



Swiss Re



אגודת האקטוארים בישראל [ע"ר]
The Israel Association of Actuaries

Modifiable Risks.

Re-thinking risk assessment to create better value, more inclusive products

We're smarter together

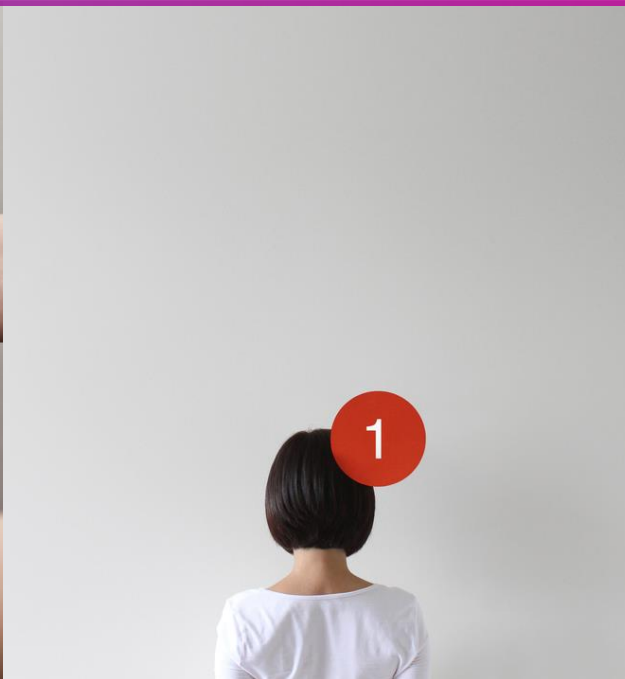
A few MEGA TRENDS are converging...

Society shifts



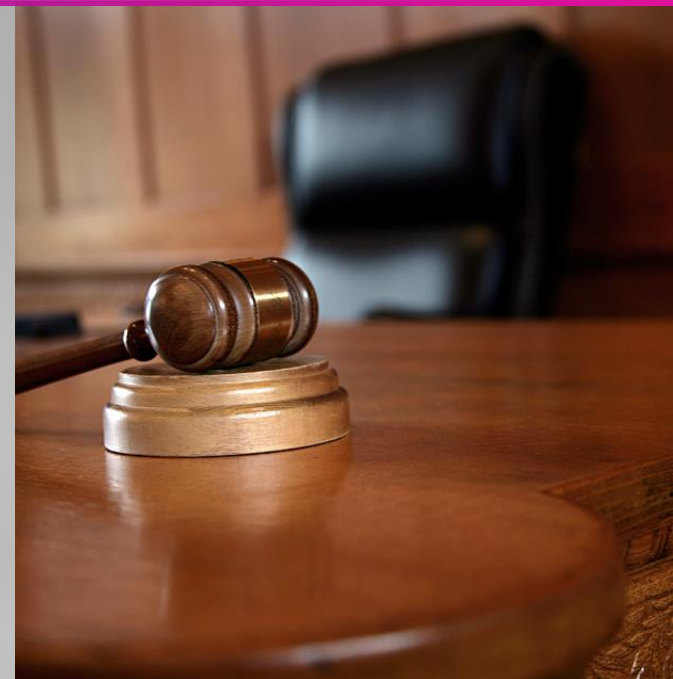
Seismic shifts, health crisis.

Consumers



The digital consumer and its expectations.

Regulation



Constraints meet incentives.

Mega-trend spotlight: Societal shifts

The rise of Non-Communicable Diseases (NCD)...

70%

of all deaths globally can be attributed to Non-Communicable Diseases (NCD)

1 in 3

of these NCD-related deaths impact individuals between the ages of 30 and 69

80%

of the premature NCD deaths are linked to 4 causes



Cardiovascular
17.7 m



Cancers
8.8 m



Respiratory
3.9 m



Diabetes
1.6 m

Source: World Health Organization (WHO): IDF Diabetes Atlas Seventh Edition 2015;
Turin study pubmed; Swiss Re

... especially the growing obesity and diabetes epidemic

88%

of the US population is overweight

1 in 10

adults are predicted to suffer from diabetes in 2040

>50%

higher risk of dying or being hospitalized for stroke or heart attack for diabetics compared to non-diabetics

Faced with the rising obesity epidemics, the **"Eat well and exercise"** lifestyle is becoming more mainstream.

1

Mega-trend spotlight: Regulation

INCENTIVE for industry innovation on NCDs

CONSTRAINT to industry innovation on NCDs

“

To “protect consumers”, we need to intervene and strongly **nudge/enforce better health behaviours**.

e.g. Implementation of “sin taxes” e.g. Sugar taxes already implemented in 28 countries.

The DILEMMA for GOVERNMENTS



To “protect consumers”, we need to protect **purchasing power, employment** levels and their **individual freedom**.

”

“

To “protect consumers”, we need “fairer” products, that everyone is able to buy. We need to get **more people insured**.

The DILEMMA for INSURANCE REGULATORS



To “protect consumers”, we need to ensure adherence to the basic principle of **risk pooling** in insurance.

”

For insurers, the repercussions are significant

3 observed mega trends...

For our industry this means....

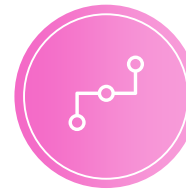
To **FUTURE-PROOF** of business, this means




REGULATION

A mix of constraints and incentives

- Governments alone cannot solve the **health crisis**.
- The notion of "**fair**" **underwriting** in the L&H context is being challenged.



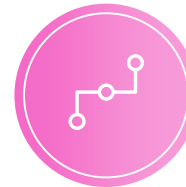
Target **preventative interventions** to delay or prevent claims. **Assess** key modifiable risks **dynamically** over time.




SOCIETAL SHIFTS

The rise of non-communicable diseases, diabetes

- **Cost of claims** will continue to rise.
- An increasing part of the population **won't be able to afford traditional coverage**.



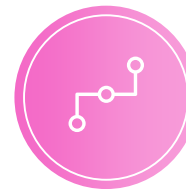
Develop more **engaging and inclusive** products for all consumers, not just the healthy; target **preventative interventions** to delay or prevent claims.



CONSUMERS

Data for value and hyper-connected experiences

- **One size fits all** solutions are **not good enough anymore** for consumers.



Attract and reward consumers **willing to take action** to manage their health. Support customers to **improve and/or maintain** their health

For your business this brings clear challenges as well as opportunities... but some **fundamental questions** arise.

How to support my customers to **improve and/or maintain** their health?

How to **assess** key modifiable risks, **dynamically** over time?

How to target **preventative interventions** to delay or prevent claims?

How to develop more **engaging and inclusive** products for all consumers, not just the healthy?

How to attract and reward consumers **willing to take action** to manage their health?



Change has
been very
slow... why?
What is
holding us
back?



Where are we today?

Some offerings have started to **embrace** the opportunity to **engage with customers** on ways to improve their health... but some **sizable challenges** remain

- Industry focused on selling efficiently to healthy lives.
- Underwriting is negative process for individuals suffering from NCDs.
- Many don't attempt or give up buying cover.
- Those who make it: often feel they got a bad deal.
- Products targeting "unhealthy lives" tend to be disease specific (EG Diabetes) therefore quite niche.



The conditions caused by modifiable risks typically do not occur until **later in life** and once policy sold.



Discounts and rewards are not enough to remove roadblocks to sale and incentivize engagement.



Individuals affected by NCDs experience **painful underwriting process** with high loadings & cost of cover.



The consumer gets **little value** from our risk assessment.

Authenticity

Can we effectively **engage** with customers to **manage** health risk without changing how we **structure** our products?

Modifiable Risks

Is how we **assess and manage** risk today appropriate, given the influence **individuals** can have through their diet & lifestyle **choices**?

So where do
we go from
here?



Swiss Re





Our vision:
**More sales,
more
engaged
consumers**

Consumer-centred **Modifiable Risks Solutions**

Our mission

Deliver **insurance-relevant expertise, programs** and **insights** to our partners.

Grow sustainable & profitable business; inclusive and relevant for all lives to close the **Protection Gap**.

Help change **consumers' perception** of Protection & underwriting.

Embracing the modifiable nature of risks – P&C Telematics

Modifiable risks in the context of auto insurance:

- How you drive
- How much you drive
- When and where you drive

Swiss Re's Telematics solution



Deliver added value to today's consumers

The traditional automotive risk pricing model



- Age
- Driving years
- Territory
- Vehicle data
- Previous claims

Based on Risk proxy

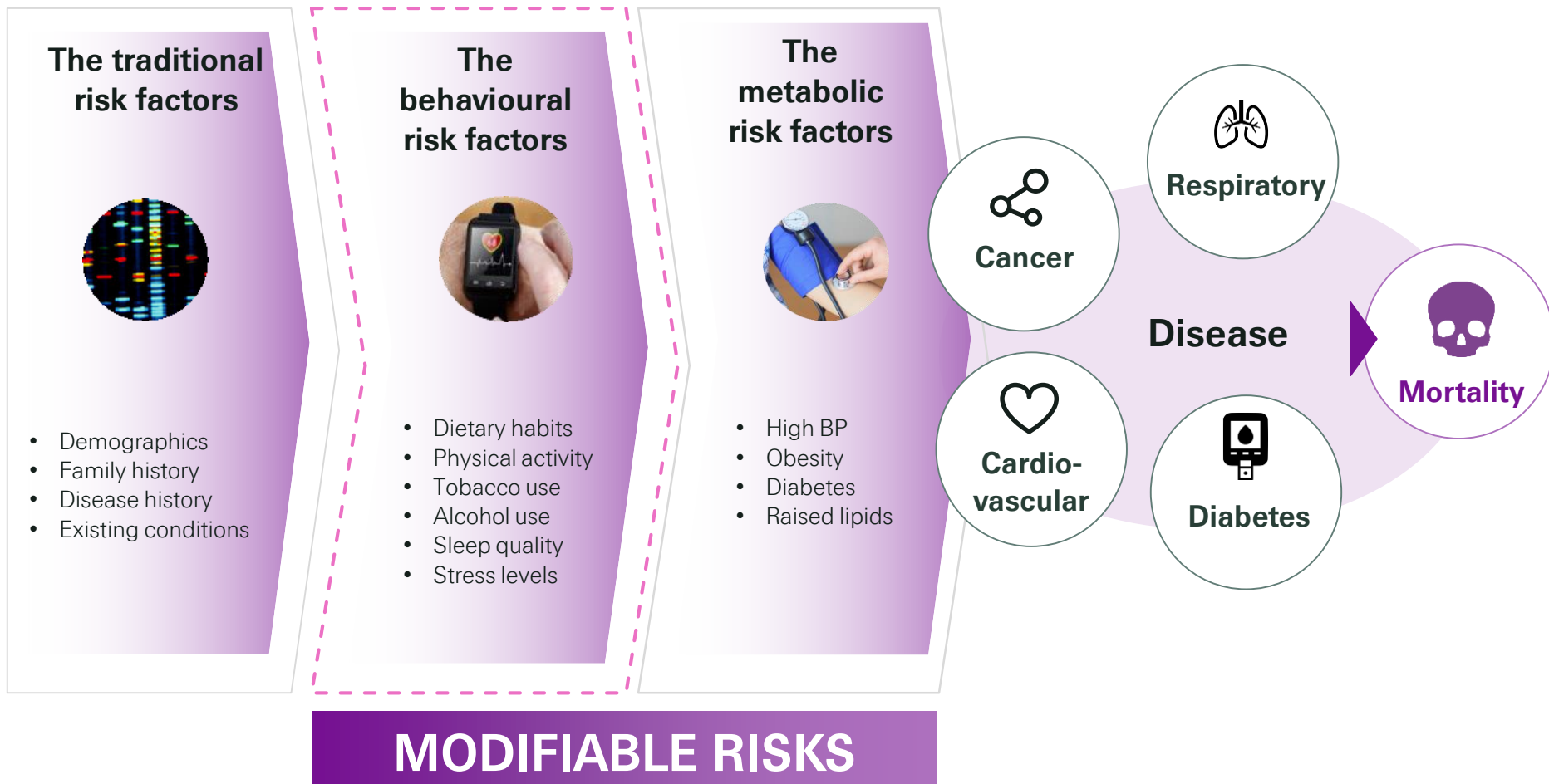
Usage-Based Insurance (UBI) pricing model



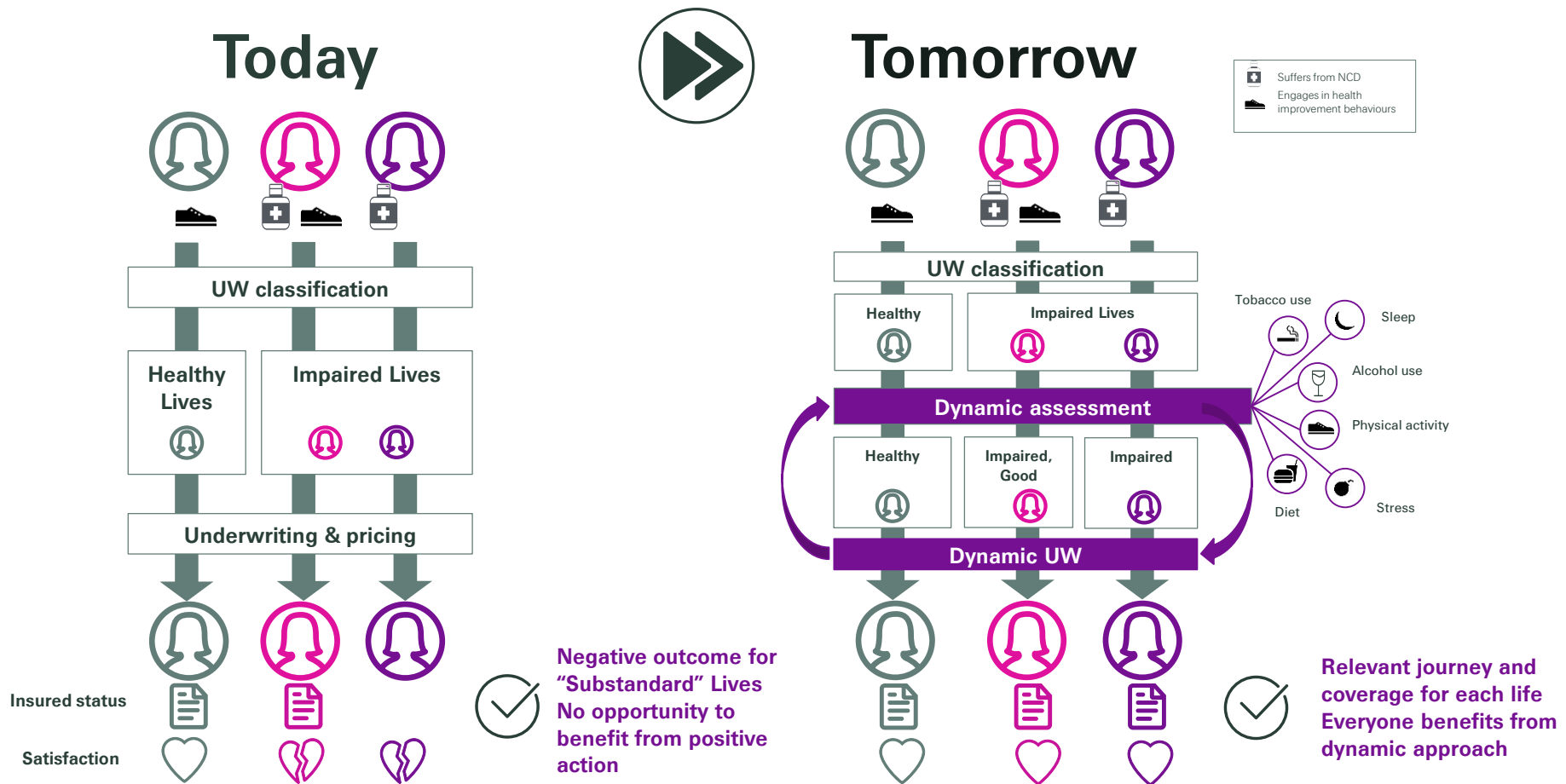
- Driver behaviour
- Context of driving
- Surrounding information
- Comparison to other drivers

Based on Behavioural rating

Embracing the modifiable nature of risks in the L&H context



Rethinking the customer experience for ALL LIVES





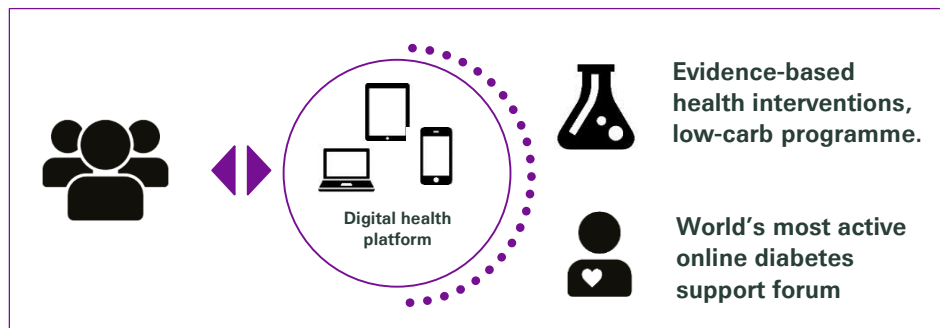
Gro Health

Addressing the Obesity and Diabetes Epidemic through targeted Behavioural Intervention



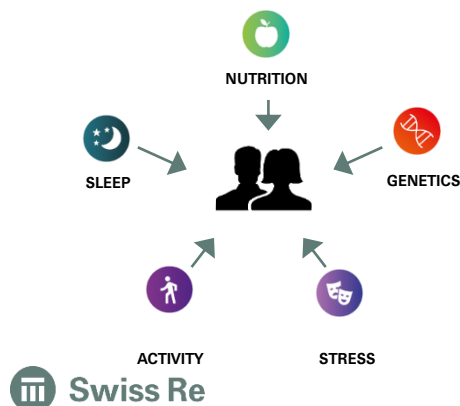
The solution

A breakthrough **diabetes and metabolic risk programme**, based on low carb nutrition principles, run in partnership with Gro Health, coupled with our behavioural expertise.



Addresses **all aspects of modifiable risks...**

... through **multiple channels** and an ongoing **cycle of feedback and support**



The benefits are clear – improved health, lower claims

>70%

Customer engagement with the platform 12 months after start

39%

Diabetic platform users who put their diabetes into remission

1 to 5pts

Estimated claims improvement impact

Today



Tomorrow

Protection Gap



Risk Pool



Product promise



Consumers



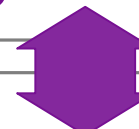
More sales in underserved segments



Better pricing accuracy and persistency




Authentic, tailored promises



Engaged, positively selected consumers

“growing the pie”, closing protection gaps



Today we **deliver resilience** by paying out money at the **point of claim** to support those in need.

As an industry, **we can do MORE.**

Let us drive resilience by helping our policyholders stay **healthy** and **prevent**, not just pay for claims.

Your
customers,
your
platforms



Our
experience =
and insights

Building
a smarter
customer journey
together



Solutions to help you **grow** your **business.**



We're smarter together

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