

## PCS Information Bulletin #23: COVID-19 Review

*Wednesday, July 1, 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.

### Latin America and the potential of civil unrest

PCS has been monitoring the Latin America area given the riots that took place at the end of 2019. Despite the rapid spread of the pandemic through the area, Latin America was about five weeks behind the COVID-19 wave that hit Europe. The additional time to prepare for the situation helped put in place entry bans along with partial or full lockdowns that have dominated the regional response. The general awareness of deficient healthcare systems made governments impose containment measures that have prevented to some level the spread of the virus. However now, with everyone starting to re-open economies, the country context could take a turn for the worst.

Looking at the hardest-hit countries by COVID-19 in the region, we see a significant spike in cases and deaths. Brazil, Mexico, Peru, and Chile have been affected most significantly (reported cases and deaths).

Rank	Country	Population	COVID-19 active cases	COVID-19 deaths
1	Brazil	204.5 million	1,368,195	58,314
2	Mexico	127.5 million	216,852	26,648
3	Colombia	48.2 million	91,769	3,223
4	Argentina	43.1 million	59,933	1,280
5	Peru	33 million	282,365	9,504
6	Venezuela	30.6 million	5,297	44
7	Chile	18 million	275,999	5,575
8	Ecuador	16.3 million	55,665	4,502
9	Guatemala	16.1 million	16,930	727
10	Cuba	11.2 million	2,340	86

Source: Worldometers

In Ecuador we have an issue of underreporting in some of the provinces and the pandemic actually causing a higher fatality number in the country. The cause of this is believed to be the healthcare capacity and the state response capacity which was unable to handle the crisis properly in some areas.

Another significant development that came as a result of the COVID-19 crisis is the derailing of the electoral calendars. Fifteen elections were due in Latin America in 2020, and at least six have been formally delayed. Bolivia and Chile could be the most significant given the civil unrest they experienced at the end of 2019. However, in Chile, the situation has improved temporarily. The government was experiencing low approval ratings prior to the pandemic, and its response to COVID-19 had resulted in an increase in favorability. Given the increase in the number of cases, the economic downturn and the potential collapse of the healthcare system have already sparked some demonstrations, which could intensify in the second half of the year if short-term basic needs aren't met.

Following the COVID-19 spread in Latin America, Venezuela, Chile, Brazil, Colombia, Peru, and Ecuador appear to have the highest risk of civil unrest. According to Verisk Maplecroft, Brazil experienced the most SRCC activity in Latin America as a result of COVID-19 – accounting for approximately a quarter of the events in the region. The socioeconomic environment in Peru, along with uncertainty related to extractive industries and supply chain disruptions, has led to escalated risk, as well. In fact, food availability in some parts of the country has become a problem. Colombia and Ecuador have seen an increase in SRCC risk because of fluctuation in oil prices.

From the beginning of 2020, PCS noted the heightened SRCC risk in Latin America based on the extent of the region's activity in the fourth quarter of 2019. And that was before the rapid spread of COVID-19 worldwide. Verisk Maplecroft reports that the region recorded the highest number of civil unrest incidents globally from February to early June this year, and analysts expect the trend to worsen over the coming weeks and months.

### **COVID-19 cases spiking in hurricane prone states**

June 1<sup>st</sup> marked the official beginning of the Atlantic hurricane season. This year the U.S. has experienced three named storms already with the latest, Tropical Storm Cristobal, making landfall in Louisiana and receiving a PCS catastrophe designation, Cat 2037. Now as we move further into hurricane season, two of the largest states which are two of the most prone to be affected by hurricanes in the U.S. are experiencing a significant surge of COVID-19 cases. Texas and Florida are now two of the states with the largest outbreaks in the U.S. while states such as New York and New Jersey are now on the opposite end of the spectrum.

Florida set a new one-day high with 9,585 new cases reported Saturday June 27<sup>th</sup> and had followed that with 8,530 reported on Sunday June 28<sup>th</sup>. The Florida Department of Health says the number of known cases of COVID-19 in the state rose by 6,093 since Monday June 29<sup>th</sup>. The total number of cases in Florida as of June 30 is 152,434. Two of the most populous areas and areas with significant insured exposures are Miami-Dade which is approaching 40,000 cases and Hillsborough county, Tampa area, is approaching 11,000 cases. In the past day, Miami-Dade County's confirmed cases increased by 1,598 to 36,820. The county has 991 deaths, the highest total in the state. Broward County, also in the region including Miami, reported its cases increased by 579 to 15,624.

In Texas, the total number of confirmed COVID-19 cases statewide rose to more than 153,000 Monday June 29<sup>th</sup>, an increase of 15,000 since Friday June 26<sup>th</sup>. Harris County, which includes Houston, is now at 30,729 cases total. Harris County's COVID-19 threat level is at critical status, hospitals at the Texas Medical Center are operating at 100 percent base capacity and residents are advised to stay home except for groceries and medical needs. Hurricane Harvey struck the Houston area in 2017 while Hurricane Ike struck in 2008.

Trends of this nature are alarming as we tread deeper into hurricane season. 2019 was not a particularly bad year for hurricanes and tropical storms however recent updates to seasonal forecasts from Colorado State University and others have a consensus that this season will end as a very active season. Samantha Montano, assistant professor of emergency management at The Massachusetts Maritime Academy, said a severe storm like Hurricane Michael or Hurricane Irma would stress the state and nation's ability to respond while keeping people safe from the virus. In another quote, professor Montanto stated, "I don't think Florida, given their case numbers right now, is ready to handle an event

like that. Thinking of doing an Irma size evacuation event right now is horrifying,” she said. “I don’t think that happens without a huge spread of COVID.”

In Miami-Dade, emergency managers are expanding potential shelters to 82 from 20 that were available in 2017 for Irma, to ensure there is extra space. County managers are also planning COVID-19 screening at the door, to be able to separate the infected and symptomatic from the healthy. In Houston, responders at the shelters typically used during storms, such as the George R. Brown Convention Center and NRG Stadium, where the Houston Texans play NFL football, plan to take the temperatures of everyone who enters the buildings. There is also expected to be plexiglass in place at shelters to help mitigate the spread of the disease according to local officials said. Our PCS team in our COVID-19 Informational Bulletin Number 4 as well as in our bulletin How COVID-19 Could Impact Catastrophe Claim Handling provided initial thoughts from leaders across the industry regarding response in the COVID-19 environment.

A major storm in Florida or Texas now or later in the season has the propensity to create some significant procedural and logistical challenges for insurers, their staffs and adjusters that may test some of those COVID-19 response plans that have been put into place.