



Institute
and Faculty
of Actuaries

COVID-19 Impact of Life Insurance Market

Colin Dutkiewicz

Global Head of Life, Reinsurance Solutions, Aon
Lead, IFOA COVID-19 Action Taskforce (ICAT)

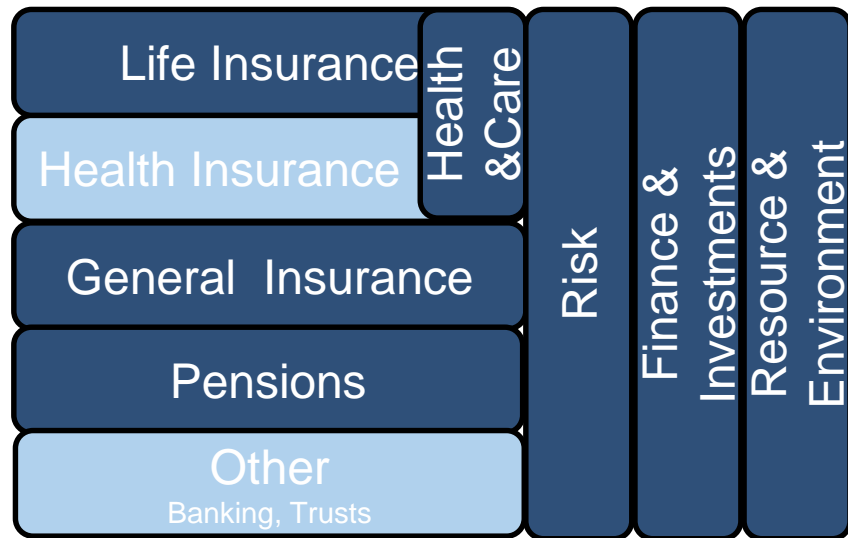


Institute
and Faculty
of Actuaries

IFOA COVID-19 ACTION TASKFORCE

Louise Pryor
Colin Dutkiewicz
Jo Davis

Major Actuarial Practice Boards



Institute
and Faculty
of Actuaries

Pandemic Dynamics

Pandemic Dynamics

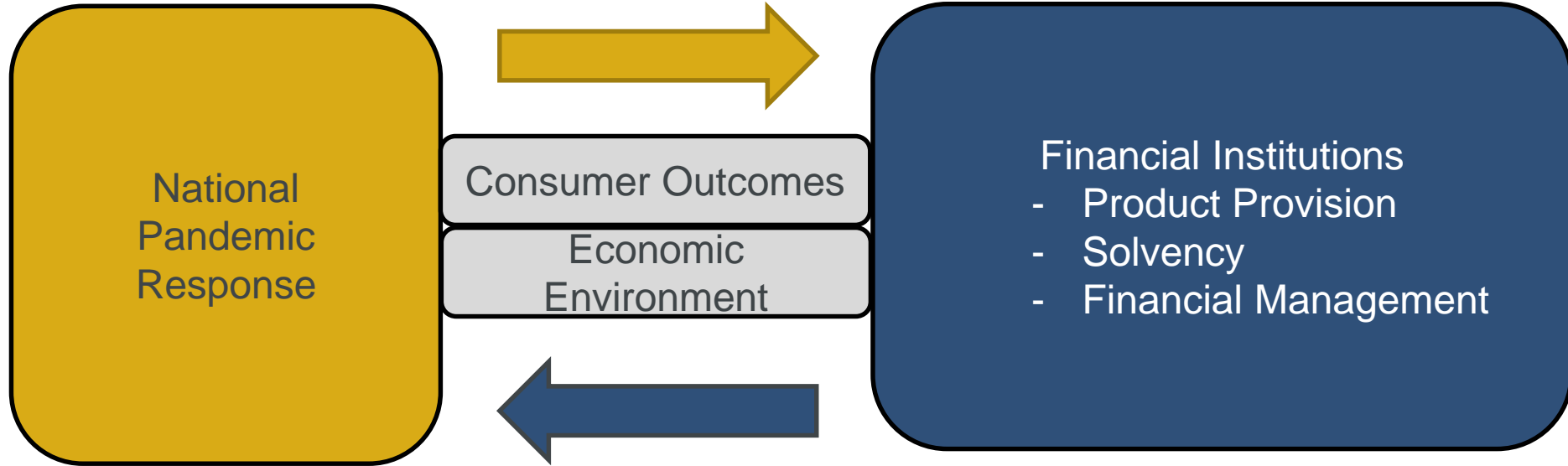
Pharmaceutical
Interventions

Non-Pharmaceutical
Interventions



Institute
and Faculty
of Actuaries

Pandemic Dynamics



ICAT seeks to support practicing actuaries make sense of the current environment and plan for a very uncertain future.

In the process we will inform IFOA members and discover areas of value to act in the public interest.



Institute
and Faculty
of Actuaries

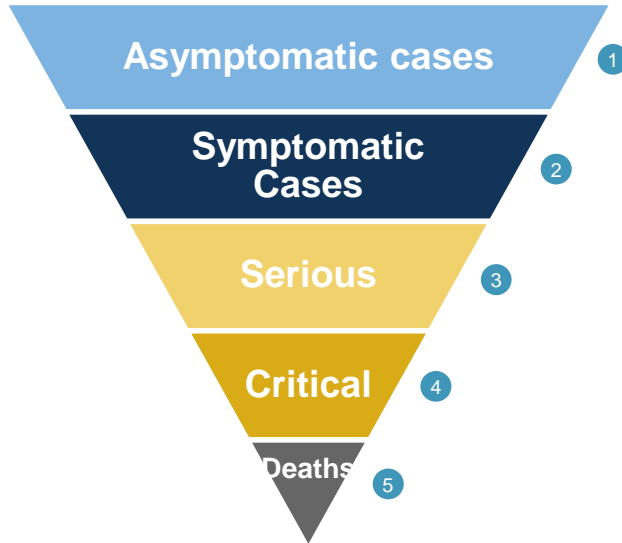


Institute
and Faculty
of Actuaries

COVID-19 International Picture



Modelling The Progression Of The COVID-19 Disease

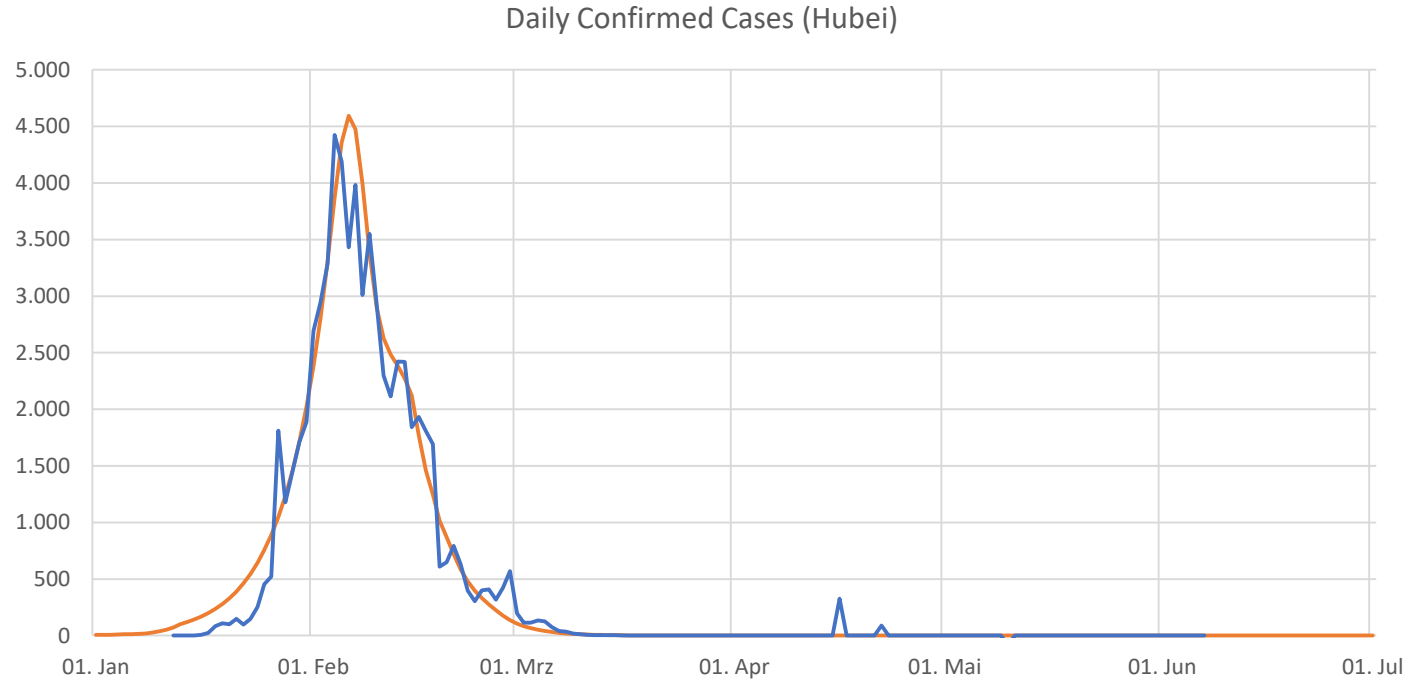


People infected from the novel coronavirus will experience one or more of the stages of the COVID-19 disease

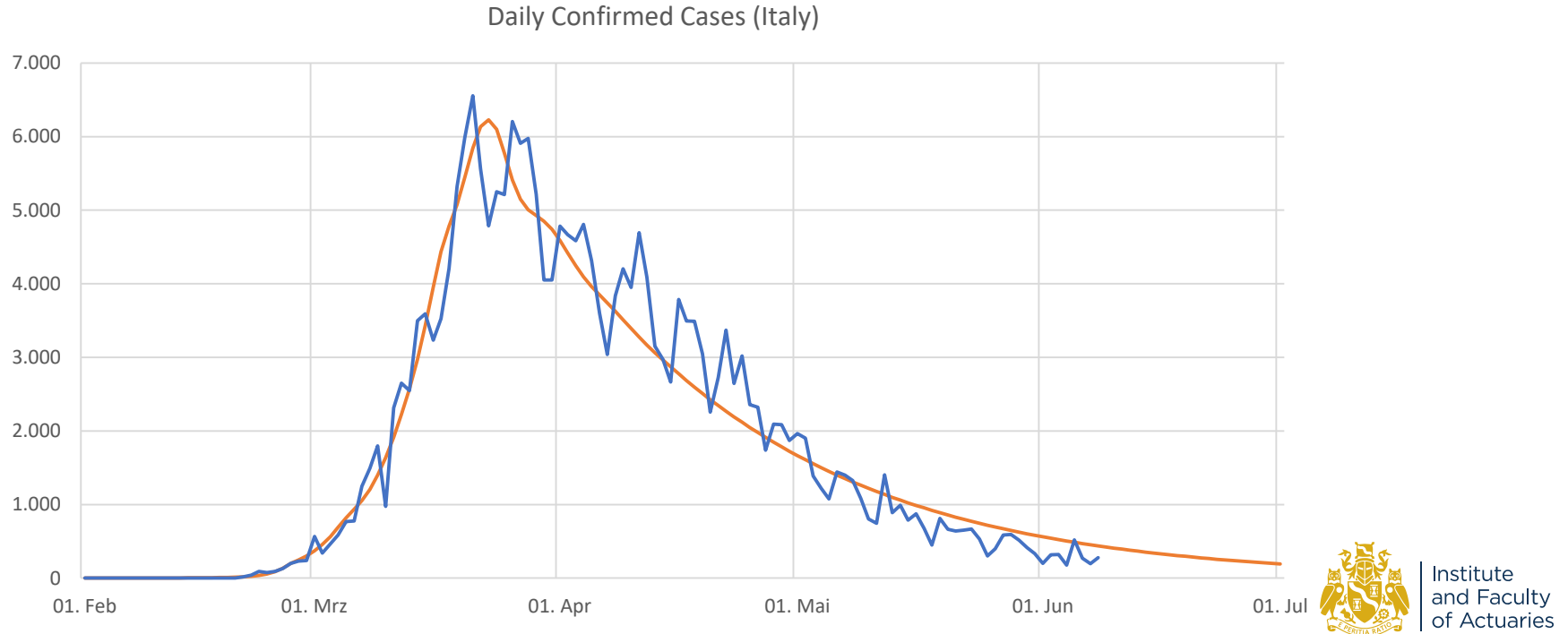
- 1 Some cases will be asymptomatic, which means they are without symptoms. We may never know what proportion are asymptomatic without screening of the population after the outbreak has concluded. Our model does not project the number of asymptomatic cases since the detection rates of asymptomatic cases in many countries may be low, and it is not yet understood if, and to what extent, they can transmit the virus
- 2 The majority of cases which are symptomatic have symptoms that are managed relatively easily, either at home or in a general hospital ward
- 3 A proportion of symptomatic cases will progress to severe illness, requiring more complex hospital treatment, including being categorised as being in serious condition (typically representing admission to intensive care departments)
- 4 A proportion of serious cases will progress to critical condition, requiring more invasive treatment such as ventilation
- 5 A proportion of symptomatic cases will die, likely having passed through the serious and critical conditions if they were hospitalised



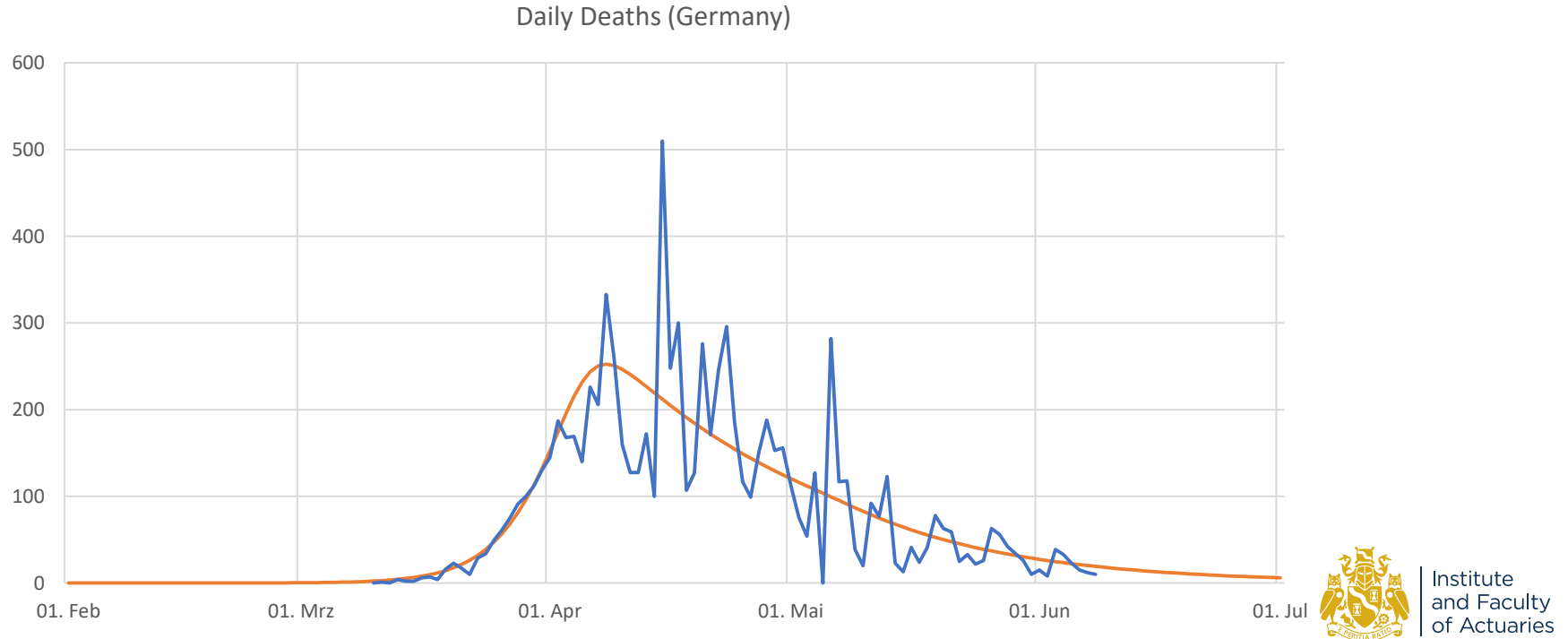
A well behaved pandemic wave



Western countries less able to contain

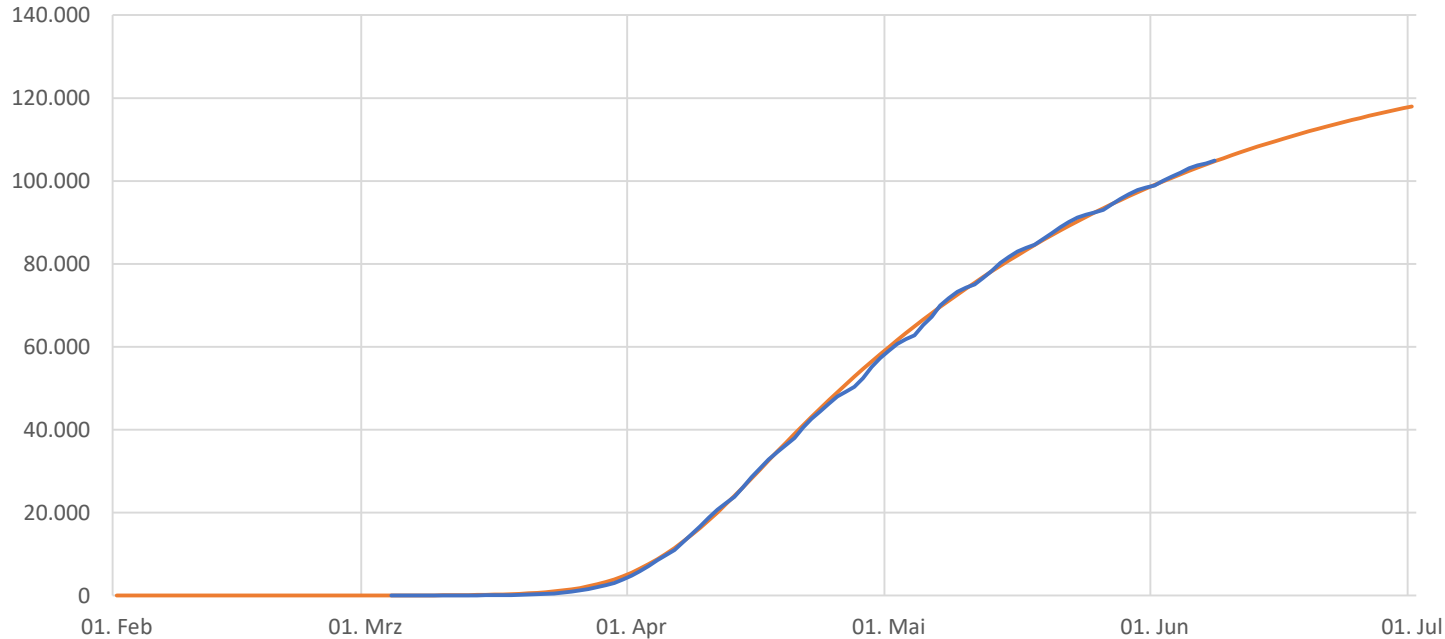


Depends heavily on culture and politics



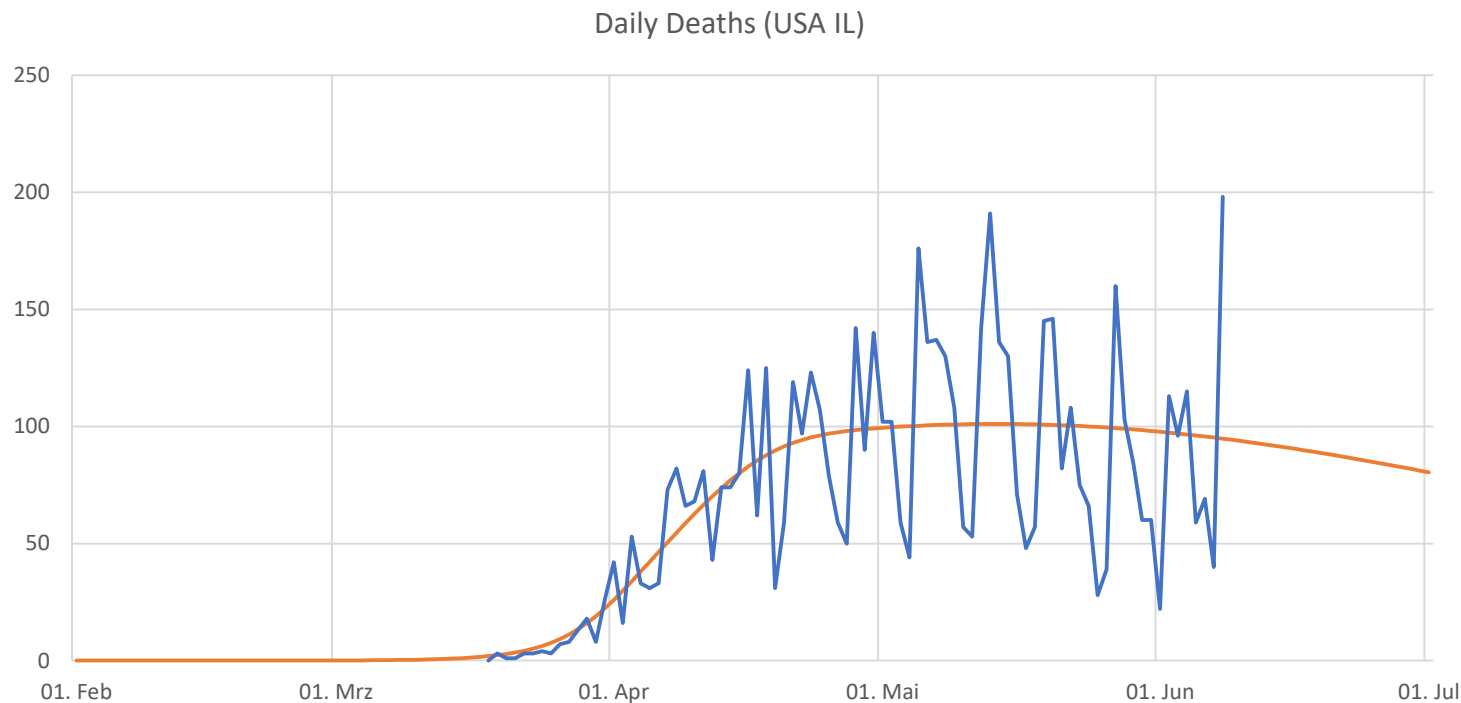
The US least able to coordinate and head warnings

Cumulative Deaths (USA Nationwide)

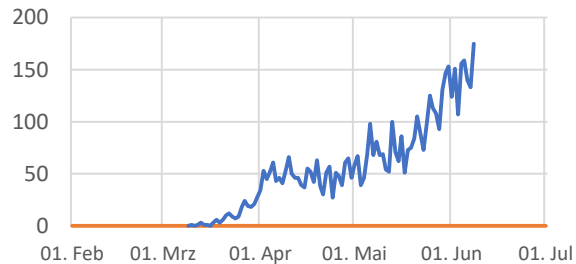


Institute
and Faculty
of Actuaries

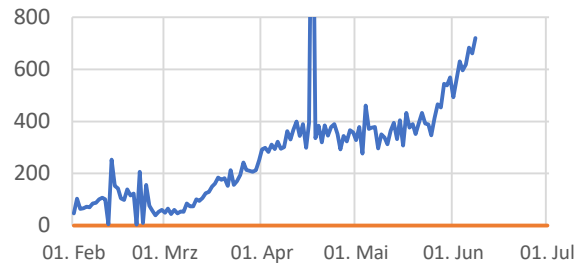
No containment leads to a poor 2nd wave prognosis



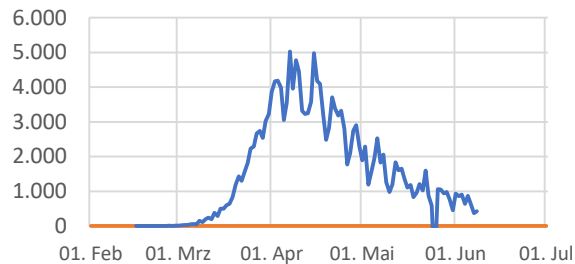
Daily Deaths (Africa)



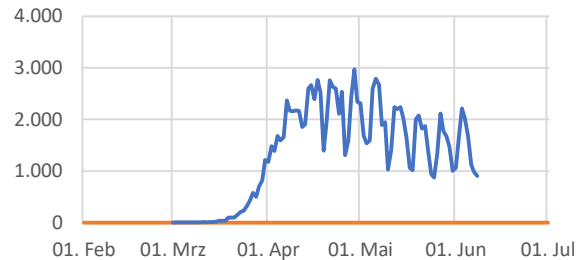
Daily Deaths (Asia)



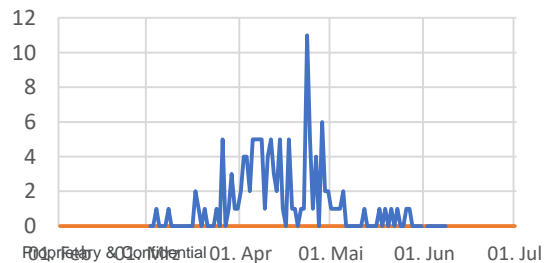
Daily Deaths (Europe)



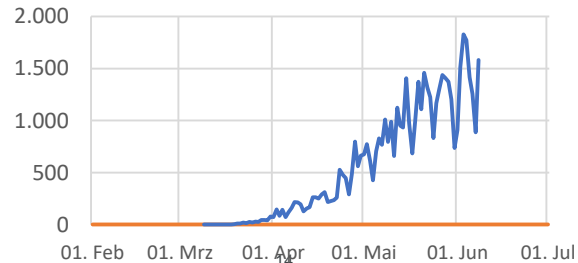
Daily Deaths (North America)



Daily Deaths (Oceania)



Daily Deaths (South America)



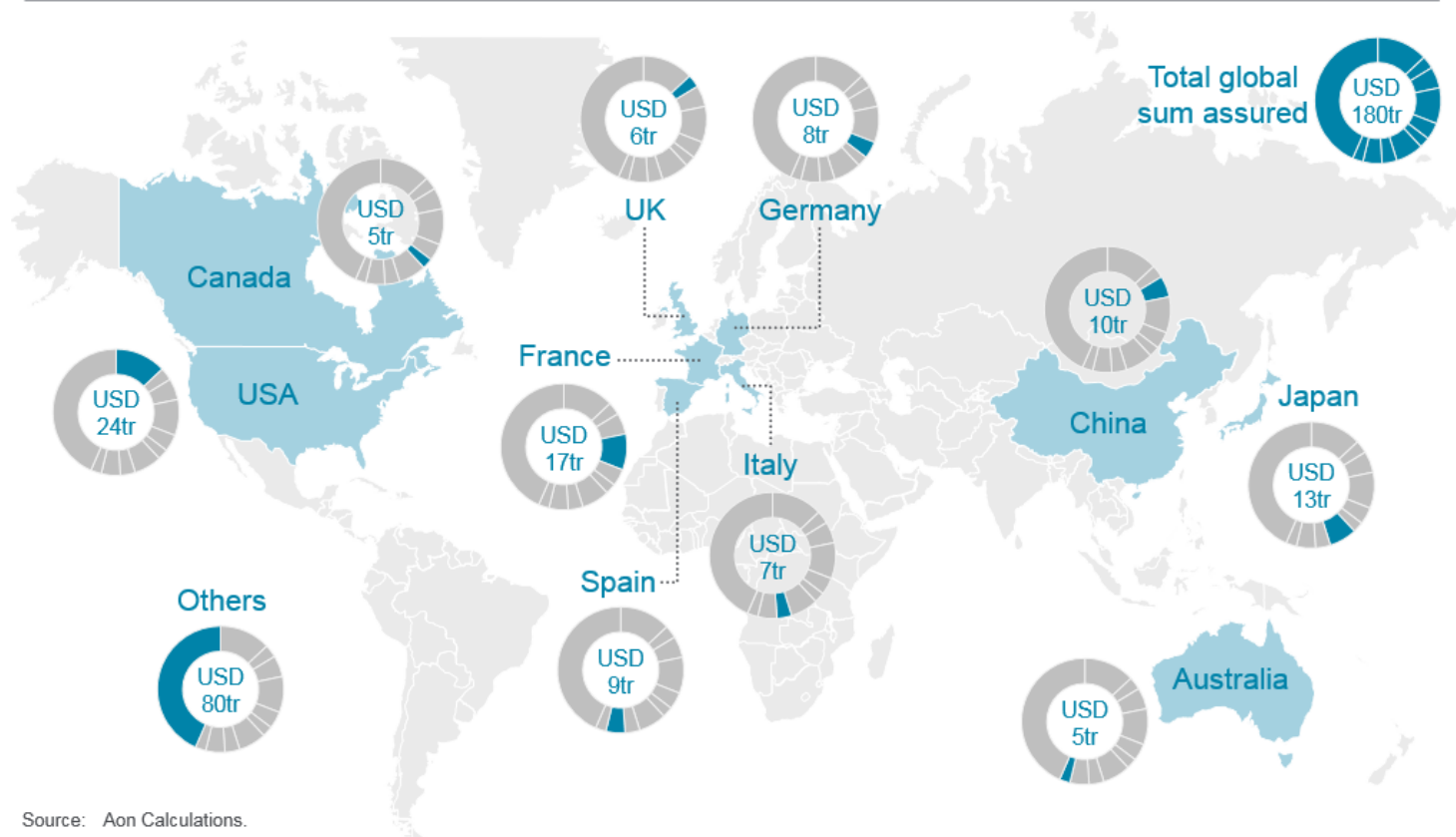


Institute
and Faculty
of Actuaries

COVID-19 Impact of Life Insurance Market



Global Sum Assured / Face Amount



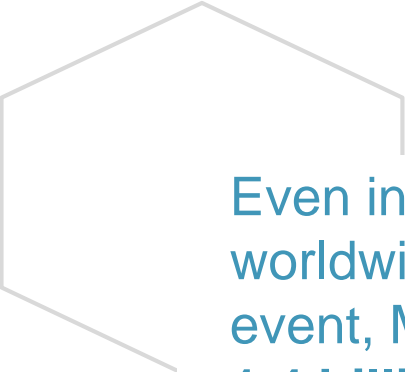
Source: Aon Calculations.



Institute
and Faculty
of Actuaries

Reinsurance Market View

Munich Re

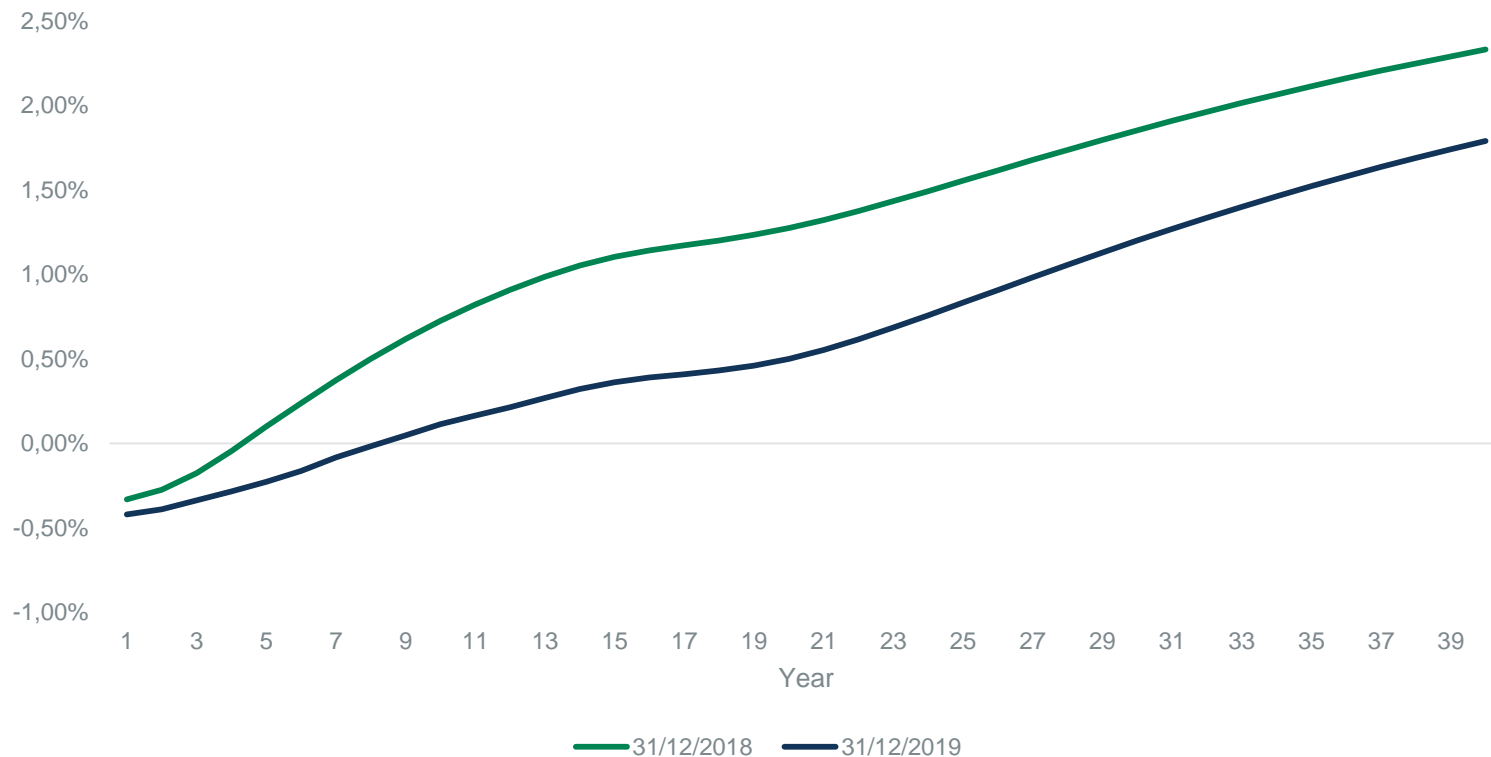


Even in the very unlikely scenario of a worldwide pandemic equivalent to a 200-year event, Munich Re would face a maximum of **1.4 billion euros in life and health** insurance claims – similar in scope to a **medium-sized natural catastrophe** in property-casualty reinsurance.



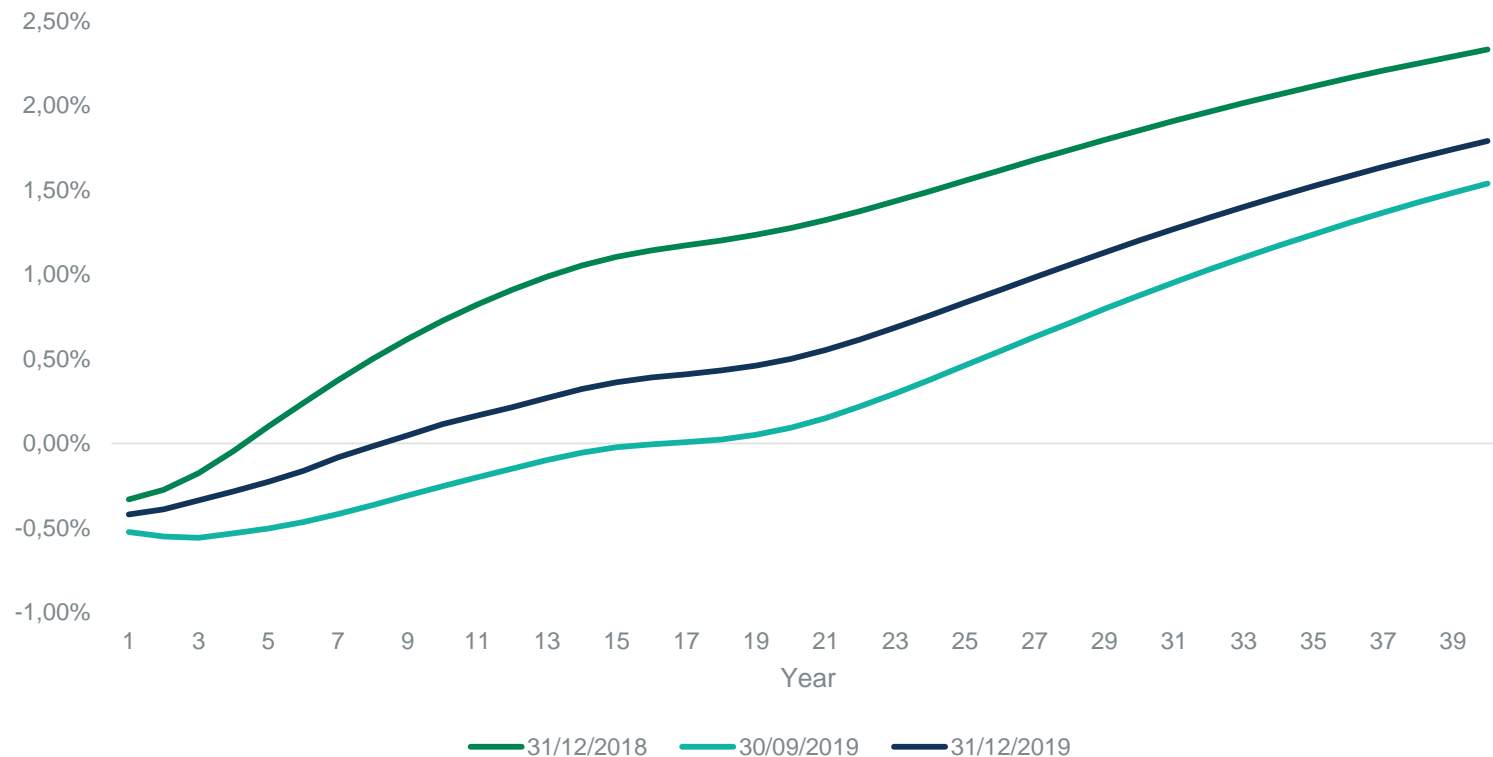
Low-for-Long Interest Rates

EIOPA Risk-free Yield Curve, EUR



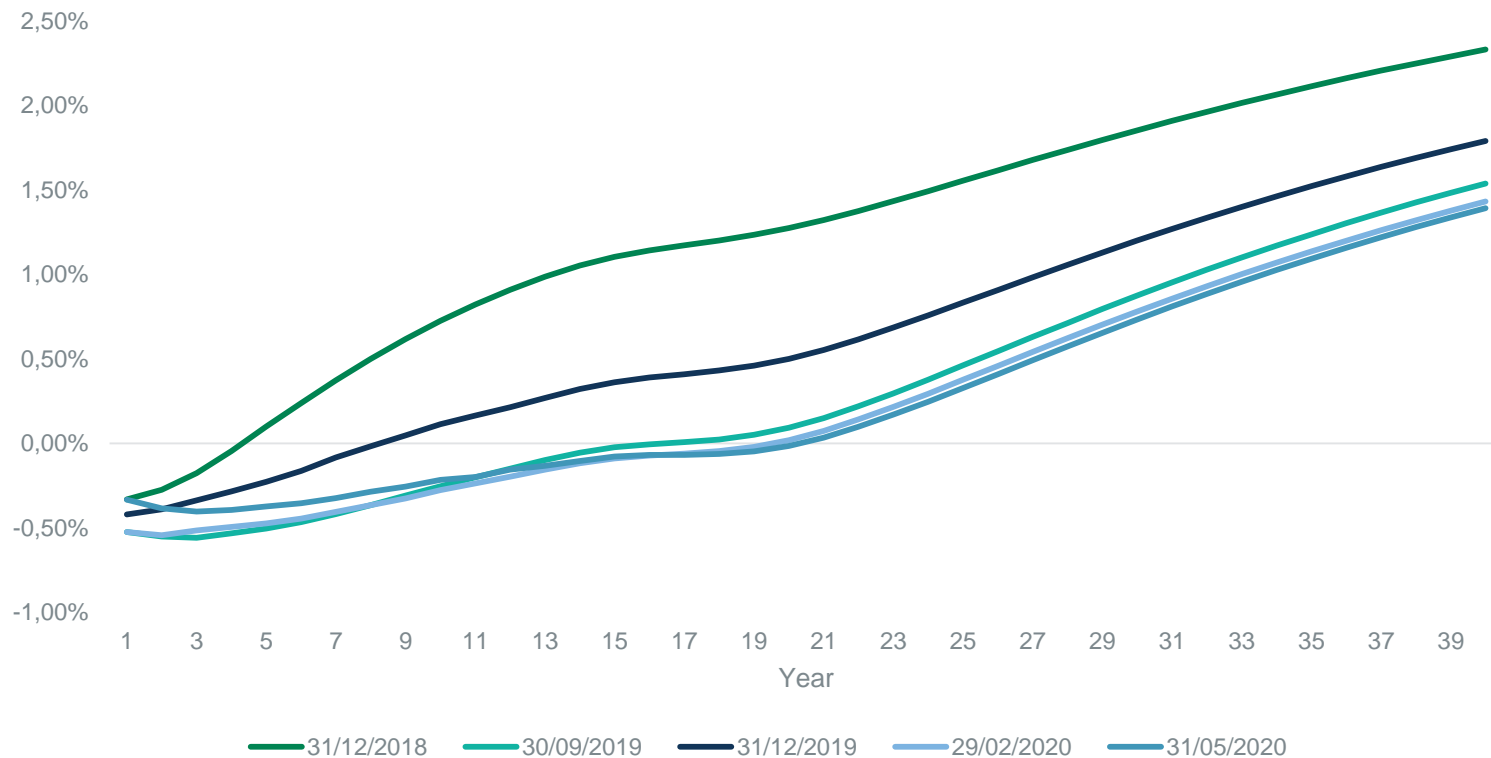
Don't forget what happened in October 2019

EIOPA Risk-free Yield Curve, EUR



Current interest environment isn't new

EIOPA Risk-free Yield Curve, EUR





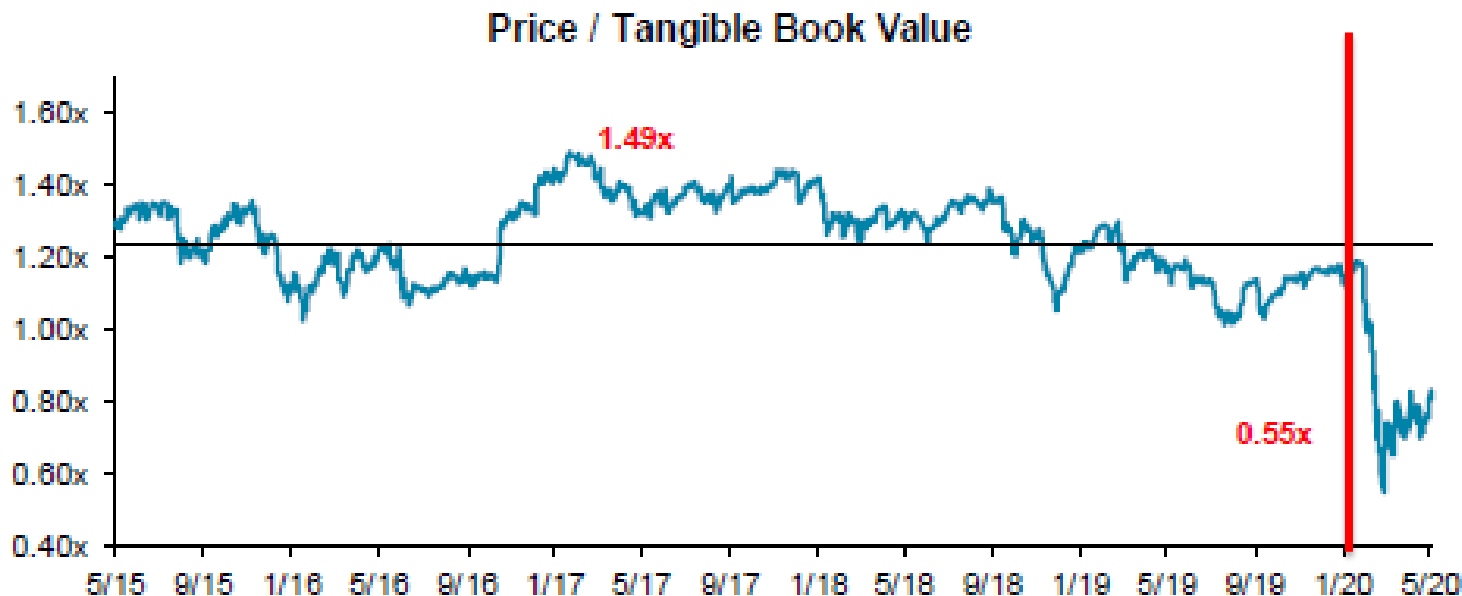
Institute
and Faculty
of Actuaries

Impact on Life Insurance Companies

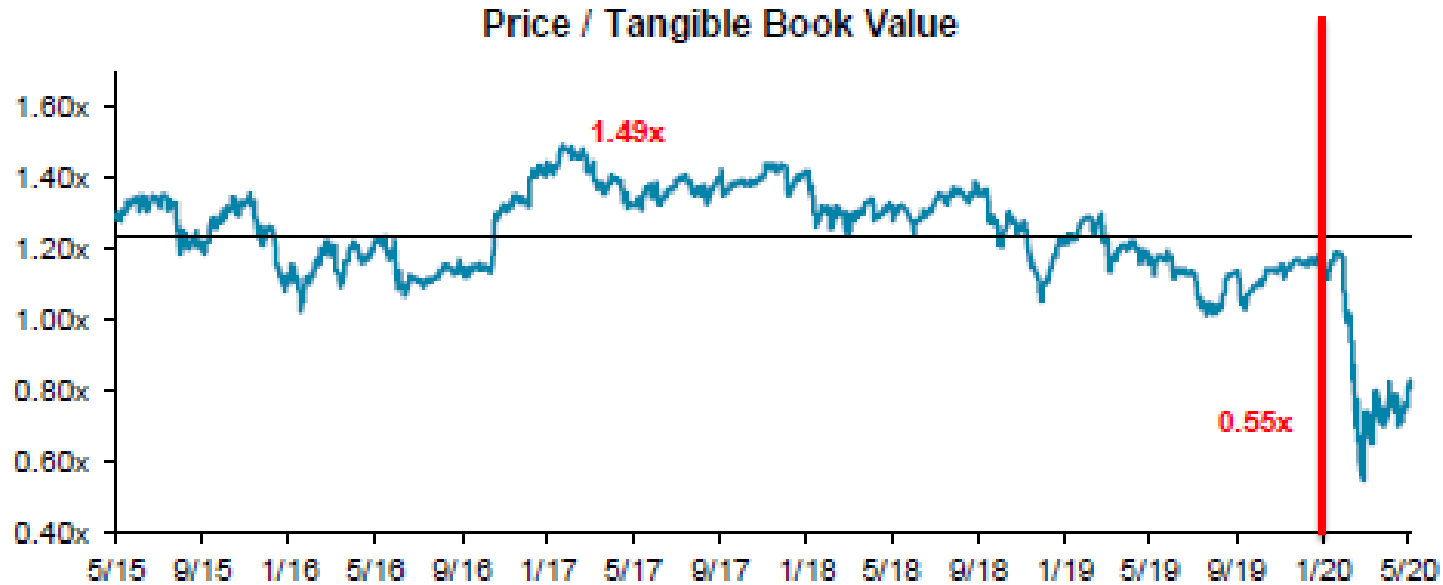
08 September 2020

Expertise
Sponsorship
Thought leadership
Progress
Community
Sessional Meetings
Education
Working parties
Volunteering
Research
Shaping the future
Networking
Professional support
Enterprise and risk
Learned society
Opportunity
International profile
Journals
Supporting

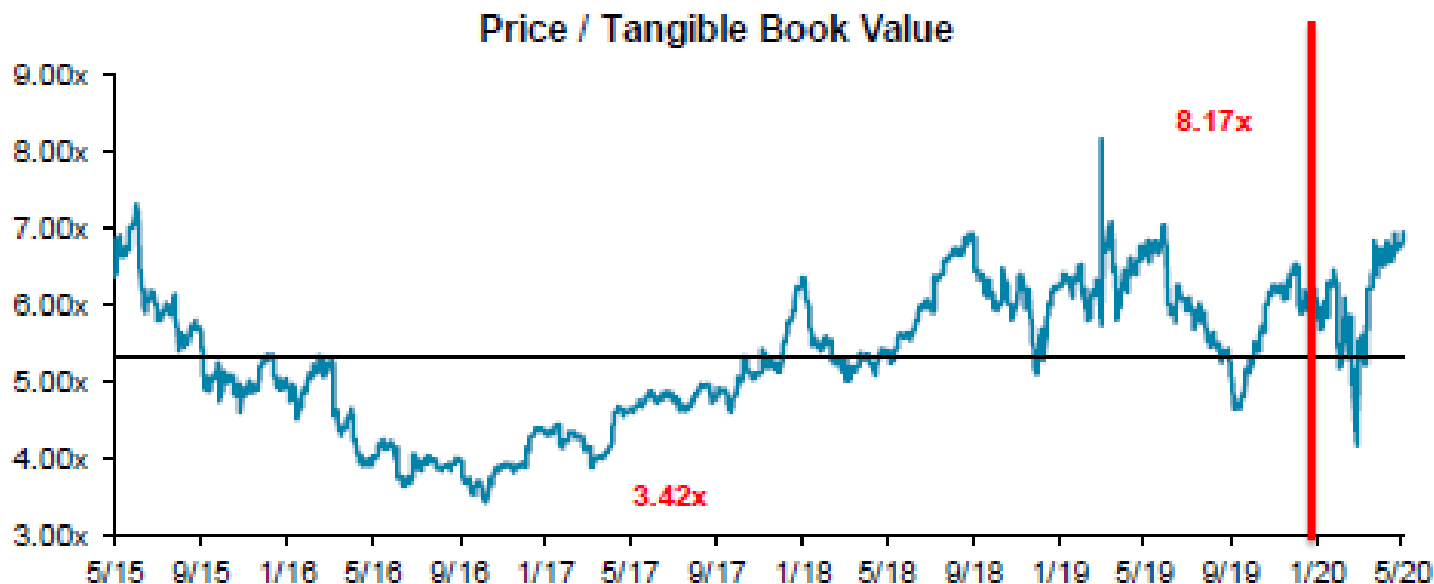
North American Life and Annuity Sector



Western European Life Sector



US Health Sector



Institute
and Faculty
of Actuaries



Institute
and Faculty
of Actuaries

COVID-19 Impact of Life Insurance Market

