



Diary of a Traveling Actuary

By Dirk Nieder and Jing Lang

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FIRST STOP: TOKYO

On Jan. 26, 2020, on my first business trip of the year I arrived in Tokyo. Out of curiosity, I entered a drug store and looked for face masks. Having never worn a face mask in my life, I studied the explanations on the wrappings carefully. Meanwhile, a lady arrived at the shelf. I watched her putting **all** the face masks from the shelf into her shopping basket and disappearing to the cashier. Surprised, I held onto the three packages of face masks in my hands and decided to purchase them. It turned out to be a wise decision, as face masks were not available in Tokyo in the coming days.

What had happened? On Dec. 31, 2019, Wuhan Municipal Health Commission—a city in the Hubei province of China—announced they have identified a cluster of pneumonia patients,¹ all suspected to have been to a (now closed) local seafood market that also sold live animals. One week later, on Jan. 7, Chinese authorities confirmed they had identified a novel (new) coronavirus as the cause of the pneumonia. Coronaviruses are a large family of viruses, some of which can infect people. Some strains of coronaviruses cause temporary discomfort—such as common colds, while others cause severe or even fatal disease—such as Middle East respiratory syndrome (MERS) and severe acute respiratory syndrome (SARS).

By the time I arrived in Tokyo, the number of infections in China had risen to 2,000 and the first confirmed cases of the virus outside mainland China were reported in Japan, South Korea, Thailand and the United States. Chinese authority has put Wuhan, a city of more than 11 million, on quarantine. That means



halting all public transportation, including city buses, trains and ferries. No buses or trains are allowed coming into or leaving the city, and all planes at the Wuhan airport were grounded. Lunar New Year had just begun.

SECOND STOP: TAIPEI

The next stop of the business trip was Taipei. The number of infections had risen to 30,000 and the number of deaths exceeded 600 when I arrived on Feb. 6.

Based on what we know, coronavirus have two ways of transmission: environment-to-human and human-to-human. The original transmission of this particular coronavirus outbreak was suspected to have been from an animal source to humans, called a “spillover.” The human-to-human transmission is from a sick person to others through coughing, sneezing or talking. The infected individual can remain asymptomatic for up to two weeks.

Video footage had just appeared in China that showed a 56-year-old male standing beside a now believed to be a 61-year-old female carrier for 15 seconds in a grocery market on Jan. 23. The male was diagnosed with the coronavirus 12 days later. Neither of them was wearing a face mask. The video was widely circulat-

ed, and since then it is believed that human-to-human transmission can happen in as little as 15 seconds.

What a change! Before visiting a client in Taipei to give a presentation, I had to confirm that I had not visited China, Hong Kong and Macao in the last weeks. One morning, I arrived without wearing a face mask at a client's office building. I was only allowed entry into the office building after a temperature check, having washed my hands with alcohol-based sanitizers and putting on a mask that was provided. The picture (pg. 1) shows me in the office building, with all the employees in the background undergoing the same procedure. Even just entering a restaurant in Taipei was only possible after a temperature check.

THIRD STOP: SEOUL

The last stop of my business trip was Seoul. The number of infections had crossed the 45,000 mark and more than 1,100 deaths from the infections had been counted when I arrived on Feb. 11. At check-in for my flight to Seoul, I was again asked if I had visited China. Only one out of three seats was occupied on the flight.

I was running out of the face masks that I had purchased in Tokyo. I had in the meantime become accustomed to wearing a face

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mask. Luckily, my Seoul office made further masks available. All dinner events in Seoul had been canceled in the meantime, and even the internal celebration of a successful business year had been postponed. The level of alertness to the impact of the virus continued to be high. The virus was a popular topic in all client and private conversations.

Also, on Feb. 11, the World Health Organization (WHO) officially named the virus "COVID-19," which stands for coronavirus disease discovered in 2019. The official name reflects the agreed-upon guideline between WHO, the World Organisation for Animal Health and the Food and Agriculture Organization of the United Nations in 2015—to not refer to a geographical location, an animal or group of people to avoid stigmatization. Place names such as Ebola and Zika—where those diseases were first identified and which are now inevitably linked to them in the public mind. More general names such as "Middle East respiratory syndrome" or "Spanish flu" are also now avoided as they can stigmatize entire regions or ethnic groups.

BACK TO GERMANY

The day of my return to Germany approached. 70,000 infections and 1,800 deaths had been reported as of Feb. 15.

I felt like I was entering a different world after boarding the return flight to Germany at Incheon airport. The stewardesses did not wear face masks during the entire flight. Face masks were hardly visible on arrival in Frankfurt. Since leaving the baggage claim area at the Frankfurt airport, I have not seen a single face mask in Germany. I sheepishly took off my face mask since I didn't want to draw attention.

It may be too simple to consider the use of face masks as an indicator for the alertness of a country. But after this business trip I am puzzled about these contrasts: Many Asian countries see the outbreak of this virus as one of the most serious public health crises. In Western countries, the new virus is considered a strong flu, which infects 5 percent to 15 percent of the population every winter season anyway and which does not require specific measures. In fact, figures of influenza were frequently referenced as context: there are three to five million cases of severe influenza that occur worldwide each year, and between 291,000 and 646,000 people die every year from influenza and seasonal illness.

TODAY

85,000 infections and 2,900 deaths have been reported as of Feb. 29. It's notable that during the two weeks that I am back in Germany, the number of infections has moderately increased (70,000 to 85,000), but the number of deaths has significantly increased (1,800 to 2,900).

Based on a report² by the Chinese Center for Disease Control and Prevention on all COVID-19 cases diagnosed as of Feb. 11, we find:

- The age group 60+ accounts for 30 percent of the infections but 80 percent of death.
- The fatality rate in the age group 60+ is 10 times higher than the fatality rate of younger people.
- The fatality rate of people with co-morbidities is seven to 12 times higher than the fatality rate of people without a co-morbidity, with the highest fatality rate for people suffering from cardiovascular diseases.

Clusters of infections have been identified in South Korea, Italy and Iran. Iran now has the highest COVID-19 fatality outside of China. On Feb. 27, the first suspected U.S. case of a patient getting the new coronavirus through "community spread"—with no history of travel to affected areas or exposure to someone known to have the COVID-19 illness has been identified in California. The U.S. stock market has also taken a nosedive, wiping

out all the gains for the past 12 months, in response to growing fear of a pandemic.

REACTION FROM INSURANCE COMPANIES AND GOVERNMENT

The reactions from governments, insurance associations and insurance companies in Asia to the spread of COVID-19 has been swift. For example, the governments in China, Hong Kong and Singapore announced that they would pay for all medical expenses related to COVID-19 at public hospitals. Insurance associations in Singapore issued statements that coverage for hospitalization expenses related to COVID-19 would be covered under the insurance policies of their members. These steps were seen to be important to ensure that people, who do not feel well, promptly seek medical attention.

Life insurance companies reacted by waiving waiting periods and deductibles under medical reimbursement products and providing cover also for hospitals that are “out of network.” Existing policyholders and employees, including immediate family members, would benefit from a temporary extension of their benefits at no charge. The additional coverage would comprise the payment of a diagnosis benefit, quarantine benefit, hospital cash benefit and death benefit due to COVID-19. The coverage of Critical Illness or Accidental Death Benefits was extended to cover COVID-19.

China’s Banking and Insurance Regulatory Commission (CBIRC) prohibited companies in China to develop stand-alone COVID-19 products due to the lack of a pricing basis. It also prohibited companies in China to conduct marketing campaigns using the COVID-19 virus to promote the sales of insurance products. Outside of China, new products emerged that provided diagnosis benefits, hospitalization benefits and death benefits due to COVID-19, provided an adequate waiting period had passed.

Insurance companies furthermore donated money and medical supplies, and provided free diagnosis and death coverage due to COVID-19 to frontline medical personnel. Grace periods for premium payments were extended. Free online medical consultations were provided for people restricted from visiting hospitals during the special lockdown period.

Major online companies partnered with insurance companies to offer protection for its user base: Users of WeChat, a messaging

and social media app, could register for free coverage in case of diagnosis with severe-condition COVID-19 and resulting death. Grab, a leading superapp in Southeast Asia that provides ride-hailing, food delivery and payment services, provided a COVID-19 diagnosis benefit to Grab drivers and delivery-partners.

Also, enterprises, which had been affected by the lockdown of cities and closed businesses, receive assistance from governments and insurance providers. For example, a consortium of 12 insurers in China provides temporary cover for business losses, wages of employees placed in quarantine and other expenses caused by suspension of operations due to COVID-19. It has been reported that the provincial government committed to subsidize 70 percent of the premium of 100 businesses. Insurance companies also allow the temporary deferment of premium payments of commercial clients to ensure that there is no disruption to employees’ coverage.

So, what can you do to stay safe and prevent the disease from spreading? Start with handwashing. Scrub your hands for at least 20 seconds, which is about the length of time to hum the “Happy Birthday” song from beginning to end twice.

My next trip back to Asia is mid-March. Stay tuned for more stories in the May newsletter. ■



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ENDNOTES

- 1 <http://wjw.wuhan.gov.cn/front/web/showDetail/2019123108989>
- 2 The Epidemiological Characteristics of an Outbreak of 2019 Novel Coronavirus Diseases (COVID-19)—China, 2020, retrieved Feb. 29, 2020.