



The industry has a critical role in mitigating the social challenges of Covid-19

It is important companies in the insurance sector emerge from this crisis as saints, not sinners. The entire industry will be judged by their actions during the pandemic



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The Covid-19 crisis is having a profound impact on society, from greater dependence on remote working to increased environmental awareness to the financial struggles of businesses and individuals, especially among the young. How can our sector play its part in supporting society to get through this crisis by taking impactful corporate social responsibility actions?

There are many things the insurance sector can do, but it is worth bearing in mind there is no single society. The world is extremely diverse and what we see in Spain is different from what we see in other European countries or in Latin America, where the crisis has coincided with an economic situation and healthcare system that were not in the best state to withstand the pandemic. However, I believe this is a great opportunity for Spain, as it is the only country that understands Latin America well.

We should help them build new, more egalitarian societies, because sometimes the elite there does not show enough social responsibility. Companies such as Mapfre can demonstrate we are not only working toward an economic end, but also toward providing a social dividend, as has been apparent during this time.

When it comes to employment, besides the self-employed and small- and medium-sized enterprises (SMEs), I am worried about the effect of the crisis on the generation that should now be starting to take over leadership positions.

I am talking about millennials, the most highly educated generation in history, who will end up being the first to be worse off than their parents.

The previous financial crisis threw them abruptly out of the labour market, with unemployment rates of up to 50% in Spain for the youngest age bracket, and they have been suffering the consequences of that crisis for 10 years with difficulties returning to work, a high degree of precariousness due to the temporary nature of the work model and lower salaries than previous generations.

Now, once again, they are the first to be let go. In April – the first month to be fully affected by the economic shutdown – 40% of the newly unemployed were people between the ages of 25 and 44: practically the same generation, once again.

How insurers now address these issues has consequences not only for their relationship with regulators and policyholders, but also for their ability to recruit and retain new talent in the future. A major pact is, therefore, needed to hire and train young, unemployed people – the millennials.

Healthcare and social gaps

The pandemic has also shown us existing gaps such as healthcare and social protection. There are weaknesses in Europe that must be corrected, but there are also many opportunities to develop business and improve the quality of life for its citizens. One example is insurance, which is a sector that is always expanding when society becomes aware of its weaknesses, because we provide the guarantee that allows people to live with confidence and security.

The sector has discussed how far the role of insurance compa-



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nies goes. Although the pandemic clause existed in many contracts, we looked at it and, within a few days, decided given the situation there was no point in applying it. In addition, the insurance sector in Spain created a free solidarity fund worth €38m (\$44.9m) to protect healthcare workers while, in response to the government's mandate, we made all our health resources available to the authorities.

What about insurance against another virus in the future? Mechanisms must be established to define what can and cannot be protected by private insurers and also to facilitate a public-private partnership framework to provide protection in any catastrophic situation.

This is an international debate. We must define the extent of the insurer's role to estimate costs and avoid bankruptcies in the sector. I do not believe that the pandemic will be excluded; on the contrary, we will increasingly

include more protection so that people feel safer. As insurers, we will have to be more transparent and communicate more clearly to our clients the situations that are covered.

Great cover in small packages

There is also a role for insurers in creating affordable microinsurance products, which can help those in society who are often most at risk.

Insurance is a mechanism that can facilitate social mobility by allowing individuals and families to overcome shocks that, over the course of their lives, can affect their wealth and future income-generating capacities. In the absence of mechanisms that, like insurance, allow for these risks to be transferred, individual or family progress can be lost to certain adverse events. Thus, the possibility of accessing insurance products and services may be the difference between individuals or

families achieving the goal of social mobility, or remaining in a situation of economic vulnerability.

In this way, the search for mechanisms that allow the population – particularly the lower-income segment – access to mechanisms to transfer the risks they face and compensate losses arising from the materialisation of said risks, is an essential part of public policies geared toward improving the material living conditions of these people. Indeed, microinsurance can contribute to the objective of financial inclusion and therefore to increasing opportunities for a very broad segment of society to have access to higher levels of well-being.

Investing now for the future

Socially responsible investment is another area where insurers, with their significant balance sheets, can be a key part of the solution. This is where financial investments make a measurable social impact.

In total, Mapfre mobilised more than €200m to help SMEs and the self-employed, donated money and health supplies and created a mutual fund worth €50m to help finance the extraordinary expenses suffered by the community of Madrid due to the pandemic. It was the right thing to do and part of our corporate culture: corporate social responsibility was included in Mapfre's bylaws more than 55 years ago.

Now is the time for us all to come together and for companies in the insurance sector to emerge from this crisis as saints, not sinners, as we will all be judged on whether we did the right thing during the pandemic. ■

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