

OBSERVATIONS AND LEARNINGS FROM THE COVID-19 PANDEMIC: VIEWS FROM THREE LEADERS



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A Medical Director's View

Daniel Zimmerman

Who Knew?

Frequently, this question is heard in the media or even in personal conversations: Who would have ever thought there would be a pandemic like COVID-19? The answer is straightforward – almost everyone!

History is a great teacher and we know clearly that pandemics are recurrent. One cannot exactly predict when one will occur, but it was always clear one would occur. The surprising aspect of the current pandemic, however, is that it is due to a coronavirus. Most experts would have predicted the next pandemic to be caused by an influenza virus.

Wisely, the insurance industry was well aware of the risk of another pandemic occurring. Insurers are mandated to perform stress testing and modeling for “tail” or “1 in 200-year” events including pandemics. This exercise not only entails projecting mortality and morbidity outcome extremes, but serves as a basis for planning financial liquidity and capital needs. Insurers must be able to meet their financial obligations to their policyholders, especially during a pandemic.

Fortunately, insurers knew and were ready.

The Evolution of a Crisis

I have learned that a crisis evolves. Thinking back to January 2020 and what was known then and what is known now – there’s a stark difference. The learning journey is not necessarily linear and definitely not

Executive Summary *The COVID-19 pandemic has not only changed the world at large, but the insurance industry, as well. Over the last 9 months, exponential learning has become a requirement. Efficient and effective collaboration and communication, while always important, became critical. Decision-making with limited information - a well-known risk assessment skill – ascended to new heights. In this article, three RGA leaders share diverse personal perspectives on their observations and learnings since the beginning of 2020.*

clean. There is no roadmap or GPS guide. The importance of agility, flexibility and open-mindedness cannot be emphasized enough. What is right today could (and will likely) be wrong tomorrow. These lessons will surely be carried forward and will have great applicability on the wider industry.

Consider, for example, how at the beginning of the pandemic we all thought of COVID-19 as primarily a respiratory disease. While this remains true, we have since learned its manifestations include cardiac, renal, neurologic, hepatic, clotting and glucose metabolism complications – just to name a few. We have yet to learn what long-term sequelae survivors may experience, especially those who had more moderate-to-severe disease. It will be very important for insurers to learn more about these outcomes, as they will have implications for underwriting new business and potentially impact mortality and morbidity experience on inforce blocks of business.

Another example: transmission. As I look back at my notes and briefs from earlier in the year, I am reminded there was a time when we were not sure SARS-CoV-2 could be transmitted from human to human. Clearly, that question has been answered. Then, the debate ensued regarding modes of transmission: droplet vs. aerosols vs. fomite – while this is more resolved, questions regarding transmission remain.

Through ongoing evolution of the pandemic crisis, countless other facts became better known and established. At the time of this writing, many questions remain:

- Does recovery from COVID-19 confer permanent immunity?
- When (and if) will one or more vaccines become available? What happens if the general public doesn't accept them or there are safety concerns?
- Will herd immunity be achievable?
- Could SARS-CoV-2 become a permanent, circulating virus?

Hopefully, through the evolution of a crisis, the answers to these questions and many others will soon be known. Keep in mind, the journey won't be linear, and it won't be clean.

New Roles for the Insurance Medical Director

The COVID-19 pandemic has touched everyone's role in the insurance industry, from chief executive officers to underwriters to claims analysts. While always viewed as a source of solid scientific evidence with the ability to translate clinical medicine into "insurance" medicine, insurance medical directors have been called upon to go the extra mile since the beginning of the pandemic.

Companies have presented difficult questions to their medical experts, the answers to which have helped to drive and inform major mortality and morbidity policy decisions. Actuaries and pricing experts have asked for the doctor's opinion on "most likely" or "least likely" scenarios, thus providing weightings to complex models. Those questions addressed topics such as the likelihood, timing and effectiveness of a vaccine; the impact on therapies; and the probabilities of a second (or third) wave occurring. Medical insights into trends and pandemic trajectory are also highly valued.

Certainly, no insurance doctor has a crystal ball, but she or he does have an ability to review multiple sources of information, assimilate it, assess it, and make educated recommendations which are then valued by the company. Also, while perhaps not typical, medical directors have likely been called upon

by corporate leadership and boards of directors to provide the "medical and epidemiological" view of the pandemic and translate it into the insurance and business context. Finally, undoubtedly, many insurance doctors have been tapped to assist operational teams in business continuity planning, as well as drafting and executing best practices for employee safety and wellness during the pandemic.

As we enter a "new normal," given the rapid changes to insurance business processes as a result of the COVID-19 pandemic, insurance medical directors may well find a new role for themselves in the industry and their corporate structures.

A Researcher's View

Julianne Callaway

The Challenge

As a research actuary, I often attempt to make sense of data to inform actuarial models and business decisions. But studying the insurance implications of COVID-19 is more challenging than most other areas of study. For one, it is often difficult to find the data we need to answer fundamental questions relevant to our business. On one hand, numbers are being reported everywhere – by newspapers, by universities and by government agencies. But these reports, and the data underlying them, are often incomplete, conflicting, or provide "apples to oranges" comparisons.

Data related to COVID-19 experience is dependent on reporting methodologies that can vary by region and may also change over time. It is also imperative to understand the rules that apply to the data, such as how COVID-19 deaths are classified – some countries only count confirmed COVID-19 deaths that occur in a hospital, while other countries count probable COVID-19 deaths regardless of the location. In addition, COVID-19 infection rates and mortality experience are highly dependent on the interventions that governments implement and the behaviors of individuals. Understanding and interpreting these nuances and complexities are critical in order to turn data into insight.

The Approach

How do we make sense of the data in this changing environment? Our approach is a combination of knowledge and information. We leverage the expertise of a multidisciplinary team with special skills to find data from a variety of sources and then put it into context for our business. This includes scientific and medical expertise, advanced analytic technical capabilities combined with actuarial and business perspectives.

Valuable insights can emerge from aggregating data from disparate, credible sources. As a team, we summarize and synthesize the data and compare our findings to academic literature. This provides context for our findings and also allows for us to assess if our conclusions are reasonable. Trying to keep up to date with the plethora of research studies and news reports can at times feel overwhelming, as professionals all over the world attempt to advance our collective understanding of the virus.

The Path Forward

It is important to recognize this is a journey. We need to set expectations that our insights into this virus will improve and evolve over time – expert input will advance, conditions will change, and our knowledge will grow.

The research needs resulting from this pandemic will continue for quite some time, in part due to additional, indirect impacts of COVID-19. These indirect effects could include experience from other causes of death that change as a result of COVID-19. For example, changes to cancer experience resulting from delayed diagnosis and treatment in early 2020. Additionally, downstream effects of stay-at-home orders may have economic implications that impact the insurance industry. Conversely, COVID-19 has changed behaviors which may have positive impacts on the insurance industry through digital insurance innovations.

The role of the research actuary has never been so important or interesting. We will help inform business decisions by analyzing historical data – with an eye to the future.

An Executive's View

Tim Rozar

Few things demonstrate strategic resilience or deficiency quite like a crisis. Or, as Mike Tyson more clearly stated: “Everyone has a plan until they get punched in the face.” COVID-19, both directly and indirectly, has punched the industry in the face. It is up to all of us to get up and punch back. The story on COVID-19 is still being written, and unfortunately there is a lot we still don't know. I have personally learned some leadership lessons from what has already unfolded.

Compassion

As an actuary, I have always understood the risk of a pandemic from a detached, probabilistic point-of-view. Actuaries would calibrate capital models to withstand a severe event and then go on with our

days. When confronted with a real pandemic, however, I realized that actuarial textbooks didn't prepare me for the emotions that such a tragedy can evoke. All of us have felt fear as the virus spread into our communities. Front-line health care workers have felt exhaustion as they bravely work to treat the sick. Millions of people have felt worry as they struggle to make ends meet after losing their jobs. And far too many have felt unimaginable grief as people they loved were lost too soon. This human toll cannot be assigned a probability or a price. I'm fortunate to work for a leader who immediately highlighted the physical, mental and emotional health of the workforce as her top priority. As I have looked across the industry, I have been heartened to hear similar stories of leaders providing flexibility and extending empathy to their employees, consumers and others in need.

Communication

It is almost impossible to communicate too much, especially during times of crisis. Unfortunately, from the early days of this pandemic we have been inundated with a barrage of information that is inconsistent, incomplete or incorrect. As such, transparency is imperative – both about what is known and what is not known. Companies work with and impact a broad network of stakeholders including employees, consumers, distributors, investors, ratings agencies, regulators, reinsurers, vendors and the community organizations that they support. Within each of these groups are people experiencing many of the same emotions and anxieties as you. Reach out to them, proactively and frequently, to keep them informed, because in the absence of information, they may assume the worst. While you are at it, make sure to ask how they are doing and see if there is anything you can do to help them.

Common Purpose

Perhaps the most important thing that I've been reminded of during this crisis, no matter how trite it may seem, is that we really are in this together. This is an industry that serves a noble purpose, and every company and individual who is part of the industry should be proud of their role in fulfilling that purpose. The resilience and sustainability of the industry have long served to safeguard the financial welfares of millions of people against unpredictable or unforeseeable risks. In other words, insurance exists for times like this. During this crisis and beyond, it is essential we remain committed to building and safeguarding long-term trust with policyowners and consumers. Despite the deep tragedy already experienced and the uncertainty of what is left to come, this is an opportunity for the insurance industry, together, to make a real difference in the lives and livelihoods of real people.

Conclusion

While so much has been learned and experienced since the beginning of the pandemic, undoubtedly much more remains to be discovered. We confidently

hope that with the newly acquired wisdom and knowledge to date, we and all insurers will continue to ensure the delivery of vital products and services to our valued clients.