.

Consideration may be given to (but not limited to):

- travel to an area with a known COVID-19 outbreak,
- activities that include engagement or interaction with people who have contracted COVID-19.

## **8. What type of Workers' Compensation claims can be made?**

If your employee is diagnosed with COVID-19, they may notify the virus as an injury and seek compensation for loss of earnings, medical and treatment expenses and lump sums if it leads to a permanent impairment. If they do, there are two likely scenarios for claims:

- the employee believes the virus was contracted in the course of employment through contact with a person who has the virus or contact with virus particles on a surface, or
- the employee states that the virus was contracted in the course of employment in the above circumstances and the virus has aggravated a pre-existing underlying condition.

## **9. What are my duties as an employer if employees work from home?**

Employers have a duty to, so far as is reasonably practicable, provide a working environment for their employees that is safe and without risks to health.

It also includes controlling new risks that may be introduced when an employee works from a location other than their normal workplace, such as their home office.

Good practice is to have a policy and procedure that requires workers to complete a risk assessment of the home working environment and then submit this to their employer. There are a number of software solutions for this available in the market where these can be done on smart phones.

The Work Safe Victoria [website](#) includes information about working from home in response to the outbreak of COVID-19.

## **Group Life and Salary Continuance Insurance Coverage**

### **10. Do pandemic related claims fall under group life/salary continuance policy exclusions?**

Group life and salary continuance policies do not generally include specific exclusions relating to pandemics (including COVID-19). It is critical however that specific clauses of your policy are reviewed to confirm this is the case for your organisation's policy.

If you are not sure of the terms of your policy, please contact your Aon consultant or broker who will coordinate enquiries on your behalf.

### **11. Do group salary continuance policies cover employees if they are injured or become sick whilst they are working from home?**

Yes, as long as your employees are actively performing the usual duties of their occupation for at least the policy prescribed minimum hours per week then their cover remains unchanged.

If you are not sure of the terms of your policy, please contact your Aon consultant or broker who will coordinate enquiries on your behalf.

### **12. Do group salary continuance policies cover employees if our employees start to work less hours due to business interruption?**

If employees begin to reduce their working hours, please let us know as your group salary continuance policy is likely to have a minimum requirement of working hours to be eligible for cover. In some cases, this can be negotiated with the insurer which we will be happy to do on your behalf.

If you are not sure of the terms of your policy, please contact your Aon consultant or broker who will coordinate enquiries on your behalf.

### **13. What will happen to an employee's group salary continuance cover if they undertake a period of leave without pay?**

Cover can continue for that person so long as premium continues to be paid. The period that cover will continue for can vary between policies.

If the employee becomes disabled during their period of unpaid leave then benefits will only become payable after the date the person had intended to return to work from leave without pay.

If you are not sure of the terms of your policy, please contact your Aon consultant or broker who will coordinate enquiries on your behalf.

### **14. What about our life insurance provided inside superannuation?**

Generally, Death & TPD insurance provided within superannuation does not exclude conditions caused by a pandemic. It is critical however that specific clauses of your policy are reviewed to confirm this is the case for your organisation's policy.

If you would like Aon to review your life insurance arrangements, please let us know and we will be happy to assist.

## **Business Travel, Expatriate and Inpatriate Medical Insurance Coverage**

### **15. Do pandemic related claims fall under business travel and/or expatriate/inpatriate medical policy exclusions?**

Aon standard exclusion clauses for business travel and expatriate medical insurance policies do not generally include specific exclusions relating to any official declaration or otherwise of a pandemic event (including COVID-19).

It is critical however that specific clauses of your policy are reviewed to confirm this is the case for your organisation's policy.

Global medical policies (e.g. those underwritten by Cigna Global Health) may exclude coverage if the condition is contracted in an area where there has been an official warning issued against travel.

If you are not sure of the terms of your policy, please contact your Aon consultant or broker who will coordinate enquiries on your behalf.

### **16. Does an Aon Business Travel Insurance policy respond in the event of loss of deposits, cancellation and/or curtailment a business journey because of COVID-19?**

For losses relating to cancellation and/or curtailment of a business journey, coverage will depend on when the trip was booked and potentially when and where travel was planned.

Coverage is intended to cover losses caused directly by the unforeseeable cancellation of travel and/or accommodation expenses outside of the control of the policyholder and of the insured person. Most insurers have issued guidance notes regarding the time from when they consider the COVID-19 outbreak a global foreseeable event (refer to Table 1 below).

Other insurers have not notified any specific date relating to when they consider COVID-19 to have become a foreseeable event and claims with these insurers will be assessed on a case-by-case basis.

Travel booked and paid for (including part-payments) prior to the event becoming a foreseeable event as per the table below may generally be covered where COVID-19 is determined to have caused the loss (e.g. a cancelled conference, re-routed or cancelled flights and/or accommodation).

Insurer	Date*
Accident & Health International	No specific date
AFA	2 <sup>nd</sup> March 2020
AIG	2 <sup>nd</sup> March 2020
AXA XL	5 <sup>th</sup> March 2020
Berkshire Hathaway Speciality Insurance	5 <sup>th</sup> March 2020
Chubb	2 <sup>nd</sup> March 2020
Liberty Specialty Markets	5 <sup>th</sup> March 2020
QBE	No specific date

\* These dates may vary for travel to China, Italy and Iran. Please contact your Aon consultant or broker who will coordinate enquiries on your behalf for these dates.

#### **17. What if business journey/s have been booked after the outbreak is considered a 'foreseeable' event?**

Losses incurred for bookings made after COVID-19 was deemed a 'foreseeable event' occurring because of COVID-19 may not be covered. This is likely to include domestic travel.

#### **18. An employee is currently mid-way through a business journey and now is required to cancel the remainder of the journey and return to Australia. Will any lost deposits, cancellation fees etc. for the remainder of the journey be covered?**

If the business journey was booked and paid for prior to the applicable foreseeable event date, insurers may cover these losses - provided the destination/s did not have a level 4 DFAT advisory prior to booking.

#### **19. Will the insurer pay for costs associated with returning to Australia now that the DFAT advisory level is at level 4 'Do Not Travel' where an employee is midway through a trip?**

Provided the trip was booked and paid for prior to the applicable foreseeable event date the policy may cover additional expenses for a covered person to return to Australia earlier than planned. It is important to note that, as a return ticket was already a part of the originally budgeted expenses for the trip, only additional costs incurred will be claimable – i.e., a covered person cannot claim for both the lost ticket as well as the replacement ticket. Reasonable associated accommodation costs may also be covered.

#### **20. What would happen if an employee is on a business journey and contracts the COVID-19 virus?**

Provided the journey commenced prior to the COVID-19 outbreak becoming a foreseeable event and the employee had not contracted COVID-19 prior to the journey commencing (i.e. a pre-existing condition), then the Medical Expenses coverage of the policy may respond subject to policy terms and conditions.

The Personal Accident & Sickness section may also respond to cover the employee's loss of income because of temporary disability and time off work.

**21. Is COVID-19 related screening and testing (e.g., blood tests) covered in Aon's expatriate and inpatriate medical policies?**

Yes, generally the Preventative Medical Expenses cover included in Aon's expatriate medical policy covers charges for tests for prevention of a sickness such as COVID-19 provided by or referred by a Doctor.

**22. Will an Emergency Assistance provider respond in the event of a need to evacuate the country employees are visiting or assigned to work in?**

Where there are official recommendations/advisories issued either by the country the person is visiting and/or the person's own country of residence (e.g. Australia) that they should leave the country, the policy may pay for evacuation expenses and reasonable accommodation costs.

**23. What capabilities do emergency assistance (EA) providers have to assist with medical evacuation for patients with COVID-19?**

EA providers have capabilities to undertake international evacuation of patients with COVID-19, however the feasibility of doing so is dependent on the authorization of applicable Governmental, Health and Aviation authorities. Therefore, there may be a significant lead-time to confirm the feasibility of such evacuations as these variables are beyond the control of EA providers.

A covered person should always contact the EA provider before making any alterations to their journey home.

**24. Does any amount of reimbursement from a travel agent or airline need to be collected prior to submitting a claim for a loss because of travel disruption/cancellation?**

Yes, clients are advised to first contact their travel agent or airline to seek a refund or make alternate suitable travel arrangements based on existing tickets, as this will streamline the claims handling processes. The insurer may not cover losses which are recoverable by any other source (except for other non-statutory insurance).

**25. Now that all overseas trips are advised against by the Australian Government should travel insurance policies be cancelled, and will insurers provide a pro-rata refund of premium?**

The declared number of journeys covered under a business travel insurance policy are generally fixed at the commencement of the policy period and not adjusted for lower journey numbers. Many policies will also include a minimum premium requirement.

Should instructions be given to the insurer to cancel the policy, a pro-rata portion of the premium for the time that the insurer was "on risk" would be maintained. If any benefits have been paid in the same period of insurance, the insurer may not provide a refund.

Organisations should be careful before cancelling a policy to ensure, when the overall situation improves, and travel insurance is again required, that cover will be able to be obtained in a prompt and cost-effective manner. Any domestic travel requirements should also be considered.

## **Private Health Insurance (PHI)**

**26. What choices are available for medical care if I am diagnosed with COVID-19?**

Eligible employees in Australia have access to Medicare benefits when seeking care/treatment for COVID-19.

For those individuals with PHI including a hospital policy, if they are admitted for COVID-19 and choose to be admitted as a private patient, this admission would be considered a medical admission and therefore is included in residential PHI policies that contain the 'Common' and 'Support' categories.

Normal waiting periods apply, so all policy holders should be encouraged to reach out to their Health Insurer to understand any restriction or excess payable should they be admitted to hospital as a private patient.

## **27. Who is eligible to access Medicare benefits<sup>5</sup>?**

Employees eligible to access Medicare benefits:

- are an Australian or New Zealand citizen
- are an Australian permanent resident
- have applied for permanent residency (some conditions apply)
- are covered by a Ministerial Order
- have a Resident Return visa
- are covered by a Reciprocal Health Care Agreement with another country

## **28. Are there other important details I should be aware of regarding PHI in response to COVID-19?**

As with any hospital treatment or medical service, there may be some out-of-pocket costs, these depend on the treating facility and how they charge patients. Good practice also includes contacting facilities prior to admission to ensure all costs are known. Many insurers have agreements with specific facilities whereby minimal to no out-of-pocket costs exist for their policy holders.

Generally, health insurers may pay benefits toward a hospital admission related to COVID-19 on any Gold, Silver, Silver Plus, Bronze and Bronze Plus tiers for both standalone hospital and packaged products. They may also pay benefits towards tests and procedures currently listed on the Medicare Benefit Schedule in line with any other hospital admission. However, at the time this article was written, most leading insurers will not pay benefits towards these tests if patients have not been admitted to hospital.

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<sup>5</sup> <https://www.healthdirect.gov.au/what-is-medicare>