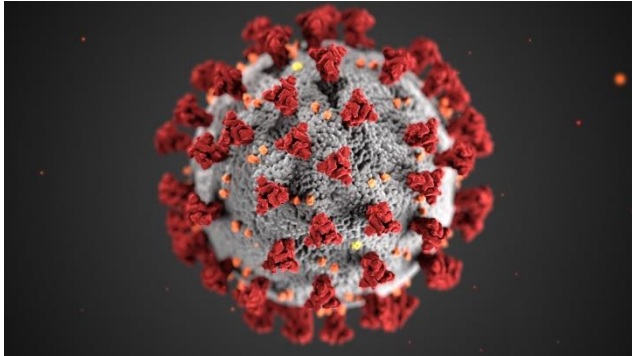


COVID 19 (2019-nCoV) - March 24, 2020



Source - <https://www.livescience.com/topics/live/coronavirus-live-updates>

Key points:

The virus:

1. The morbidity and mortality impacts of COVID19 will largely depend on our efforts to flatten the curve
2. To date over 200,000 global cases and over 8000 deaths on 6 continents and 156 countries/regions are infected
3. Medical frailty and age > 70 are substantial risk factors for poor outcomes
4. Morbidity and mortality numbers may be inaccurate because of a host of factors
5. Median incubation is about 5 days and duration of illness about 14 days – these values drive our recommendation for postponement, reinstatement and grace periods

Underwriting guidelines:

1. On both facultative and automatic business, Optimum Life Reinsurance recommends no change in underwriting requirements. We have created a work around for those clients that initiated an application prior to March 10th which allows for leniency in medical requirements based on age, comorbid conditions and face amounts – table shown below. Further considerations can be evaluated by client companies on a case by case basis.
2. Where possible from a regulatory standpoint, 30 day postponements should be observed on clients who:
 - a. Travel to CDC Level 3 or 4 countries
 - b. Are documented to have COVID19
 - c. Are documented primary contacts of a COVID19 patient

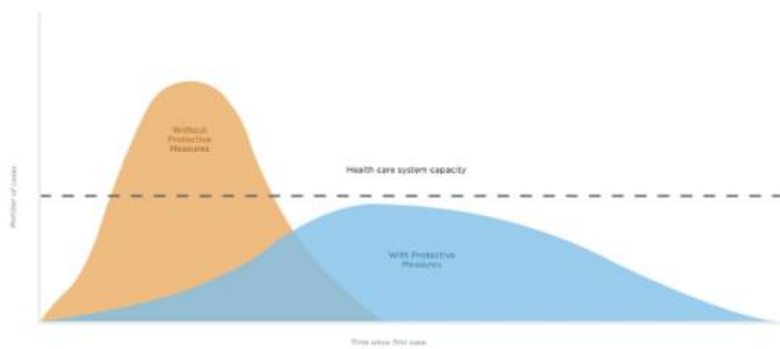


Please note: once the postponement period is complete, a statement of good health by a physician with appropriate age and amount requirements should be completed

3. Where possible, medical questionnaires should be amended to ask about travel, symptoms and primary contact with COVID19 cases
4. Age greater or equal than 65 represents significant risk. These clients should provide a statement of good health upon delivery. These cases should be evaluated by the medical director at the ceding company. Those in this demographic with comorbid illness or summed ratings $\geq +100$ should be postponed a minimum of 6 months. These comorbidities include cardiovascular disease, any lung disease including COPD and asthma, immunosuppression (congenital, acquired, due to medications) and diabetes.
5. For those less than age 65 who have **any one** comorbid illness as listed in #4 which is rated +75 or more or the sum of all illness rated greater than +150 should be postponed for 6 months
6. Teleunderwriting presents a good alternative where previously face to face contact between an agent and a client was required
7. We support extending grace periods and remain available to assist clients as necessary.
8. For reinstatements after the grace period, we recommend any rated policy go through full underwriting with usual age and amount requirements.
9. All final expense applicants need a statement of good health on delivery. Clients with underlying respiratory conditions on their applications should be restricted to modified or guaranteed policies for at least the next 6 months.

Clinical Time Line

On December 31, 2019, several people in Wuhan, China in the Hubei province began to report symptoms caused by a virus that would later be tied to the Huanan Seafood Market. While no clear animal vector has been identified to date, the market sells fish, shellfish, beavers, porcupines and snakes. On January 7, 2020, the viral cause was determined to be a coronavirus (similar to SARS and MERS-CoV). Spread in those diseases was linked to an animal to human initial jump followed by evidence of human to human transmission via airborne droplets. On January 9, 2020, the first death related to 2019-nCoV was recorded in Wuhan. By January 13-15, Thailand and Japan announced confirmed cases and a week later cases were reported on the Western Coast of North America. It was around this time that the first human to human transmission was suspected. By January 23, 2020,



Source: CDC, Drew Harris (Connie Hanzhang Jin/NPR)

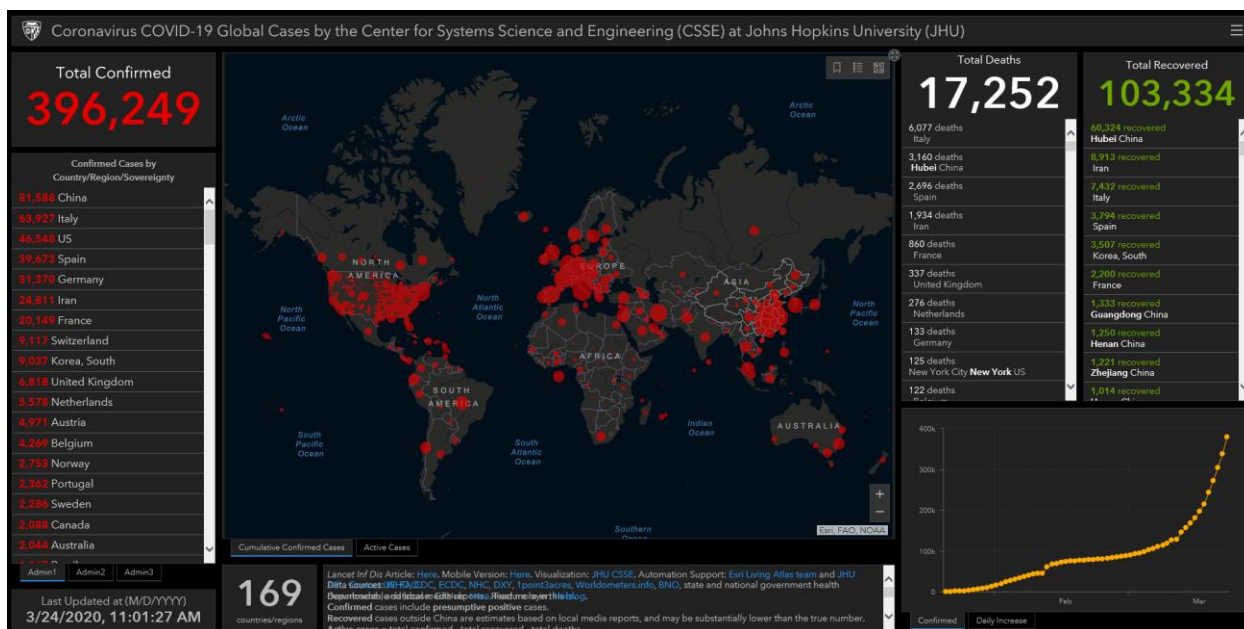
Wuhan went under quarantine by the Chinese government and travel in and out of the city for the 10 million plus citizens, was restricted. Since that time there has been substantial spread of the virus. Some of the spread has been community spread - cases where there is no known index case. There are areas of significant



concern in Europe and Asia. The disease toll has lessened considerably in China due to quarantine measures. Northern Italy, which has the highest population of infected patients outside of Asia, has forced the whole country to begin a quarantine/social distancing policy as of 3/8/2020. Within the last few weeks, countries where we do business have followed suit. The United States, Canada and France have all begun to enforce limited public gatherings, travel restrictions, containment zones, etc. These countries have also started to close their borders to travel from outside their respective countries. The rationale for this is to reduce spread of the virus through reduction in contacts as well as to ensure that the healthcare systems have the ability to support the volume of patients that will present with burdensome disease. This has been referred to as flattening the curve.

Epidemiology

To date over 396,249 cases of COVID19 have been diagnosed internationally. There have been 17,252 deaths and 103,000 cases that have shown recovery. It exists on 6 continents and in 169 different countries/regions.



Source - <https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6>

The United States, Canada and France:

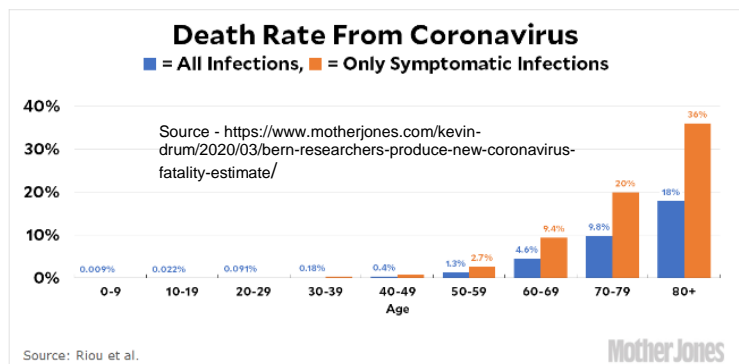
United States: 46,548 Confirmed, 593 deaths and 121 recovered

Canada: 2088 Confirmed, 12 deaths and 9 recovered

France: 20,149 Confirmed, 862 deaths, 2207 recovered

There is much debate about who is at risk. Patients of all ages have been infected and have died, but it seems that those above 70 years old and with comorbid health conditions seem to be at greatest risk. These numbers likely do not tell the whole story. Given the issues with availability of testing supplies





and the fact that mildly ill patients and even patients with no symptoms may be spreading the illness, true mortality rates may be lower. The other side of the equation and the risk of limited medical resources if the “curve isn’t flattened” and the rise in mortality associated with that.

As compared to:

- SARS– 813 deaths among 8437 cases.
- MERS CoV – 858 deaths among 2494 cases

Symptoms

People with 2019-CoV present with fever, shortness of breath, impaired kidney and liver function, organ failure, pneumonia. The lifecycle of the virus includes a 5 day median incubation period (2-14 days) and approximately a 14 day duration of symptoms during which an individual can shed virus and infect others. These two numbers guide recommendation on postponement, reinstatements and lapse periods.

A Global Pandemic

To quote Dr. Anthony Fauci, the director of the US’s National Institute of Allergy and Infectious Diseases, 2019-nCoV is "very, very transmissible, and it almost certainly is going to be a pandemic." He was correct. The criteria for a pandemic include:

1. Worldwide spread of a new disease
2. Several countries or continents and including large number of patients
3. Marked difference from recently circulating strains of viruses and humans have little or no immunity to the virus
4. Ability to affect a large area
5. Ability to be transferred from human to human
6. Ability to cause clinical illness.

Given the rampant transmission of disease and the response by health and government officials internationally, Optimum Life Reinsurance Company has chosen the following stance:

1. **Underwriting requirements** – We realize that companies like Exam One and companies that employ paramedics have experienced significant changes in work flow because of access to clients being restricted in some areas. Additionally, there have been some clients that have expressed a concern with a paramedic coming into their home. We have been approached by clients with suggestions to modify requirements in order to accommodate these concerns.



During this unprecedented time, we advise our clients to not to be aggressive in making sweeping changes that could lead to potential poor mortality or anti-selection. **Optimum suggests no changes in the usual age and amount requirements as outlined in our client treaties.** There is leniency that is considered in those applicants that had an application in place prior to March 10th that takes into consideration age, comorbid conditions and face amounts. See table below for clarity. However, we are always open to alternative tactics on a case-by-case basis (e.g. using APS reports in lieu of physical exam if the records are comprehensive). These exceptions should be reviewed by a Medical Director and Chief Underwriter for approval.

Date of Application	Age and suggested Face Amount	Suggested handling if you are waiving requirements
Pre 3/10/2020	Age ≥ 65 Maximum \$500K	Standard or better – waive usual medical requirements (fluids, EKG, paramedical or MD exam) +0 to +100 – waive usual medical requirements, offer at that rating, but no credits applied >+100 – postpone minimum of 6 months Any heart disease/lung disease/immunodeficiency – refer to MD; moderate to severe cases, likely postpone minimum of 6 months
	Age < 65 Maximum \$1 Million	Standard or better – waive usual medical requirements +0 to +100 – waive usual medical requirements offer at that rating, but no credits applied >+100 – postpone minimum of 6 months Any heart disease/lung disease/immunodeficiency – refer to MD; moderate to severe cases, likely postpone minimum of 6 months
Post 3/10/2020	All ages and face amounts	All ratings – Potential strategies <ul style="list-style-type: none"> • Postpone minimum of 6 months • Initiate application process with a grace period contingent on getting usual medical requirements

Travel Advisory Levels

Source – cdc.gov

- 1** Exercise normal precautions
- 2** Exercise increased caution
- 3** Reconsider travel
- 4** Do not travel

2. Travel restrictions - The CDC has designated countries in terms of their risk on a level system. Any proposed insured returning from visits, to any Level 3 or Level 4 CDC designated countries (currently China, Iran, South Korea, Cruise travel, United Kingdom and Ireland, much of Europe and Malaysia) should be postponed for a total of 30 days (2 viral lifecycles), where possible from a regulatory standpoint. This list is constantly evolving and you should refer to the CDC website (www.cdc.gov/travel - Click on “Travel Notices”) for updates. Canada’s government has provided a similar leveling system which can be seen below and specific countries can be found on this website

– (<https://travel.gc.ca/travelling/health-safety/travel-health-notice#risklevels>). Upon completion of the postponement, Optimum requires a statement of good health.



3. **COVID19 infections** - Any proposed insured who is documented to have contracted the 2019-nCoV, will be postponed for a total of 30 days (2 viral lifecycles) from the date of the initial positive test. Upon completion of the postponement, Optimum requires a statement of good health from a healthcare provider involved in the care of the applicant and should include medical documentation of negative tests requisite to be considered recovered.
4. **COVID19 Primary Contact** - Any proposed insured who is documented to have had primary contact with a 2019-nCoV positive patient, should be postponed for a total of 45 days (3 viral lifecycles) from the date of their contact's initial positive test. Upon completion of the postponement, Optimum requests a statement of good health upon policy delivery.
5. **Questionnaires** – Where possible from a regulatory standpoint, we suggest that medical questionnaires be amended where possible to:
 - a. Ask about travel outside of the country – dates, rationale for travel
 - b. Ask about concurrent fever and respiratory symptoms at the time of application
 - c. Ask about close contacts who have tested positive for COVID19
6. **Age ≥ 65 with or without comorbid status** - Because those over age 65 have a greater risk of morbidity and mortality from COVID19, Optimum suggests:
 - a. All clients over age 65 years provide a statement of good health upon delivery
 - b. Ceding company Medical Directors review and sign off on these cases; our Medical Director is available for consult as necessary
 - c. Any client with any cardiovascular disease, any lung disease including COPD and asthma, immunosuppression (congenital, acquired, due to medications) or diabetes, should be postponed a minimum of 6 months.
 - d. Any client with illnesses not represented in the above grouping whose sum of debits is greater than +100, without the application of any credits, should be postponed a minimum of 6 months.
7. **Age < 65 with comorbid status**
 - a. Any client with cardiovascular disease, lung disease including COPD and asthma, immunosuppression (congenital, acquired, due to medications) or diabetes with rating for any one of these diseases greater than +75, should be postponed a minimum of 6 months
 - b. Any client with illnesses not represented in the above grouping whose sum of debits is greater than or equal to +150 should be postponed a minimum of 6 months.

Level 1 - Practise usual precautions

Travel health notices advise practising usual travel health precautions. For example, notices at this level may remind travellers about routine vaccinations, highlight the importance of hand washing, or recommend protective measures to avoid mosquito bites.

Level 2 - Practise special precautions

Travel health notices recommend that travellers practise special health precautions, such as receiving additional vaccinations. A notice at this level would be issued if there is an outbreak in a limited geographic location, a newly identified disease in the region or a change in the existing pattern of disease.

Level 3 - Avoid non-essential travel

Travel health notices include a warning to avoid non-essential travel in order to protect the health of Canadian travellers and the Canadian public. The notice outlines specific precautions to take when visiting the region and what to do if you become ill during or after travel. A notice at this level would be issued during a large-scale outbreak in a large geographic area, or if there is increased risk to the traveller and an increased risk of spreading disease to other groups including the Canadian public.

Level 4 - Avoid all travel

Advises travellers to avoid all travel in order to protect the health of the Canadian public. A notice at this level would be issued if there is a high risk of spread of disease to the general public regardless of measures taken while travelling. Avoiding travel will limit the spread of the disease in Canada and internationally.



8. **Teleunderwriting** – Some of our ceding clients require face to face client contact by agents and have requested a work around for this. We suggest the use of teleconferencing via Zoom, etc. for the purposes of accomplishing this.
9. **Grace periods** – Due to financial constraints imposed by the fact that clients may be furloughed or out of work, we support extending the grace periods as deemed appropriate by the client company. Optimum remains willing to provide guidance as necessary.
10. **Lapses/reinstatements** – After the grace period, Optimum recommends any rated policy go through full underwriting with usual age and amount requirements.
11. **Final expense** – Because of the risks associated with final expense insurance we suggest that all applicants submit a statement of good health on delivery. In addition, those who affirm respiratory illness on the application should be restricted to modified or guaranteed policies for at least the next 6 months.

Optimum Re will stay apprised of updates internationally and will reconsider our stance as more information becomes available. Please do not hesitate to reach out and we are happy to provide individualized guidance.

