



The COVID-19 Pandemic: Insights and Implications for Insurers

Hosted by the International Insurance Society
and The Institutes

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12 May 2020



A Look to the Future

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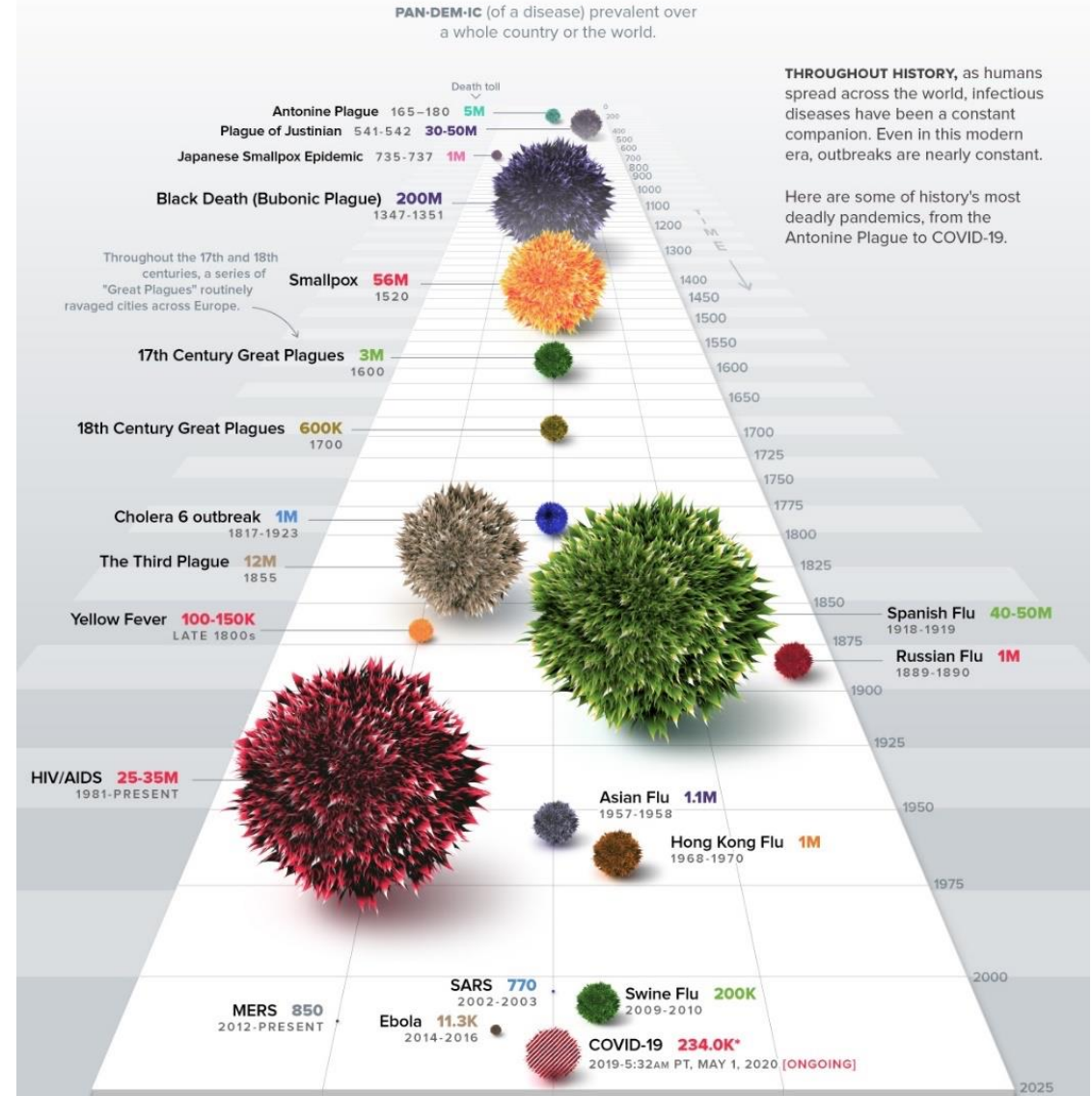


Looking Back to Look Forward

If you've seen one, you've seen...one

- Limited data points to analyze
- Every situation unique
 - Epidemiology
 - External influences
 - Response capabilities
- Must avoid complacency or overconfidence

HISTORY OF PANDEMICS



<https://www.visualcapitalist.com/history-of-pandemics-deadliest/>

WHO officially declared COVID-19 a pandemic on Mar 11, 2020.

It is hard to calculate and forecast the impact of COVID-19 because the disease is new to medicine, and data is still coming in.

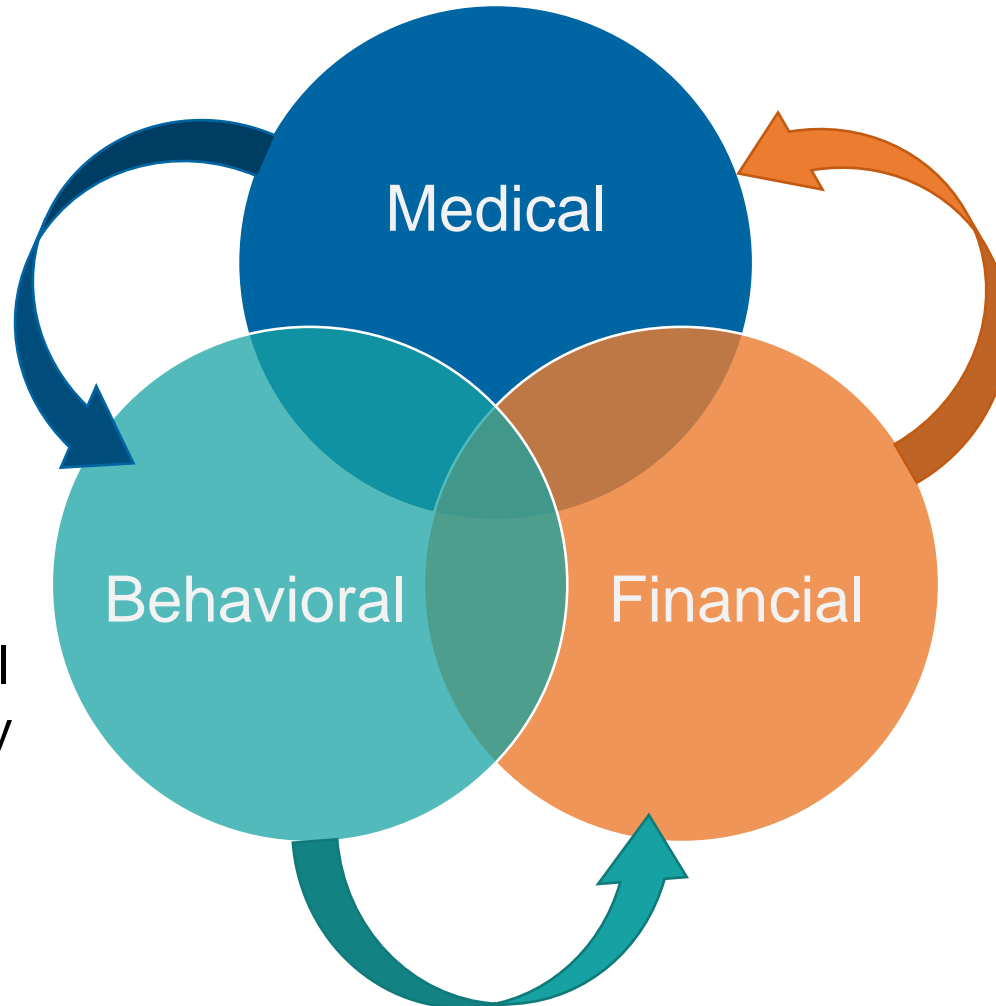
*Johns Hopkins University estimates

Primary Determinants of Impact

Behavioral



- Mitigation actions
- Consumer/intermediary trends
- Government, central bank, and regulatory actions
- Adverse selection



Medical



- Disease characteristics
- Healthcare delivery capacity
- Therapeutics
- Secondary ripple effects (often surprising, e.g. motor vehicle accidents)

Financial



- Impact of mitigation
- Balance sheet resilience
- Macro-economic conditions

Potential Long-Term Impact on Insurance Industry

More questions than answers...

Medical

- Long-term impact on COVID-19 survivors
- Mortality improvement trends
 - Short-term vs. longer-term
 - Research and medical advances
 - Behavioral changes
- Evolution of risk assessment
- Investment in expertise

Behavioral

- Demand dynamics
 - Perception of value of insurance/reinsurance
 - Distribution channels
 - Risk transfer by companies
- Optionality, adverse selection, and fraud
- Regulatory/ratings
 - Coverage requirements
 - Extended grace periods
 - Capital ratios
- Trust
 - Models, financial strength, social responsibility

Financial

- Balance sheet impacts
 - Asset portfolios
 - Recalibration of capital models
- Strategic business analysis
- Impact of stimulus efforts
 - Austerity, interest rates, inflation
- Consumer
 - Unemployment
 - Disability
 - Disposable income

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