

Interview with Directors - COVID19
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Current situation of the pandemic in Spain and the different regions of Latin America?

What impact is the COVID-19 crisis having on the adjustment sectors in these countries?

Madrid, May 29th 2020 - RTS General Directors in charge of operations in Spain, Portugal & Brazil, Mexico, Argentina and The Andes Region (Peru & Chile) tell us first hand about the current situation in their countries and their sector as a result of the pandemic.

- What is the current situation of the pandemic in your country or regional area?

Manuel Torres, CEO, Spain

Spain has been one of the countries worst affected by the pandemic; according to the official data, there have been approximately 28,000 deaths and 280,000 infections.

Since March 2020, when the State of Alarm was decreed, a series of de-escalation phases have been announced. First, there was a general lockdown, which has since been progressively relaxed, asymmetrically, in different regions and by territorial units.

On the economic side, it is still too soon to know what the impact will be, as we don't know how long the situation will last, but there is a certain degree of vulnerability in the economy, which needs liquidity that is only arriving slowly. According to very recent data, the Bank of Spain predicts a fall of between 9.5% and 12.4% in GDP for 2020, with a recovery in 2021 of between 6.1% and 8.5%.

Sancho Azevedo, General Director for Portugal & Brazil

In some ways, it has been possible to contain the impact of the pandemic in Portugal. The authorities' awareness of the risk and the time advantage, given that the pandemic reached Portugal later than many other countries, allowed the authorities to implement a series of preventive measures that have avoided more serious effects in terms of saturation in hospitals and in the public health system.

On 13 March, with little more than 100 confirmed cases and not a single death, the government had already declared a state of alert in Portugal. The measures were made stricter five days later, with the declaration of a state of emergency, which meant closing all non-essential trade and the general confinement of the population.

The national strategy for de-confinement is based on 4 different phases. We are currently at phase 2, which in economic terms means the controlled reopening of diverse commercial activities and the restaurant sector.

In Brazil, the impact of the pandemic is very severe: we are still the nation with the highest number of confirmed cases in Latin America. Therefore, we are monitoring developments very closely.

Juan Miguel Álvarez, General Director of RTS Mexico

In Mexico, the Government strategy has been to flatten the curve to avoid a very high peak effect, at the expense of lengthening the period during which the country will be affected.

In this scenario, the health secretariat spokespersons are now telling us that we will soon be reaching the peak of daily cases.

The Government has issued a National Decree for the Maintenance of Healthy Social Distancing, which involves a programme prepared by the Health Secretariat of Mexico, based on social distancing and a series of measures designed to contain the Coronavirus Pandemic. This Decree has been in effect since 23 March and additional measures are being considered based on real time data on the progress of the illness.

The timeframes are currently being maintained and the government is analysing different phases through for recovering normality, little by little, based on health data and parameters.

David Castillo, General Director for Argentina, Peru & Chile

Argentina was one of the countries lucky enough to receive information early from the European continent, enabling it to stay one step ahead of the pandemic and control the virus. The government established preventive and obligatory social isolation from 20 March throughout the country, and while the periods are being extended and updated over time, there is a certain degree of industrial activity that is slowly being re-established.

Peru and Chile, two of the countries in which RTS operates in the Andes region, have also been affected, especially Peru at this time. Although the authorities quickly took measures when the first cases appeared, the rate of contagion continues to grow and the state of alarm and the quarantines and curfews are still in force. In Chile, the increase in cases in recent days, especially in the capital Santiago, which has a population of 7 million and which is the main focal point of the pandemic in the country, has forced the authorities to maintain the total quarantine and isolation measures in place.

- **Has the COVID crisis affected the adjustment industry in your country or region?**

Manuel Torres, CEO, Spain

The impact in the region is very severe. 59% of the adjustment work in Spain is carried out by self-employed workers or companies formed by up to three people. The financial impact on business volumes, according to the latest surveys carried out by APCAS, has averaged 60%, with some slight trends of recovery recently.

41% of the professionals and companies that carry out this activity declare that they are prepared to re-establish ordinary (or pre-COVID) activity levels in less than a week; the remaining 60% will require longer periods.

Sancho Azevedo, General Director for Portugal & Brazil

The impact of the confinement measures and the state of alarm on the adjustment business has been very significant and can be characterised certainly by a drop in the number of new commissions, resulting from reductions in loss rates, but also from the degree of difficulty in closing existing claims.

Juan Miguel Álvarez, RTS General Director in Mexico

The generalised drop in industrial operations has affected us as adjusters, reducing activities in Mexico by a little over 30%. However, the implementation of tools such as Remote Video Inspections or Remote Video Adjustments to continue providing our services to Insureds, even under confinement, has allowed us to support the insurance market with this innovative tool.

RTS is always prepared to act in unexpected situations: natural disasters, general interruption in activity or, as we have seen, in a pandemic.

David Castillo, General Director for Argentina, Peru & Chile

In Argentina, economic activity fell by 11.5% in March 2020 as compared to the same month in 2019. Despite the obligatory quarantine not beginning until 20 March, the measures taken so far by the National Government and the Provincial Governments in relation to Covid-19 have caused a noticeable fall in new claims generated in the Argentine market.

Likewise, there has been a significant decrease in the claims that companies route to external liquidators and an increase in the claims they manage with their in-house adjusters.

Obviously, the low levels of economic activity and the confinement measures applied to the population explain these drastic falls. The general expectation is that there will be a gradual increase in the amount of claims as from mid or late May, or even from June, given that the quarantine is being gradually eased.

- **How has your office managed the changes in activity and/or structural changes as a result of the measures taken to contain the COVID Virus? (Teleworking, remote adjustments, etc.)**

Manuel Torres, CEO, Spain

To date, RTS has been much less severely affected than the average 60% mentioned earlier. Due to the nature of the company, in which the adjusters are not always directly employed (but rather are external collaborators with their own working resources), resources were already available even before the pandemic, and therefore the confinement and the conditions imposed on our activities as a result have not had such a strong impact. Our adjusters are available, prepared and accustomed to working with resources remotely or from home.

Our administrative personnel began working remotely just before the state of alarm was declared because we were able to foresee the situation arising and we had already tested working remotely before then to check we could maintain performance/efficiency levels in just such a scenario.

Sancho Azevedo, General Director for Portugal & Brazil

RTS has been able to face this crisis well prepared and in a position to quickly adapt to the emerging needs and new challenges. The change in operations to ensure 100% remote working was implemented even before the state of alarm was decreed in Portugal, and having access to the different technological tools available at the corporate level allowed us to continue operating and continue to make our inspections, safely and efficiently, even remotely.

Likewise, in Brazil we continue to operate safely and efficiently, with our specialists working remotely.

Juan Miguel Álvarez, RTS General Director in Mexico

The tools available at RTS and the pre-established contingency plans have allowed us to continue working, remotely, from the very first day. We focus on supporting our teams, helping them to navigate the situation, while we give them all the technical support required without neglecting their health and emotional needs. We always recommend exercising at home and keeping human contact between all members of the RTS team in Mexico.

David Castillo, General Director for Argentina, Peru & Chile

The organisation and coordination of the different teams in the offices of the Andes region have allowed us to achieve success in our management of claims and to serve all our clients remotely and through home offices, while maintaining all our quality standards and levels of commitment.

With the gradual but continuous easing of the quarantine in Argentina, we can expect an increase in reported claims from all the branches throughout the country in coming weeks, given the increased circulation of people and increasing levels of economic activity.

RTS is accustomed to providing its services in complex situations, such as in events of extreme weather phenomena, natural disasters and of course in situations such as the one we are living through with the COVID-19 pandemic. We continue to provide our adjustment services to the insurance companies, especially as we can implement our adjustment services through our Remote Video Adjustment tools and continue with our inspections safely and remotely, to which the market has responded very positively and which is actually generating new business.