

PCS Information Bulletin #38: COVID-19 Review

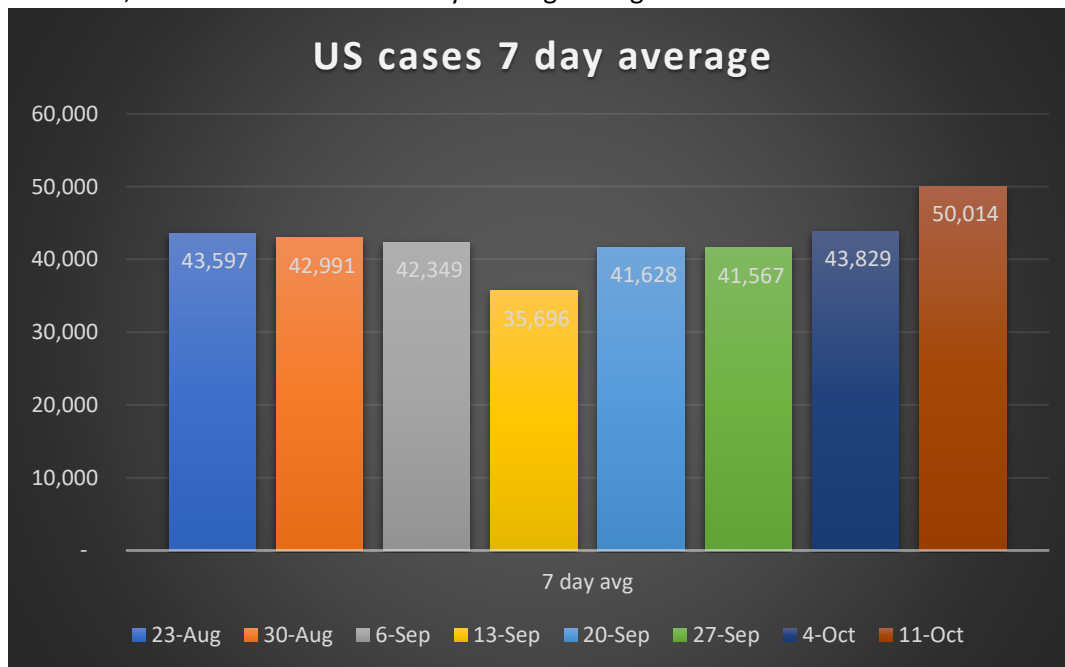
Wednesday, October 14, 2020

As always, please remember that **this report is for informational purposes only** and does not constitute the designation of a PCS event. We have decided to provide this report simply to help the market understand the COVID-19 situation and to provide access to some of the resources our team uses daily for intelligence on this event.

COVID-19 Cases International Overview

With the current spike in cases on an international level we decided to show a brief analysis on some of the most important countries worldwide and see how the situation evolved. ON Friday the 9th, WHO announced the new daily record high in coronavirus cases confirmed worldwide, with more than 350,000 infections, with more than 109,000 cases from Europe alone. Bottom line is undulation is inevitable: as caseloads rise, people get cautious, and as they fall, people take more risks, causing caseloads to rise again. There are currently resurgent outbreaks in Madrid and New York's outer boroughs, which demonstrates that things are not over yet. Despite all of these, there are no signs of overall lockdowns rather local measures being implemented to contain the spread of the virus.

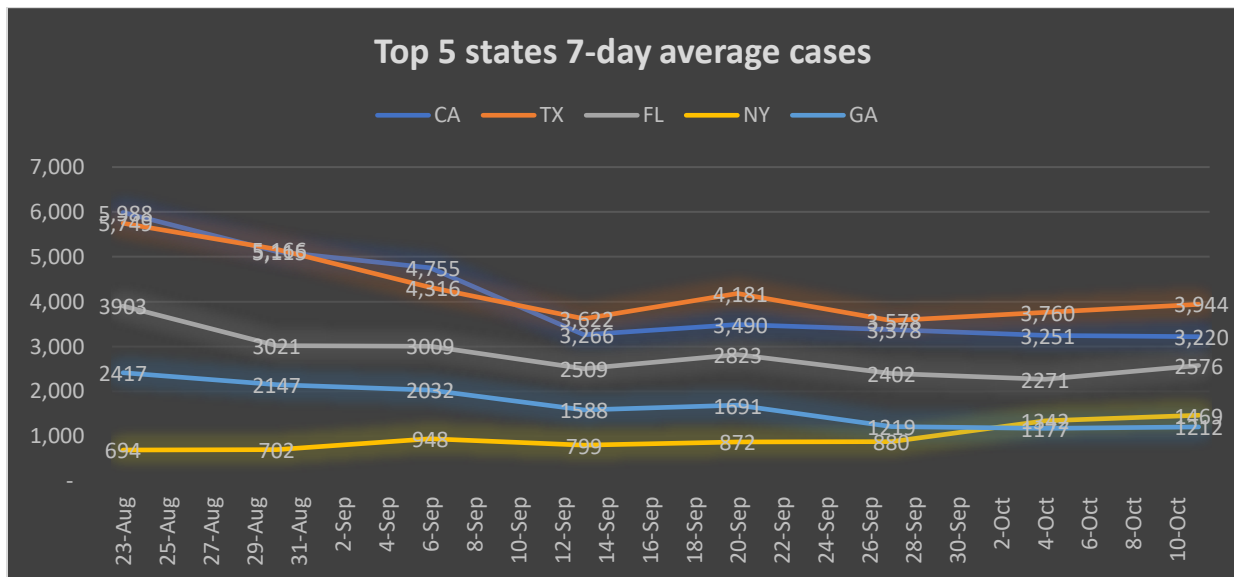
In the United States the number of new daily cases across the country has fluctuated between 30,000 and 50,000 per day, fewer than during the surge that occurred this summer, but more than during the initial months of the pandemic. And though some states continue to report relatively low figures compared to their peaks this spring and summer, each state has at least one county in which cases have been growing. More than 210,000 Americans died from the novel coronavirus – by far the highest death toll of any country. This comes following a downward trend of cases thought the middle of September with a seven-day moving average of around 35,000 cases, which has since then seen an increase to around 50,000 cases for the seven-day moving average.



Source: Worldometers.com

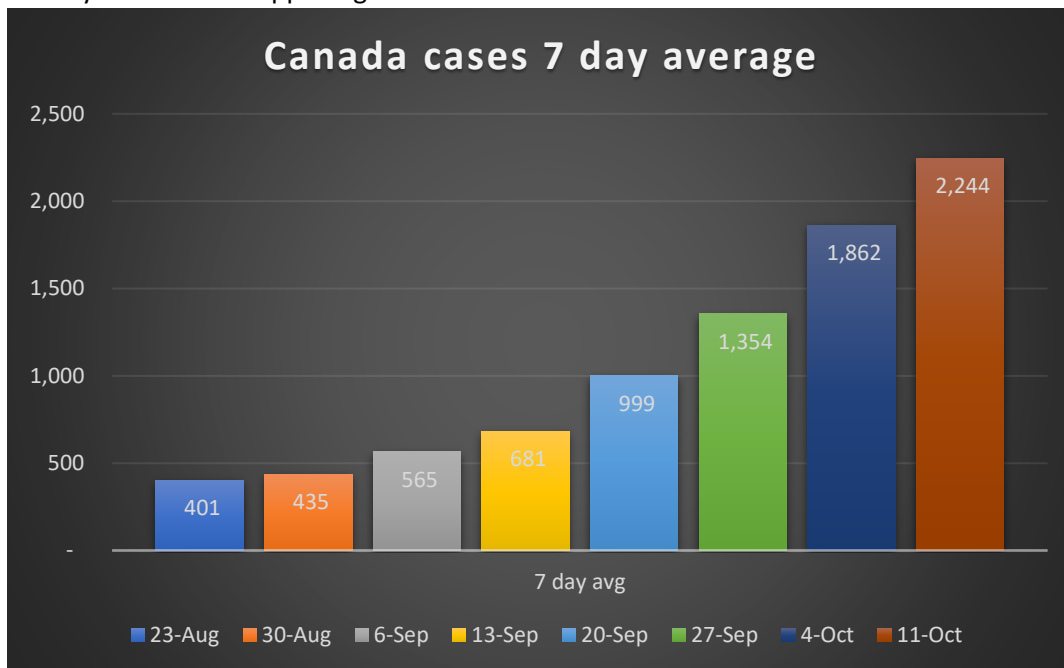
The extent of the spread of the novel coronavirus continues to vary considerably from state to state, and even from county to county. Many states where cases appeared to be largely under control have experienced resurgences in recent months. Just 13 states have seen their number of new Covid-19 cases drop over the last two weeks. Cases are up in all the others. The goal would be to have fewer than 40 new cases per million people. But just three states — Maine, Vermont, and New Hampshire — meet that threshold. Meanwhile, North Dakota (627 cases per million), South Dakota (596), Montana (474), and Wisconsin (434) are some of the states seeing very high levels of new infections. 20 states currently have reduced ICU capacity that puts them in a danger zone while 21 states have an elevated occupancy rate in their regular hospital beds. Wisconsin, where the number of hospitalized Covid-19 patients has risen over the last month from about 300 to 876 on October 11, 2020, recently established a new field hospital, over fears that the state’s hospitals wouldn’t have enough beds given the recent surge in cases.

The top 5 states with the most reported number of cases have not changed within the last month. They might have swapped places between them, but these states remain the topmost active COVID-19 states. California and Texas are the states that have reported the highest decreasing trend for active cases. Florida and Georgia followed as well, but the number of cases reported has happened at a slower pace. New York is the state that presents a worsening pattern with localized outbreaks around New York City area. Overall shutdowns will not be set in place however local measures will be imposed.



Source: Worldometers.com

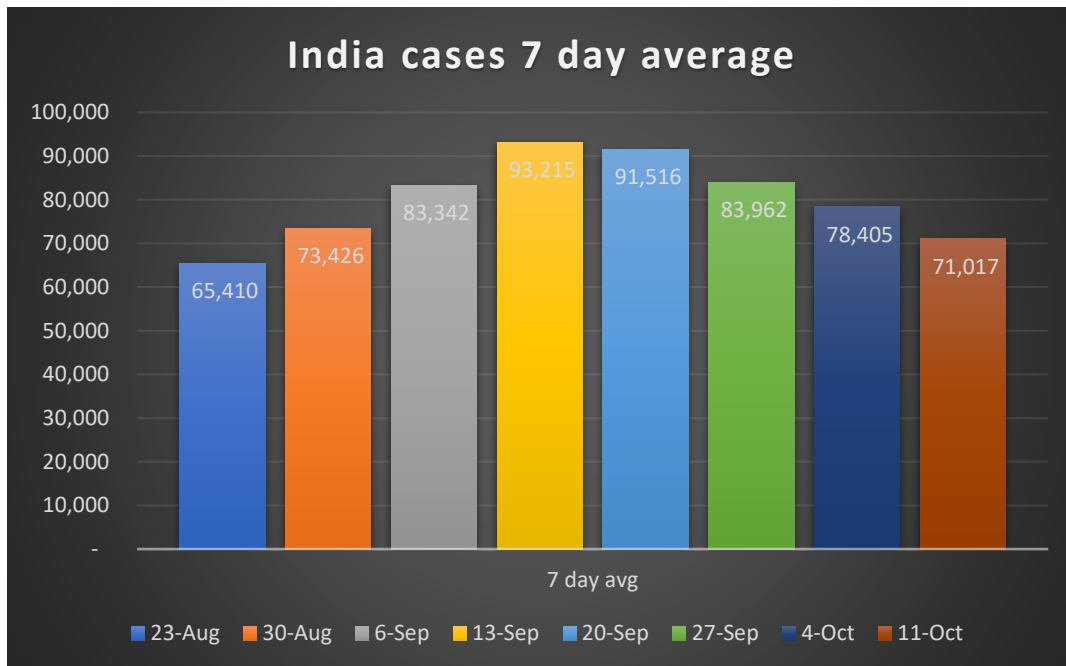
Canada is already battling a second wave of the virus for the past 3-4 weeks. At the end of September, the Canadian Prime Minister was declaring that the pandemic's second wave is already under way from coast to coast and the country had hit highest daily recorded cases. The province of Quebec is of particular concern, with urban hotspots in Montreal and Quebec City. Dine-in restaurants and bars were closed in those cities last week as new daily cases continue to climb. The national daily case counts continue to rise sharply, with an average of about 2,000 new cases every day for the past week. The seven-day case average has increased to 2,200 cases, compared to just over 600 cases at the beginning of September. As the second wave of the COVID-19 pandemic traverses the country, Canadians are being asked to limit the size of their Thanksgiving gatherings or keep them entirely virtual as the long holiday weekend is happening.



Source: Worldometers.com

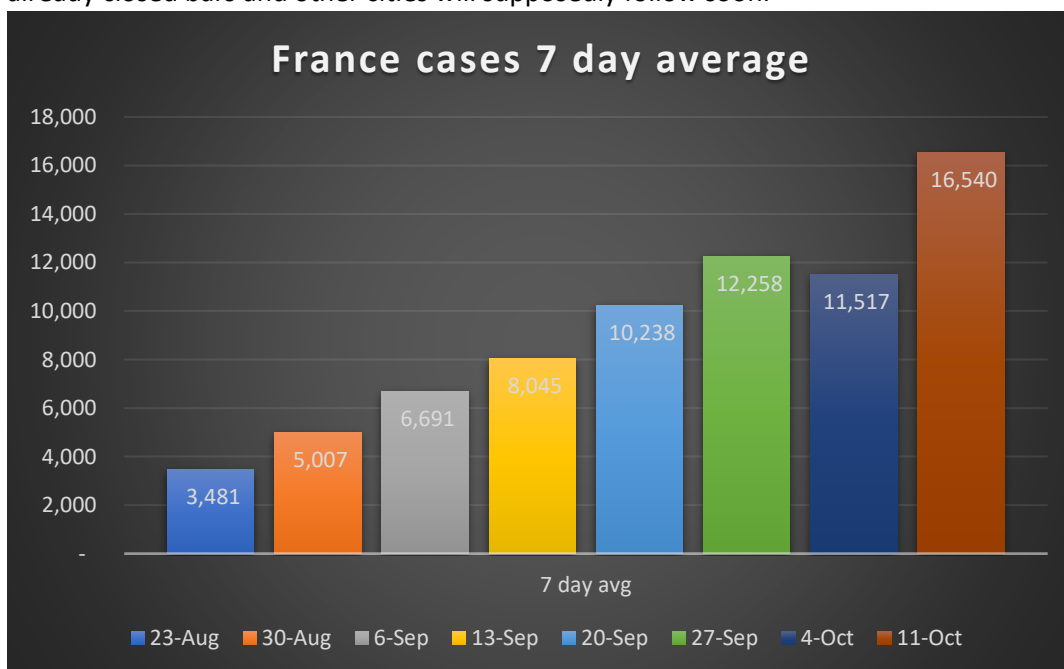
India's confirmed coronavirus toll crossed 7 million on Sunday with a number of new cases dipping in recent weeks. The Health Ministry registered another 74,383 infections on October 11, 2020. India is expected to become the pandemic's worst-hit country in coming weeks, surpassing the U.S.

India saw a steep rise in cases in July and added more than 2 million in August and another 3 million in September. The seven-day case average has decreased to 71,000 cases per day, compared to over 90,000 cases during the middle of September. But it is seeing a slower pace of coronavirus spread since mid-September, when the daily infections touched a record high of 97,894. The government is continuing to relax lockdown restrictions that were imposed in late March pushing for a reopening of public transportation, markets and other public spaces to bring the economy back. The May \$266 billion stimulus package has helped, but manufacturing has yet to recover. A large number of offices, shops, businesses, liquor stores, bars and restaurants have reopened, and restricted domestic and international evacuation flights are being operated along with train services.



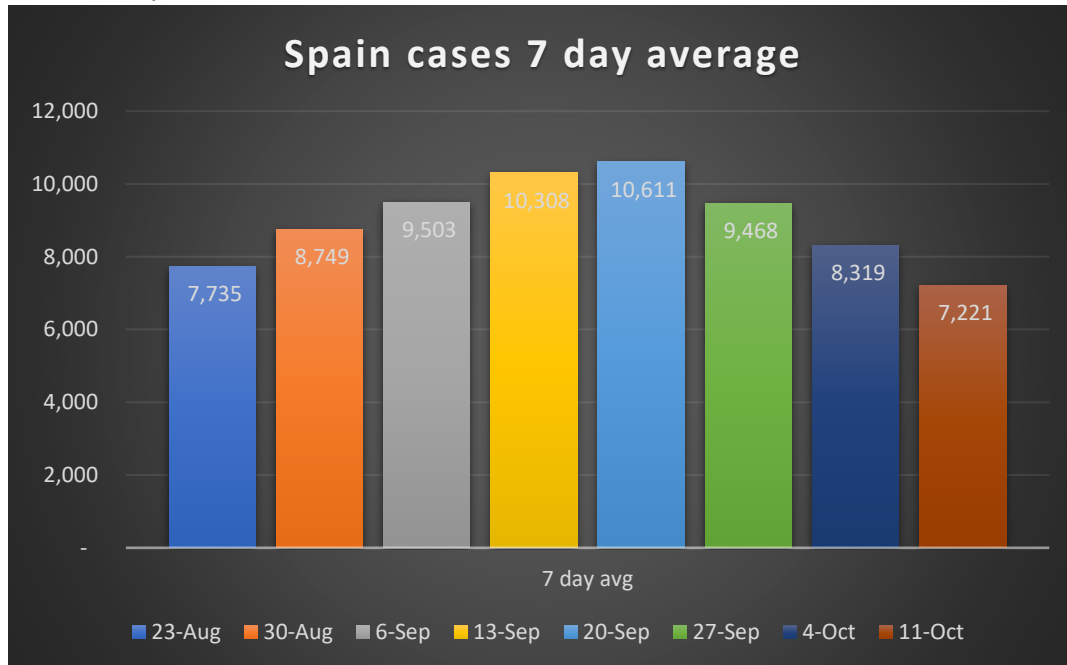
Source: Worldometers.com

France Saturday reported a record leap in cases, with 27,000 new cases reported for the weekend of October 10-11th, 2020. The seven-day case average has increased to over 16,000 cases per day, compared to just a little under 3,500 cases at the end of August. Reportedly, French hospitals are running out of ICU beds and health workers are exhausted and frightened by the virus's resurgence. The government has avoided imposing a second nationwide lockdown, but it has imposed new restrictions, notably on restaurant capacity and alcohol sale times, in major urban areas. Paris and Marseille have already closed bars and other cities will supposedly follow soon.



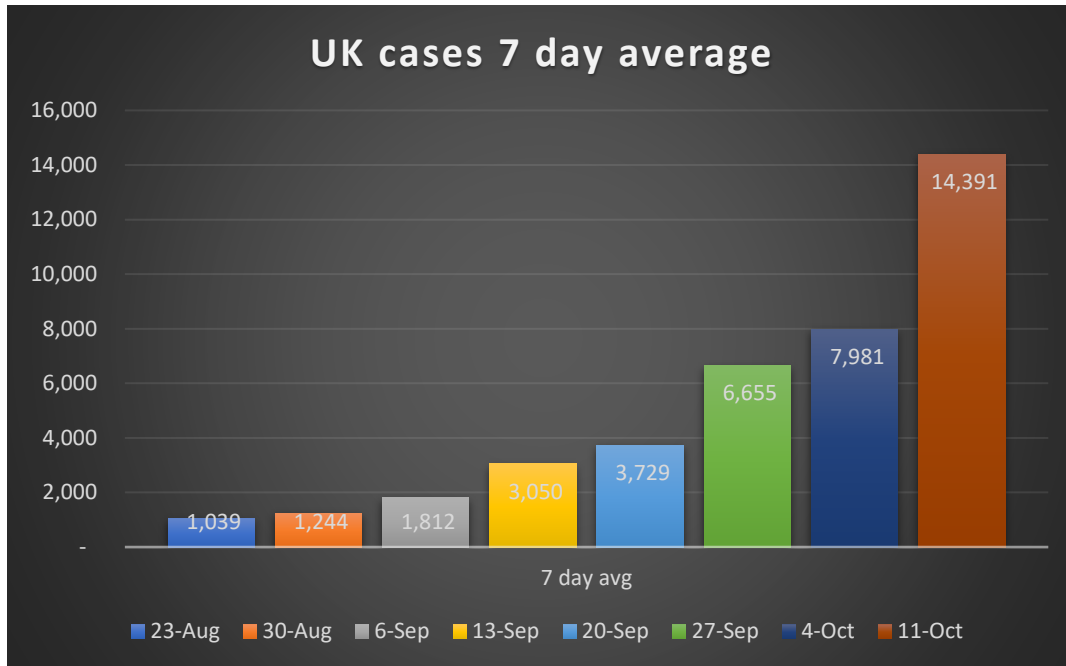
Source: Worldometers.com

Overall cases in Spain are down however the capital area has been identified as an outbreak zone. The Madrid region has reported more than 20,000 new coronavirus cases over the past seven days, making it one of the worst-hit areas of Europe's second wave and authorities declared a state of emergency in Madrid. Prime Minister Pedro Sánchez invoked emergency powers on Friday to prevent travel in and out of Madrid. Some opposites are saying that the state of emergency is unjustified despite the gathering crowds for the upcoming Spain's National Day celebrations this Monday, October 12, 2020. The seven-day moving average is down to around 7,200 cases, compared to a little over 10,000 cases during the middle of September.



Source: Worldometers.com

United Kingdom has seen new coronavirus cases quadruple in the past three weeks and now has more covid-19 patients hospitalized than before the government announced imposed a lockdown in March. United Kingdom has recorded an increase in cases, registering over 15,715 new cases on October 9, 2020, the highest number since the lockdown measures have eased. The seven-day case average has increased to 14,391 cases per day, compared to just over 1,000 cases at the end of August. UK is pursuing targeted local restrictions while doing everything it can to avoid another national lockdown mandate.



Source: Worldometers.com

Is remote adjusting during COVID-19 a success story?

The industry is in the midst of another record-breaking year for North American catastrophe activity with 73 catastrophes designated by PCS. Sixty-one catastrophe events have been designated in the U.S. which ties the 71-year historical high for annual cat events in the U.S. with another near record number of 12 events designated for Canada. In the midst of all this cat activity, insurers have had to not only contend with the all too frequent perils of hail, flooding, hurricanes with some man-made events involving SRCC thrown in, insurers have had to all deal with a common foe, COVID-19.

Successfully responding to insureds in their greatest time of need, after a cat event, is a driver of high J.D, Power scores for customer satisfaction and is what sets many insurers apart from their competitors. Being able to be there with the customer was met with challenges as the COVID-19 pandemic took off in February. Concerns regarding customer and adjuster safety during a potentially busy year of cat activity turned from potential to actual. Insurers had to respond quickly with choices that did not leave much time for second guessing. Remote adjusting, enhanced usage of independent adjuster resources, accelerated adoption of drone technology and innovative ways of leveraging the insured as a resource in the claims adjusting process quickly became the norm in claims discussions however some had questions about the viability of these methods of inspection (MOI's) being used regularly with scale.

After nearly eight months of non-stop cat activity, there is quite a bit of feedback across the industry to state that the jury is no longer out on the acceptance, and success of the widespread usage and adoption of these MOI's within insurer claim handling processes. Many insurers now have real estate on their customer facing pages touting "no physical contact" claims experiences. A quick look at recruiting sites such as [ZipRecruiter](#), [Indeed](#) or even [LinkedIn](#) will bring back hundreds of hits of open positions for remote claim adjusters. Also, while some may assume that this only relates to personal lines and auto lines remote adjusting, the need, and postings for commercial lines remote adjusters is just as strong.

And while remote adjusting MOI usage continually expands, independent adjusters are filling the void where many insurers are no longer sending staff adjusters to perform in-person inspections when necessary. Recent conversations our PCS team has had with several major IA firms have indicated that it is a banner year for their adjusters in the field as well as for firms that have established "clean rooms" to handle large volumes of insurer claims remotely by training independent adjusters to handle claims remotely for and represent insurers in one-to-one contact with insureds from the first notice of loss (FNOL) until claim settlement and closure.

Companies are actively using limited travel and personal contact as benefits to their customers and as well as to prospective new hire adjusters and as a retention measure for experienced adjusters. The concerns that insurers and reinsurers had earlier this year about whether 2020 would be a cat claims nightmare have found that this year may have been the turning point for a new phase in the evolution of claim handling. After 2020 is over, and frankly while the season is still ongoing, since the question about whether the MOIs we addressed in this article would be successful and accepted have been answered, the next steps are for companies to assess whether claim leakage from wide adoption of these has or has not been significant and whether the LAE on these is commensurate with the exposure and risks faced in this new claims environment and is offset by swifter claim cycle times and increased customer satisfaction.