

May 2009

Pandemic – Is This the Big One?

By Max J. Rudolph, FSA CERA CFA MAAA

It has been five years since I published an extensive article in the Risk Management newsletter, and I have periodically written about influenza topics since then. Those articles can all be found at my web site www.rudolphfinancialconsulting.com

In the past couple of weeks a number of reports have come out about clusters of influenza. All have ties to Mexico, but it shows how quickly students can carry a virus around the world as cases have been reported in New Zealand and various locations throughout the United States. What can we learn from these early cases? Is this a repeat of 1918?

What do we know?

- The cases in Mexico have been especially virulent, with other cases rarely resulting in hospitalization and none in death.
- Some pharmaceuticals, though not all, are still effective.
- The virus has components from swine flu, human flu, and avian flu. It has been labeled H1, which makes it a variant of the 1918 pandemic.

Concerns

- The impacted ages seem to be young adults, those with the strongest immune systems.
- The speed the virus has traveled the world. So much for closing borders (always a dumb idea).
- The reports on blogs of outbreaks in other places that have not been made public.
- The implications of a swine flu versus an avian flu. Further mutations with both active could be devastating.
- The hesitancy of the WHO to increase the alert level when human to human clusters seem obvious.
- Many nurses are in the impacted age range, have children, and chose the profession due to its regular hours. Will this profession act as doctors have in the past or will they focus on their personal needs?
- How will the virus interact with secondary infections?
- How will the financial crisis and current stresses on the health system play out as the system is overwhelmed by patients?
- Just in time supply system



Hypothesis

- I think there is a secondary cause for the increased virulence occurring in Mexico, either a secondary infection as was common in 1918 or something about the living conditions.
- If the virus mutates slowly, will scientists have enough time to counteract it with a vaccine? How will this impact future mutation rates?
- I think that this reflects the spring 1918 more so than the pandemic itself. The virus will need to be more resistant to all pharmaceuticals before we get a pandemic. What concerns me is that it is most of the way there now and will continue to mutate. While we should not ignore this outbreak, and the WHO level should be increased, this may be a trial run. Focus on your future preparedness now.
- Places at risk: schools, day cares, summer camps

Suggestions

- Stockpile trash bags, water and food
- Stockpile some extra cash in case the ATMs are not operational

Warning: The information provided in this newsletter is the opinion of Max Rudolph and is provided for general information only. It should not be considered investment advice. Information from a variety of sources should be reviewed and considered before decisions are made by the individual investor. My opinions may have already changed, so you don't want to rely on them. Good luck!