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HUMAN CAPITAL SOLUTIONS FOR COVID-19

July 1st, 2020



The COVID-19 pandemic has brought calamity around the world, affecting the daily human and business activities. As at the end of June 2020, there were over 505,000 confirmed Covid-19 related deaths, with a positive note of over 5.21 million recovered cases¹ globally. On the African continent however, the number of affected people for the period under review has increased to over 390,000 confirmed cases, while death cases recorded at close to 10,000 and are expected to rise.

COVID-19 is having a major impact on businesses' key resource, Human Capital, which is also regarded as one of the major assets within an organisation². When organizations prioritize this asset, they in return produce better leaders, more effective managers with better decision-making skills, all resulting in greater returns on investment. It is prudent to establish all the necessary measures in place to safeguard this resource. The World Health Organization has advised and emphasized on the importance of wearing face masks, constant washing and sanitizing of the hands and respecting social distancing to curb the spread of the virus. Organizations can put in place a number of policies and plans to further safeguard the health and well-being of their employees.

MEDICAL INSURANCE PLAN

From a Risk Management point of view, organizations have an option to transfer the medical and all related costs entailed from Covid-19 to a risk carrier such as an insurance company. From the observations made, not all COVID-19 cases turn out to be fatal. Also, on all the active cases recorded, it is of no doubt that there would be various medical expenses incurred in order to detect the virus. Costs like the costs for screening, testing, medical outpatient treatment and medical inpatient treatment for those who experience serious complications requiring ventilators to assist the respiratory organs to fight the virus can be transferred to a Medical Insurance Plan.

EMERGENCY EVACUATION

The available Medical Insurance Plans are not only limited to cater for COVID-19 cases. The



cover is broad and can be tailor made to include emergency medical evacuation for non-COVID-19 cases, such as heart attacks, and/or motor accidents, amongst other risks. Evacuation can be done from one province/district to another or from one country to another. Depending on the severity and magnitude of the case, a detailed medical report of the patient will determine whether evacuation will be carried out by road or air transportation. There are different types of medical insurance packages available, depending on the specific requirements and needs; covers and benefits can be tailor-made to the requirements of each and every individual client.

FUNERAL PLAN

There is nothing that can be compared to losing a loved one. For those cases of COVID-19, which result in the passing away of an employee, a funeral plan would be the right solution to cover the costs associated with the funeral of the deceased. If a funeral plan is not in place, these costs may fall upon the company of the deceased employee as the family generally expects assistance from the company. A Funeral Plan works in much the same way as other types of insurance. One decides how much funeral cover you want to buy and who should be covered. A decision to take out Funeral Plans should form part of a proper financial plan. A typical Funeral Plan cover includes the employee, spouse, and several if not all children from ages zero to twenty-one years old. This cover is not complicated to administer, as pay-out is immediate and the requirements in the event of a claim will be the submission of the death certificate, copy of the identity document of the deceased employee and details of the loved one(s) to receive the disbursement. The level of cover will depend on the specific requirements of the insured.

GROUP LIFE INSURANCE

As the COVID-19 pandemic is falling outside the scope of work-related protection covers such as the Workman's Compensation, Employers Liability, and Group Personal Accident policies, the best solution that will provide peace of mind to both employees and employers will be the Group Life insurance. Through this product, the employee is guaranteed to have compensation paid out to his family/estate should he pass on from COVID-19. This removes the burden from the employer of having to continue to provide for the family of the deceased employee. The burden can be quite significant, should it so happen that an organization loses several employees from COVID-19 and these losses all happen to be at senior levels. When an organization decides to purchase Life insurance, the risk is passed on to the insurance company. A risk manager can offer advice and guidance to clients on how best to structure these policies, so the organization and its employees derive the best benefits.

PERMANENT TOTAL DISABLEMENT

Group Life insurance will not only be providing solutions for death related benefits but can be further extended to include cases whereby employees suffer permanent and/or total disablement from an accident or an illness. This will apply to employees who are no longer able to pursue their day to day activities they are trained and schooled for. With the assistance from the doctors, the level of disability will need to be determined for the purpose of this policy to pay out compensation to the disabled employee.

CRITICAL ILLNESS COVER

There has been a prevalent increase in critical illnesses such as heart disease, cancer, kidney failure, and paralysis amongst others. Organizations may opt to purchase a critical illness cover for their



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employees to cover expenses related to the treatment of such illnesses. Should it so happen that the organization grants an early retirement to an employee due to a critical illness, the pay-out from this policy can become part of the retirement package.

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References

- 1) World Health Organization Situation report 153
- 2) Harvard Business School