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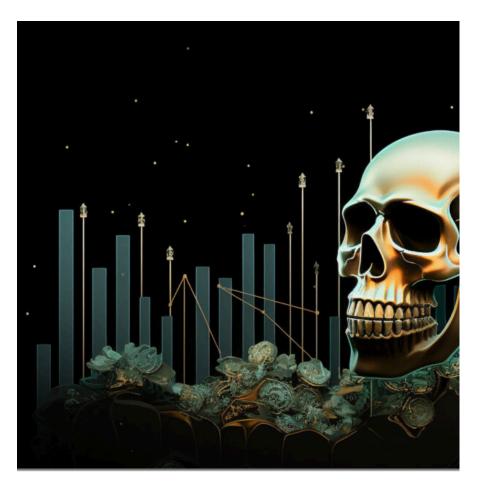
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## 'Excess mortality' continuing surge causes concerns



By <u>Doug Bailey</u> (<u>https://insurancenewsnet.com/author/dougbailey)</u>

Despite some signs that excess mortality rates are declining, life insurance execu continue to drag earnings and surge death claims for years to come.

Excess mortality is the difference between the total number of deaths for a specinumbers were naturally forecasted to climb during the pandemic, but some indudininished as COVID infection rates have declined.

Life insurers paid record levels of claims in 2021 as the pandemic drove mortality profits. In 2021, the most recent year for which data is available, the industry dist BestLink. The higher-than-normal payouts began in 2020, the first year of the par year increase since the 1918 Spanish Flu epidemic. The 2021 increase was 10.8% same period in 2021. But that's still higher than the \$59.18 billion paid out during BestLink.

## No standard for measuring excess mortali

"There's no standard way to measure excess mortality," said Josh Stirling, found that seeks mitigate mortality losses by providing life insurers with tests to screer most reliable it looks like, generally, we're at 13.9 deaths per 100,000, which is up Maybe not, but it should be lower."

The Society of Actuaries polls of its members found that in August of last year 85 ago, the same poll found that 79% believed excess mortality rates will continue to The issue is clouded because figures vary widely depending on how the data is conther factors. Some executives think the current numbers are temporary or seas "We believe that insured population will continue to see declining excess deaths said Fred Tavan, chief pricing officer at Legal & General America, a Maryland-base one of the reasons there haven't seen any significant changes in insurance prem the industry from different carriers proves this out."

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## Younger adult death rate up 20% in 2023

Others aren't so sanguine and point to statistics from the U.S. Center of Disease categories. For example, younger adult mortality rates are up more than 20% in 2 mortality in all ages. And even as COVID-related causes declined in 2022, others r

"Consider the ripples of COVID-19 and its varying impacts, leading to higher rate: Chow, global leader for Life, Annuity and Benefits Sector at Capgemini, the giant domino effect. From a life insurer's standpoint, and those dealing in retirement  $\epsilon$  the industry handle a sudden spike in claims? The surge in excess deaths caught susceptible to illnesses or passing due to natural causes."

Chow said there's a real question of whether the insurance industry can sustain t "The real concern for life insurers lies in preparing for an unexpected wave of dea "Do they have enough reserves to weather these outflows, given the excess deat and readiness to manage this monumental outflow."

Cappemini just published its World Life Insurance Report that revealed the upconexpected to cause a massive outflow of nearly 40% of life insurers' assets under "When we factor in the rise of payouts on death claims, the magnitude of the situation of the situat

## Industry response questioned

Some observers think the industry has been slow to grasp the burgeoning proble back, and have for nearly 500 years," according to one senior executive.

Stirling believes that expanded, aggressive and proactive health screening of pol Though a startup, Stirling says his organization is poised to announce partnershi his organization's board include current and former executives from Farmers Grc System, and the life and health actuary for the state of Georgia's Commissioner of "We are led by insurance people trying to drive risk management around health save lives through bracket screening and intervention," he said. "Screen test and Institute for Highway Safety for life insurers, which was funded by the industry at trying to disrupt the industry and create an ecosystem of for-profit companies th Doug Bailey is a journalist and freelance writer who lives outside of Bosto (mailto:doug.bailey@innfeedback.com).

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