

Life insurance companies report a sudden rise in non-COVID-related deaths

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According to a report Wednesday in the *Wall Street Journal*, US life insurance companies saw nearly a 40 percent rise in death benefit claims in the third quarter of 2021 compared to the pre-pandemic baseline, the largest such increase (so far) in the coronavirus pandemic.

While claims for COVID-related deaths were expected to jump, and did so, up 18.7 percent over the pre-pandemic baseline, there was surprise at the sudden jump in non-COVID death claims, which rose even more, up 19 percent.

The peak in COVID-19 death claims actually occurred in the fourth quarter of 2020 and the first quarter of 2021. Each quarter showed a rise of almost 22 percent over pre-pandemic levels, coinciding with the brutal winter peak that killed a quarter-million Americans [See chart below]. By comparison, claims for non-COVID-19 deaths only reached 6.4 percent over baseline in the fourth quarter of 2020 and were at baseline in the first quarter of 2021.

This sudden jump in non-COVID-19 death-benefit claims was stunning and unexpected to life insurance analysts. Industry executives and actuaries speaking to the *Journal* speculated that these “additional non-COVID fatalities” were a byproduct of delays in medical care due to lockdowns in 2020 and more recently due to people’s fears to seek medical attention or delays associated with going to their doctor.

With barely a mention in official political and media circles of COVID-19’s continuing deadly impact in every community across the country, only an analysis of death claims by life insurers suggests the dimensions of another massive crime against the population: the sudden rise in non-COVID-related deaths. Notably, the financial claims arising from these deaths are what drew the attention of the financial executives and the

media, rather than the lives lost.

The results of the third quarter 2021 death-benefit claims for COVID-19 fatalities certainly underscore the deadliness of the Delta wave that killed at least 175,000 lives in a matter of three to four months. However, the jump in non-COVID-19 deaths as delineated in the *Journal* report shows the broader social catastrophe largely buried in the media. The hidden cost of these excess deaths only emerged in the accounting ledgers of these financial companies, which make their livelihoods betting on the population’s life expectancy.

Given that the Omicron wave produced a death toll even higher than Delta and incapacitated health systems across the country for weeks, the trend reported by these life insurance conglomerates is expected to continue well into the future. It will be exacerbated if, as multiple international bodies fear, BA.2 becomes the dominant strain and proves more virulent than its older distant cousin, BA.1.

According to the American Council of Life Insurance (ACLI), a Washington based lobbying and trade group for the life insurance industry, life insurers paid out more than \$90 billion in 2020, a 15.4 percent rise in claims over 2019, the highest single-year surge since the 1918 influenza pandemic when payments rose 41 percent. By comparison, the third quarter of 2021 with a 38 percent over baseline increase approaches the calamity wrought by the 1918 influenza virus.

Globe Life finance chief Frank Svoboda, speaking with investors and analysts, said, “The losses we are seeing continue to be elevated over 2019 levels due at least in part, we believe, to the pandemic and the existence of either delayed or unavailable healthcare.” However, the *Journal* explained that the “hit to the industry’s bottom line has been less than initially feared ... because many victims have been older people

who typically have smaller policies if any coverage.”

Indeed, the description of these cold-blooded calculations is on par with the impersonal confessions of a sociopath offering a stone-faced accounting of how he killed his victims. It is financial loss, not the loss of priceless lives, that matters under capitalism.

One fact often omitted in news reports, the death rate among working-age people has risen a horrific 40 percent above pre-pandemic levels. According to the CDC’s COVID Data Tracker, with data available on 786,000 deaths, at least 191,000 working-age adults have died from COVID-19 alone, about 25 percent of the total. Factoring for the current cumulative COVID-19 deaths, which are around 960,000, then the number of COVID-related deaths among working-aged people would be approximately 230,000.

CEO Scott Davison, the head of Indianapolis-based insurance company OneAmerica, said during a news conference at the end of last year, “We are seeing, right now, the highest death rates we have seen in the history of this business—not just at OneAmerica. The data is consistent across every player in that business.”

He added that the increase in deaths “represents huge, huge numbers,” and not only among the elderly but “primarily working-aged people 18 to 64. And what we saw just in third quarter, we’re seeing it continue into fourth quarter, is that death rates are up 40 percent over what they were pre-pandemic. Just to give you an idea of how bad that is ... a one-in-200 catastrophe would be 10 percent over pre-pandemic. So, 40 percent is just unheard of.”

The *Journal* continued, “COVID-19 and other excess deaths have cut into many carriers’ quarterly earnings, especially as deaths linked to the Delta variant increased for people in their working years with employer-sponsored death benefits.”

Many of these non-COVID-19 excess deaths were due to heart attacks, strokes and cancers. Recent studies have shown that a month after people are infected by COVID-19, their risk of death from heart attacks, strokes, blood clots and irregular heart rhythms increases. To the extent that COVID infections predispose the population to more health complications, the risk of death from these conditions is not negligible.

NBC News, reporting on these findings, observed, “It appears the coronavirus can leave patients at risk for

heart problems for at least one year following infection, according to one of the largest analyses of post-COVID health effects to date ... the illness increased the possibility of heart rhythm irregularities, as well as potentially deadly blood clots in the legs and lungs, in the year after an acute infection. COVID also increased the risk for heart failure by 72 percent, heart attack by 63 percent, and stroke by 52 percent, even among those ... whose original illness were mild.”

However, the *Wall Street Journal* failed to elaborate on how good the COVID-19 pandemic has been for policy sales by life insurers. ACLI recorded “\$20.4 trillion in total life insurance coverage last year [2020], including \$3.3 trillion in life insurance coverage purchased. Overall, 43.1 million life insurance policies were purchased last year. The number includes group life insurance policies, primarily available through employers, which increased 19 percent from 2019 to 2020 and individual coverage rising nearly three percent during the period.”

Though death-benefit payouts in 2020 rose 15.4 percent to \$90.43 billion, at the same time, industry assets rose almost eight percent from \$7.6 trillion to \$8.2 trillion. Insurers are now weighing the direct and indirect costs of COVID-19 for their shareholders and determining how they will plan to “reprice” their group-life contracts.



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