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# COVID-19 Impact of Life Insurance Market

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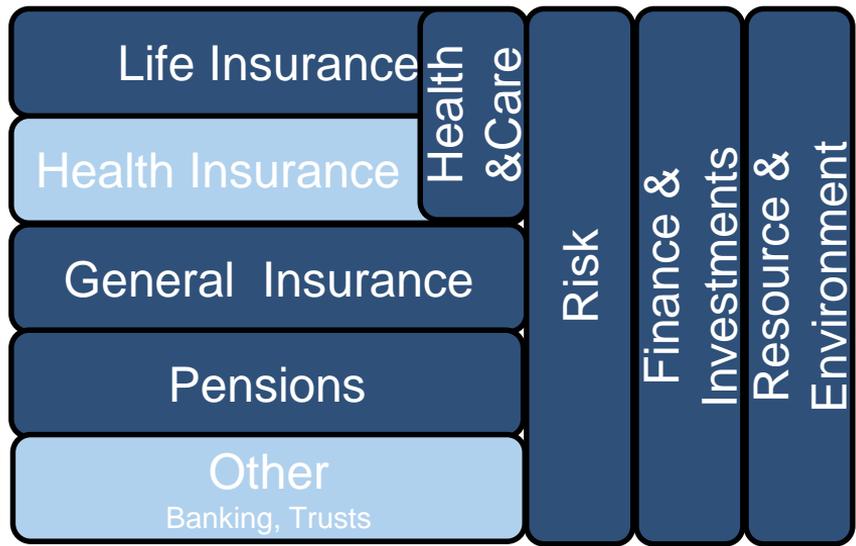
# IFOA COVID-19 ACTION TASKFORCE

Louise Pryor  
Colin Dutkiewicz  
Jo Davis

08 September 2020



# Major Actuarial Practice Boards



# Pandemic Dynamics

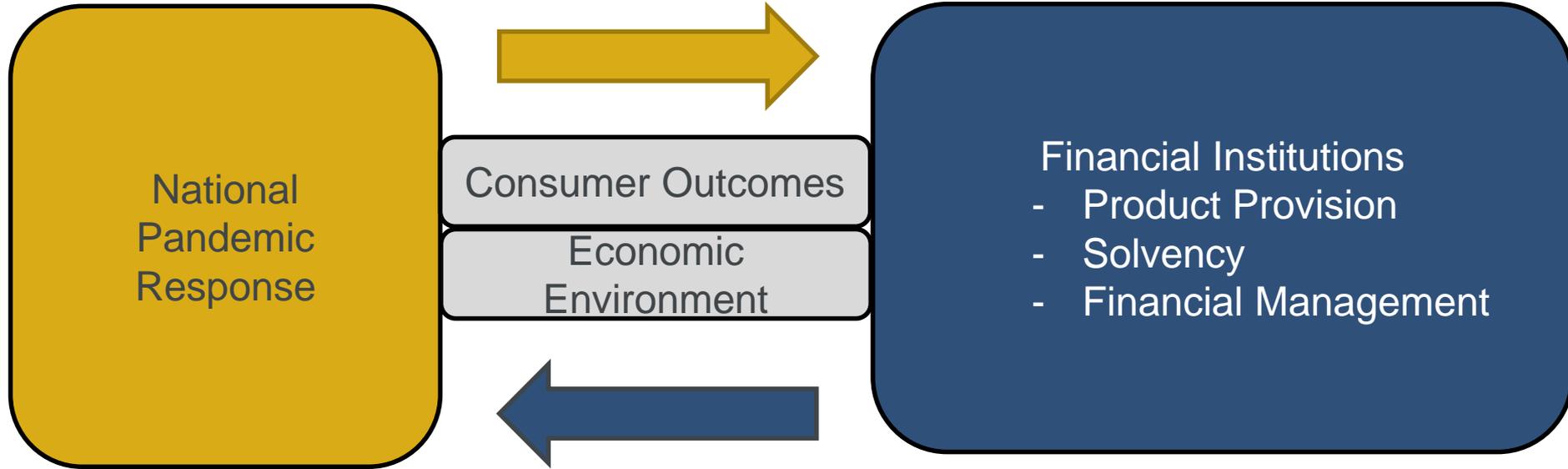
Pandemic Dynamics

Pharmaceutical  
Interventions

Non-Pharmaceutical  
Interventions



# 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.



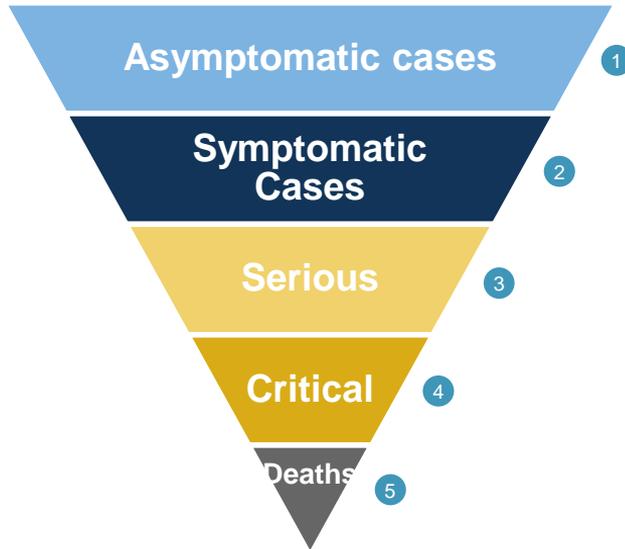


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# COVID-19 International Picture



# Modelling The Progression Of The COVID-19 Disease

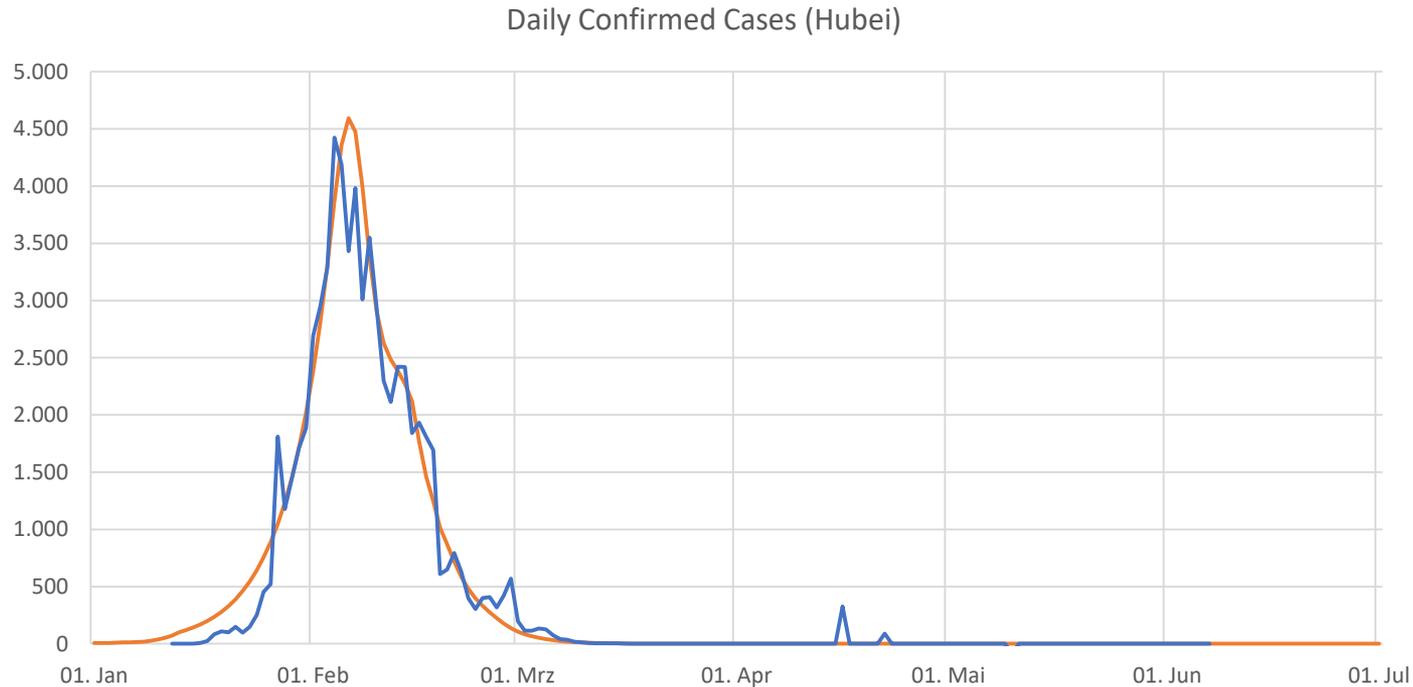


People infected from the novel coronavirus will experience one or more of the stages of the COVID-19 disease

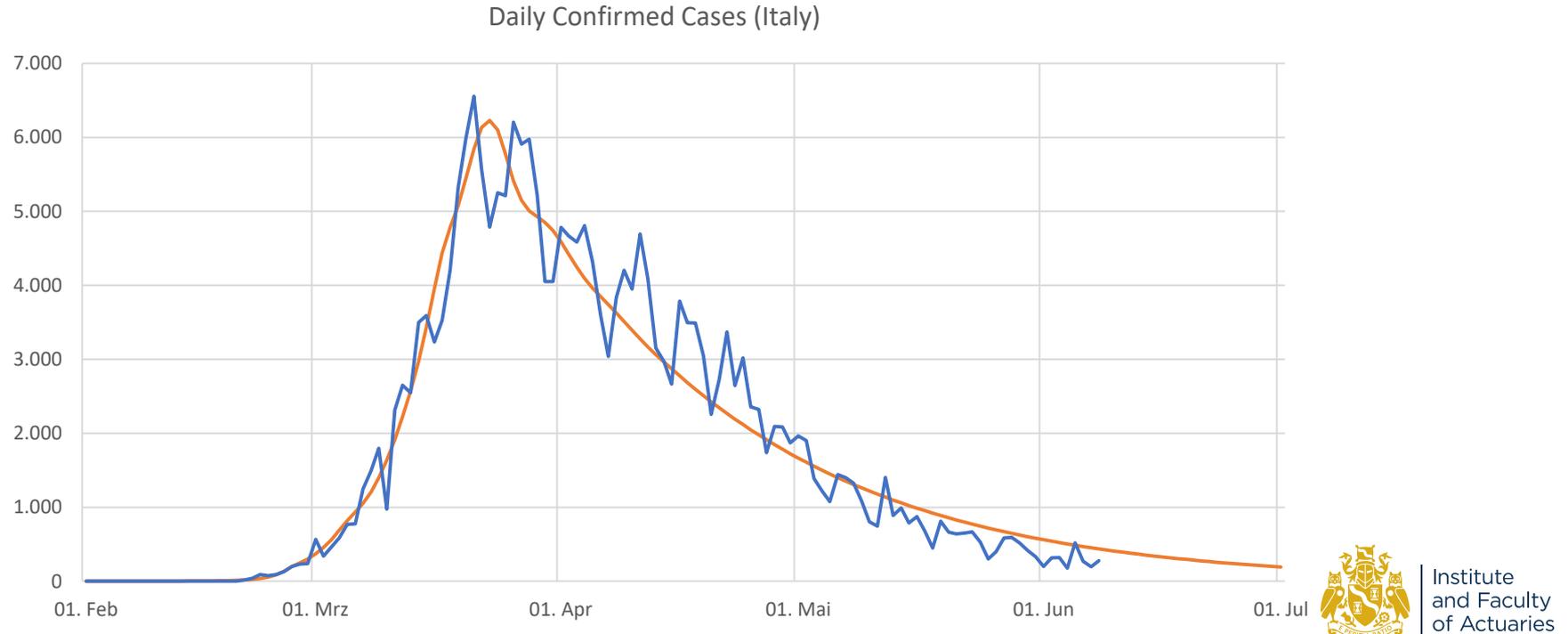
- 1 Some cases will be asymptomatic, which means they are without symptoms. We may never know what proportion are asymptomatic without screening of the population after the outbreak has concluded. Our model does not project the number of asymptomatic cases since the detection rates of asymptomatic cases 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

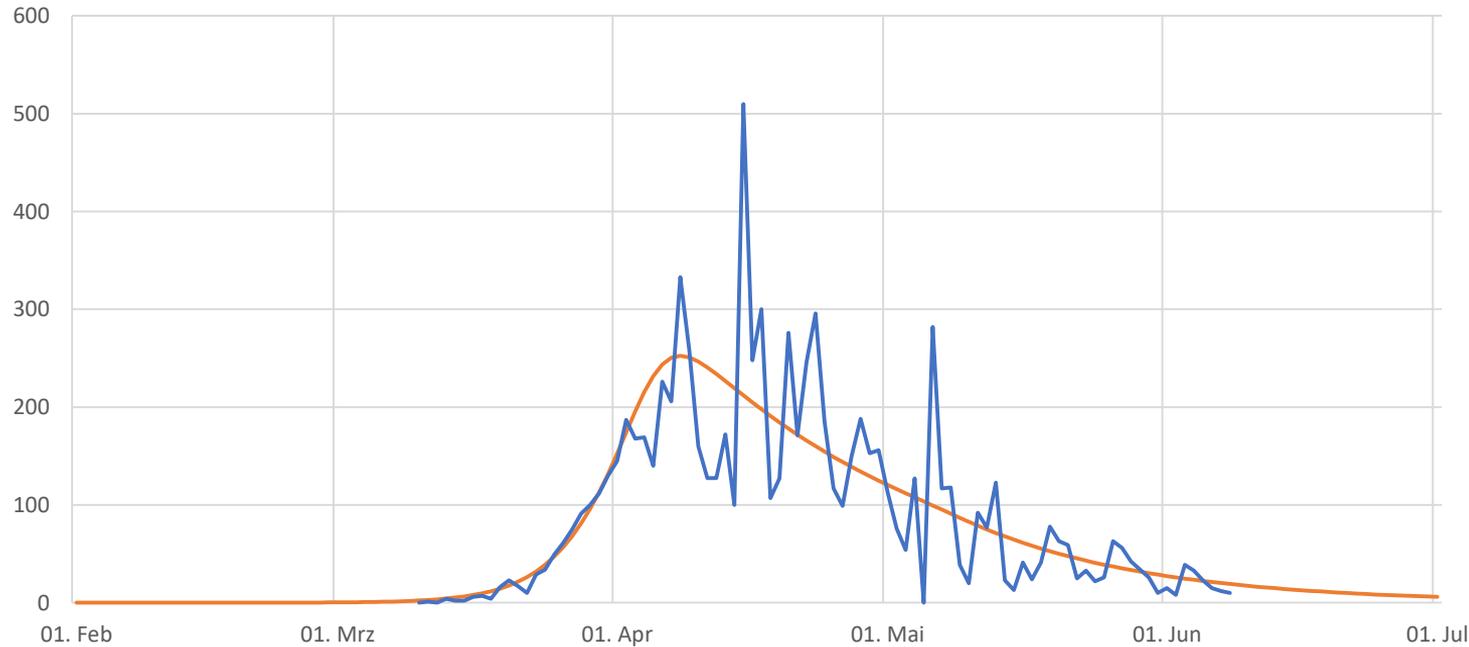


# Western countries less able to contain



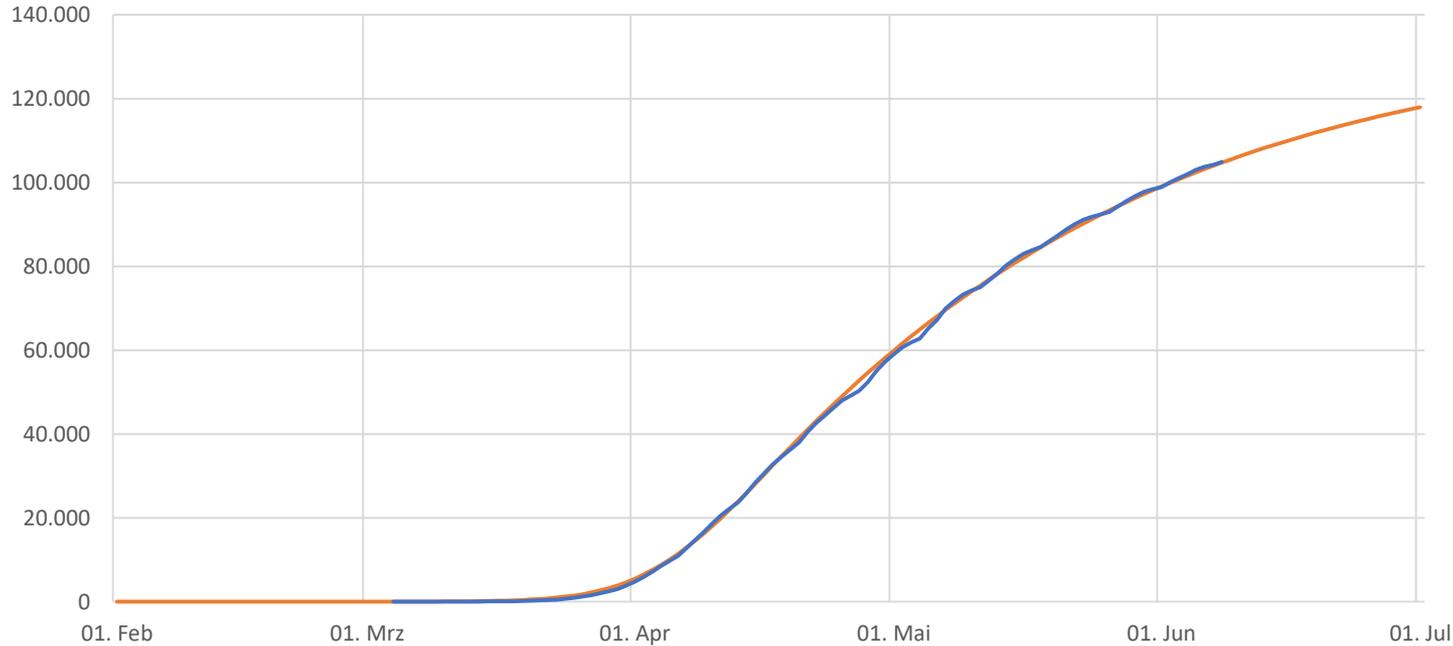
# Depends heavily on culture and politics

Daily Deaths (Germany)

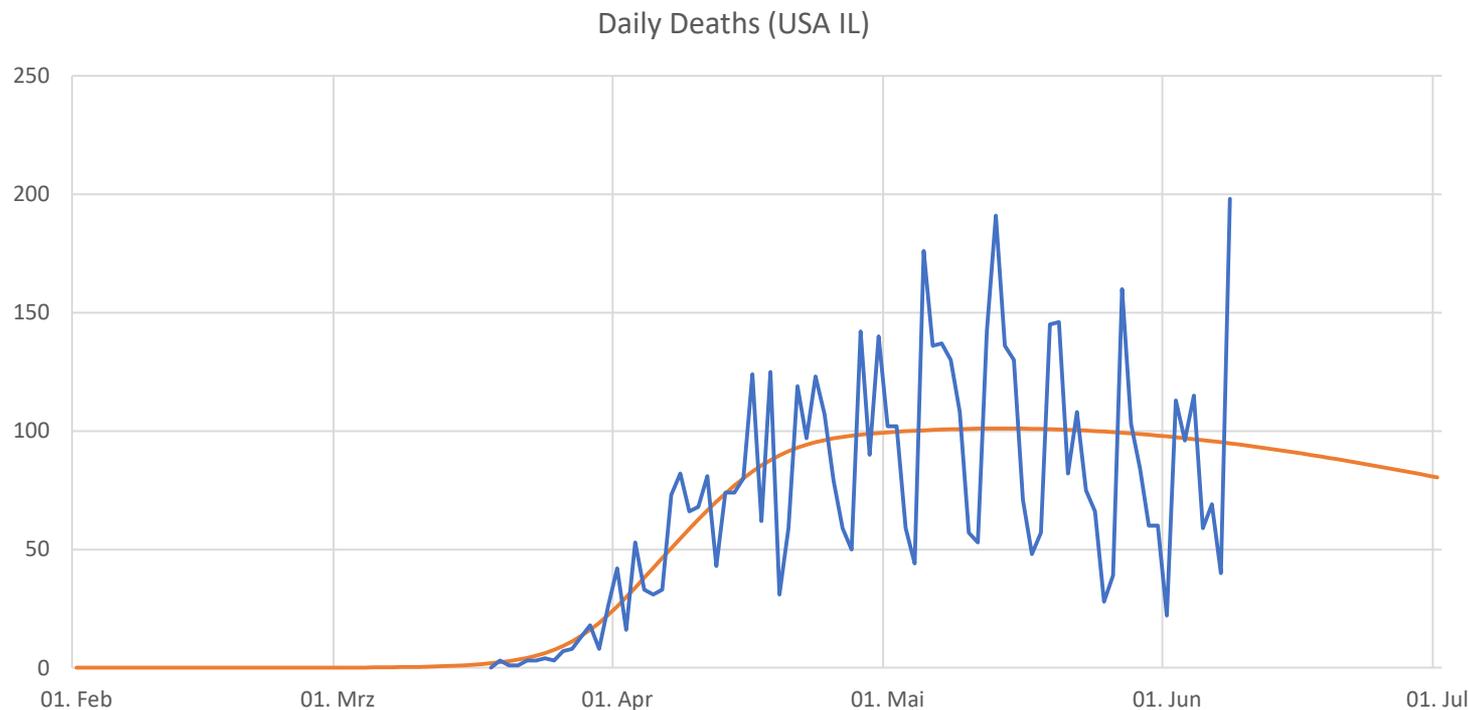


# The US least able to coordinate and head warnings

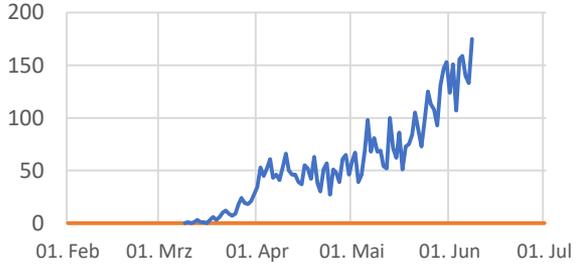
Cumulative Deaths (USA Nationwide)



# No containment leads to a poor 2<sup>nd</sup> wave prognosis



Daily Deaths (Africa)



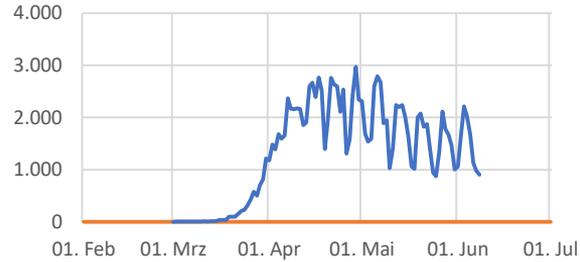
Daily Deaths (Asia)



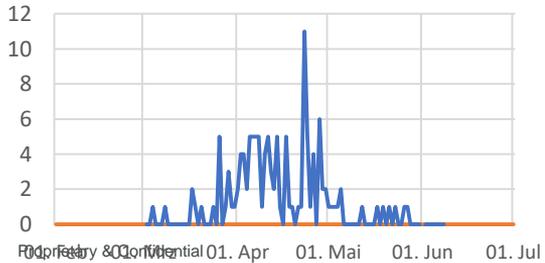
Daily Deaths (Europe)



Daily Deaths (North America)



Daily Deaths (Oceania)



Daily Deaths (South America)



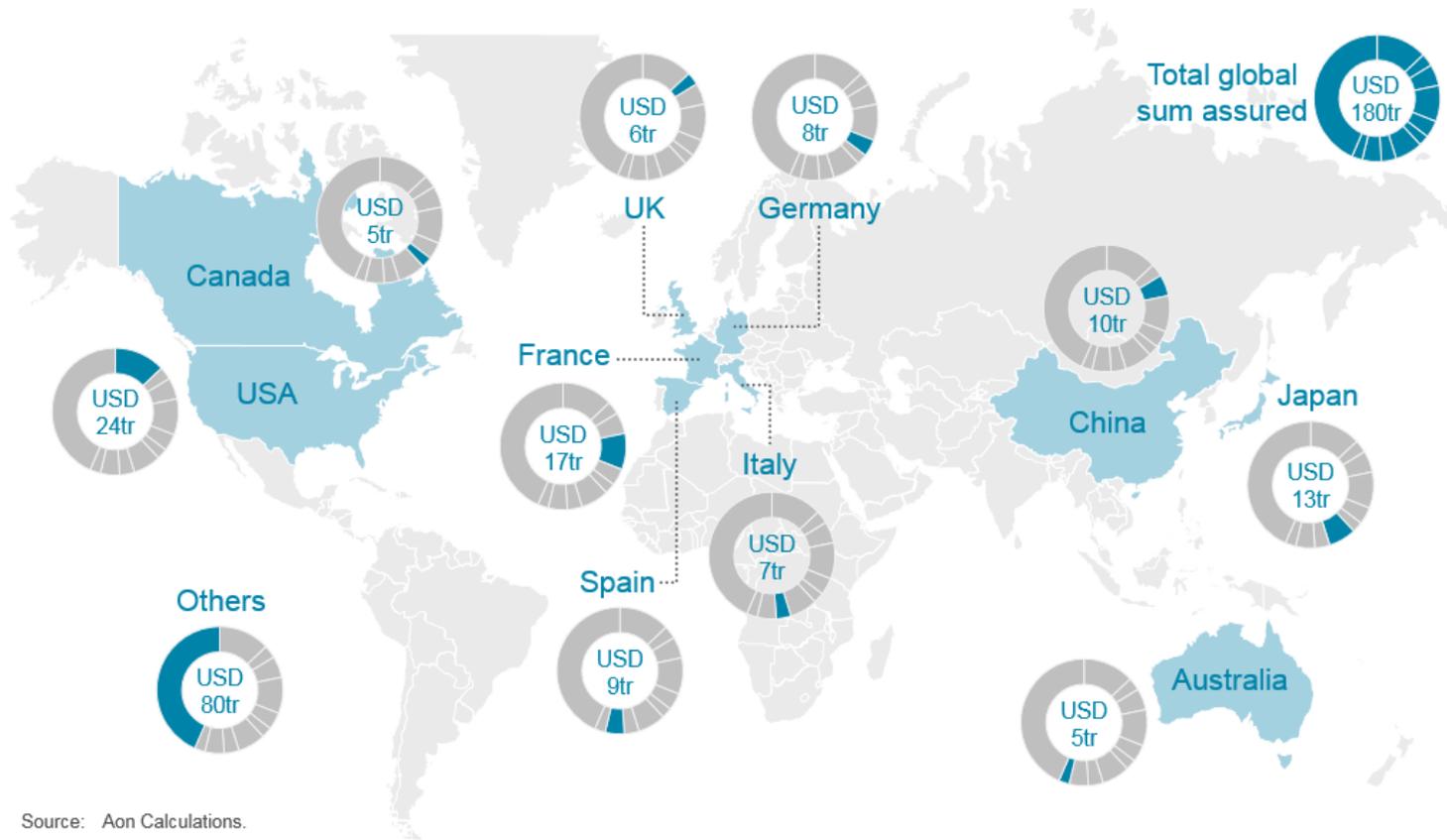


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# COVID-19 Impact of Life Insurance Market



# Global Sum Assured / Face Amount



Source: Aon Calculations.



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# Reinsurance Market View

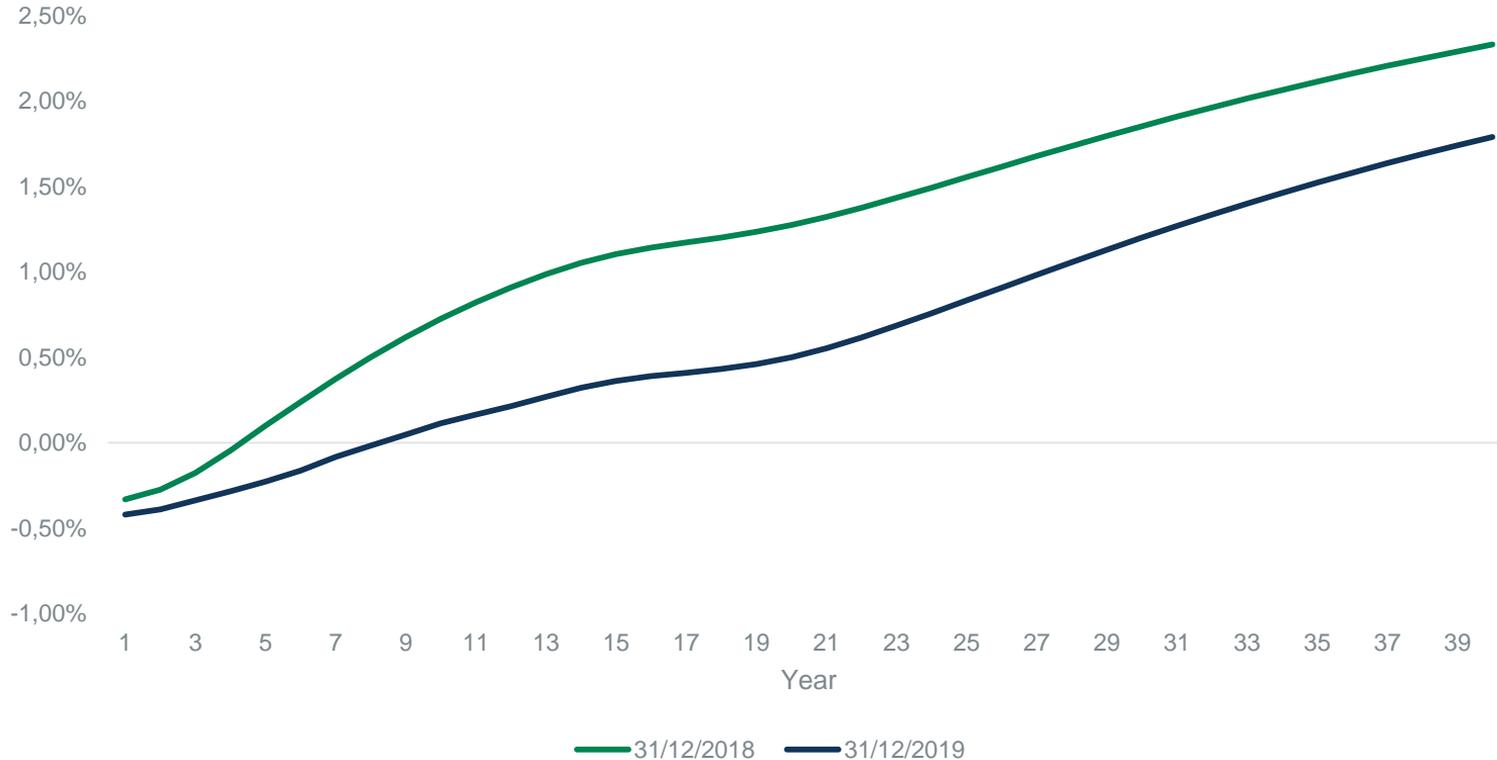
## Munich Re

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.



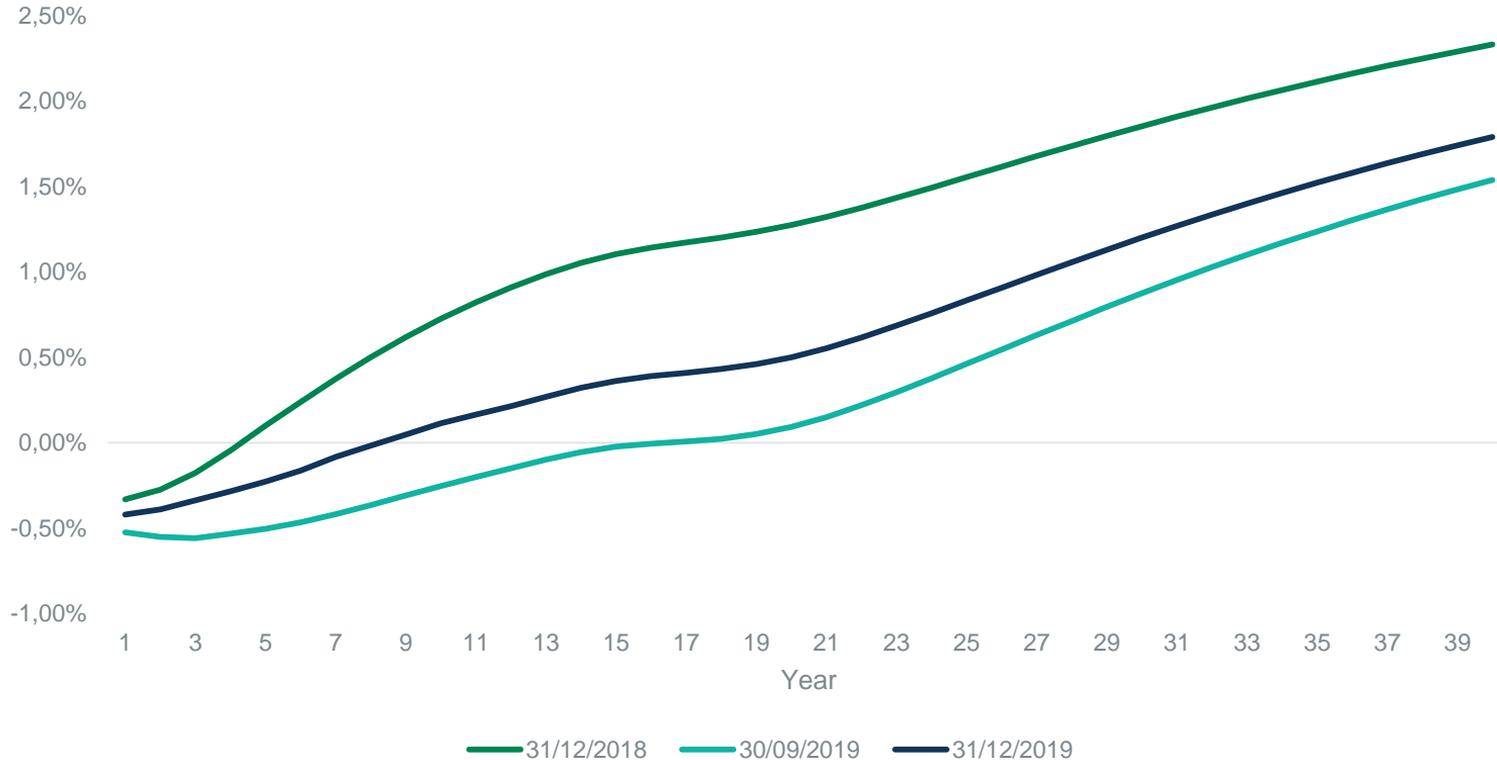
# Low-for-Long Interest Rates

EIOPA Risk-free Yield Curve, EUR



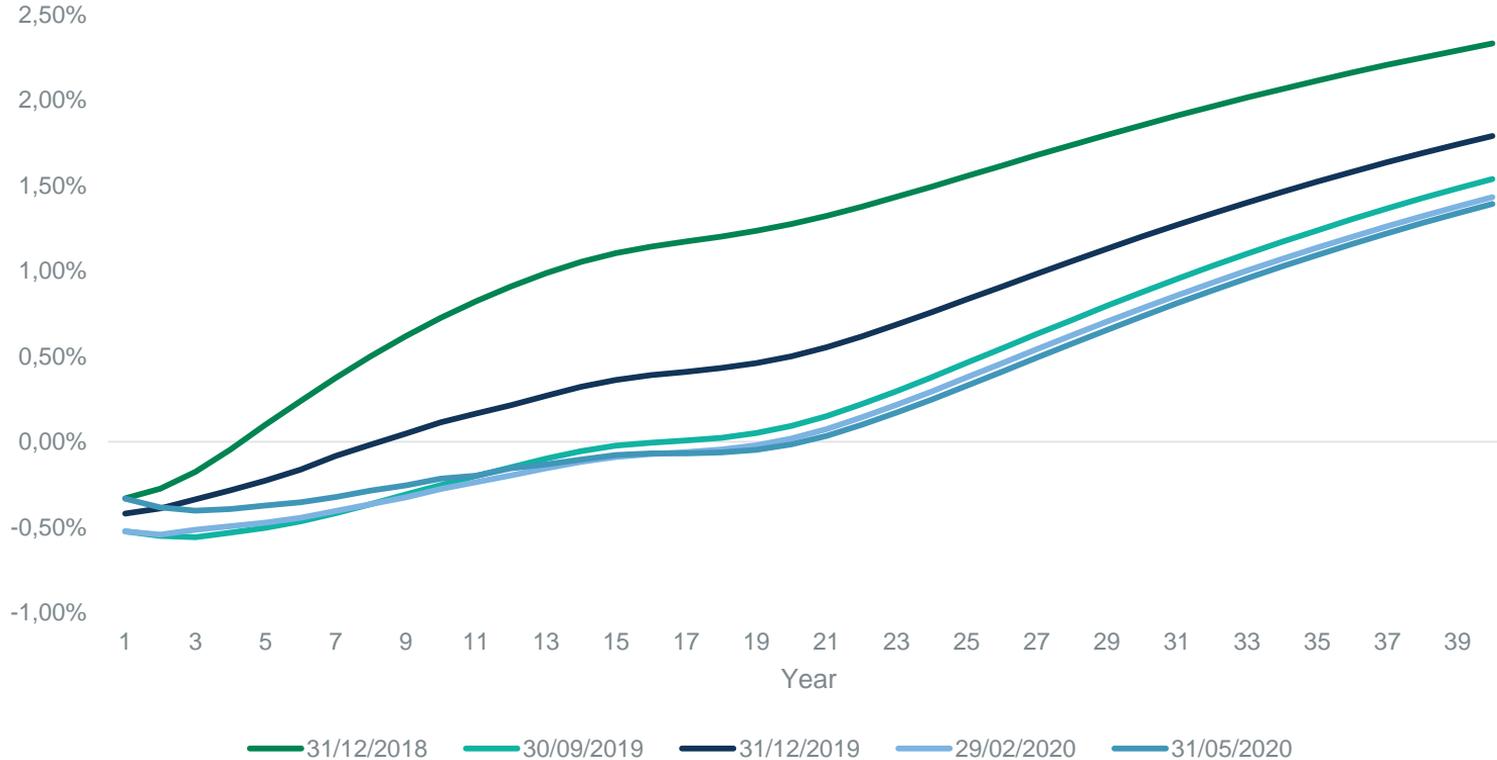
# Don't forget what happened in October 2019

EIOPA Risk-free Yield Curve, EUR



# Current interest environment isn't new

EIOPA Risk-free Yield Curve, EUR





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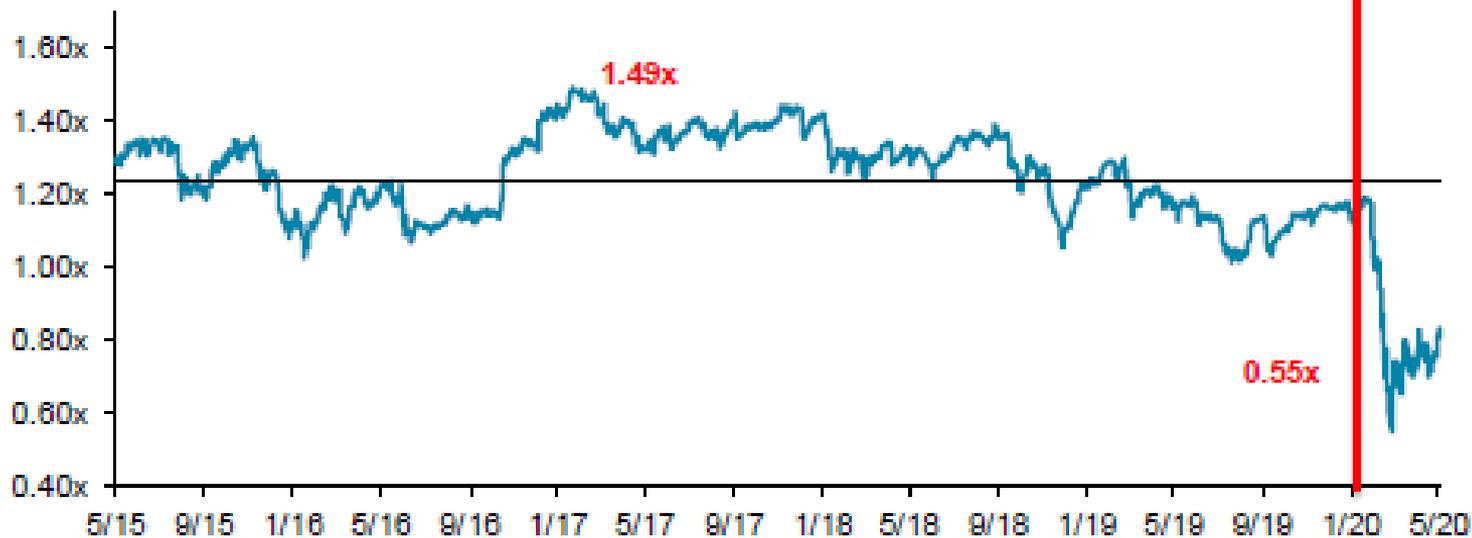
# Impact on Life Insurance Companies

08 September 2020

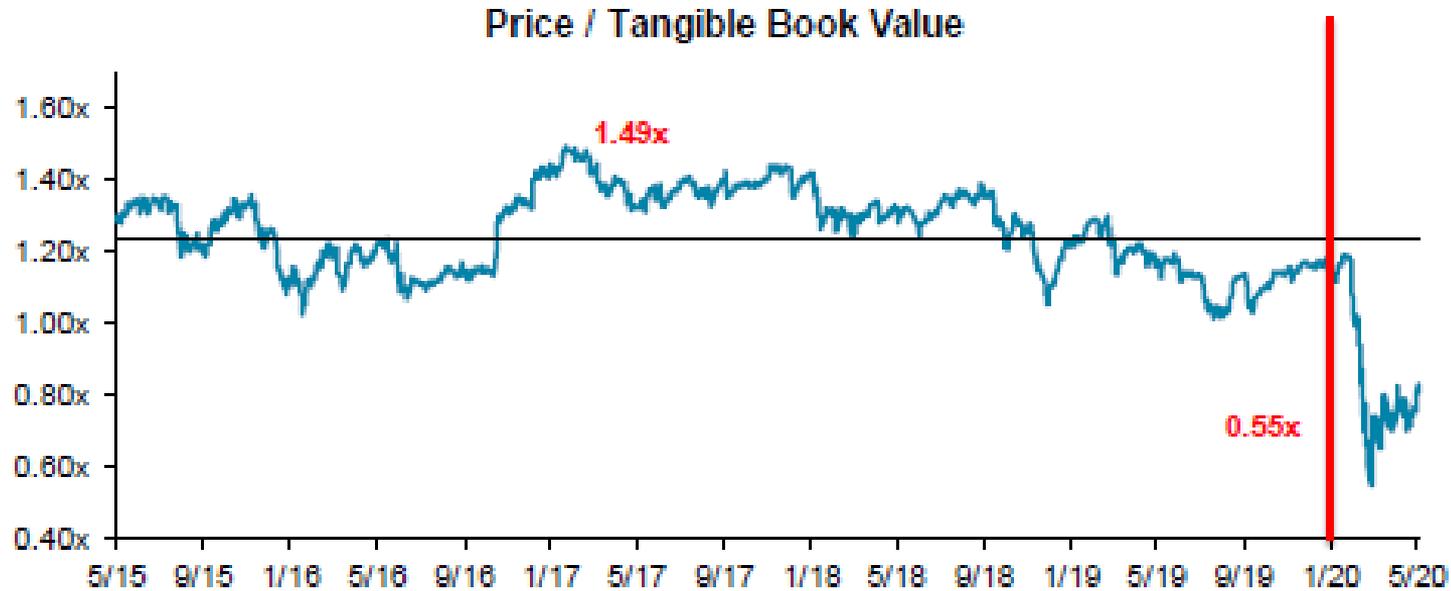
Expertise  
Sponsorship  
Thought leadership  
Progress  
Community  
Sessional Meetings  
Education  
Working parties  
Volunteering  
Research  
Shaping the future  
Networking  
Professional support  
Enterprise and risk  
Learned society  
Opportunity  
International profile  
Journals  
Supportin

# North American Life and Annuity Sector

Price / Tangible Book Value



# Western European Life Sector



# US Health Sector

Price / Tangible Book Value





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