Innovation to close the gap in protection insurance coverage
IAALS Webinar

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The protection gap

Protection gap = Economic losses – insured losses

Protection – life, health, critical illness, disability

Economic loss for protection:
• Maintaining a standard of living following a claim event
• Cost of healthcare

Significant global gap
• E.g. 50% of UK households have no protection
• More significant in growing economies
Innovation to close the gap in protection insurance coverage

Agenda

1. Inflation and rising cost of living
2. Widening the scope of cover
3. Health services under pressure
4. Unmet needs of ageing populations
5. Conclusion
Your views

Which statement most closely matches your views of inflation in your market?

- Inflation is out of control – prices will go on rising at an unsustainable rate
- We have seen significant inflation, but this will drop in 2023 and is not a long-term issue
- Inflation has not been an issue in my market recently
- Recent inflation has been beneficial for my market

Which statement best describes the state of your local healthcare system?

- My healthcare system is under considerable strain
- My healthcare system is under moderate strain
- My healthcare system is in a stable state
- My healthcare system has improved its provision in recent years
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Innovation to close the gap in protection insurance coverage

Inflation and rising cost of living

Inflation rates in 2019

Source: International Monetary Fund
Inflation rates at the end of 2022

Source: International Monetary Fund
The dual challenge of high inflation

Lapse of inforce business

Challenge of selling new business
Dealing with a cost of living crisis

**Inforce business**

- Effective engagement
- Demonstrate the value of products
- Provide additional services to inforce policyholders?

**New business**

- Basic / simple products
- Target products at specific needs
- Some protection better than none
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The link between insurance and health

People want to be healthier

Healthier policyholders mean fewer claims

Natural alignment of interest
Innovation to close the gap in protection insurance coverage

Technology allows insurers to offer services that appeal to consumers and prevent claims
Positioning broader cover

Target add-on’s carefully
Health is having a moment!
Positive messages resonate
Explore cost neutral options

Protection does not need to be the main focus of the product
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Health services are under strain in many countries

Research from countries in European Union

• 21% missed a medical examination or treatment in the previous year
• 18% still had a medical issue for which they could not get treatment
• Hospital and specialist care worst affected, particularly for cancer care

Research from 10 countries across the globe

• Outpatient visits down by 5% to 33% vs pre-covid average level
• Emergency room visits down by 7% to 50% vs pre-covid average level
• Cancer and TB screening and HIV testing were the most affected services

Source: European Observatory on Health Systems and Policies (2022)
Source: Covid-19 and resilience of healthcare systems in ten countries (2022)
Opportunity for protection insurers to embed health services

Source: United Nations Sustainable Development Goals
Medical advances are leading to gaps in coverage
Case study: cancer immunotherapies

Immunotherapies allow the body’s immune system to efficiently identify and target cancer cells based on the genetic profile of the tumour.

Chemotherapy saved my life, but was there a better treatment?

Immunotherapy — the use of drugs to target only cancerous cells — is revolutionising oncology. Yet the NHS didn’t mention it to Rosamund Dean.

KEYNOTE-045, Bellmunt 2021
Rosamund Dean, The Times 2021
Can protection insurers respond?
Case study: cancer immunotherapies

Product to bridge gap in immunotherapy coverage appeals to 3 in 5 of UK adults surveyed

Even higher appeal for certain groups:

- **80%** of adults with Critical Illness policies
- **73%** of adults with children
- **>70%** of under 45s

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<td>Covers specific treatments that the NHS won’t</td>
<td>51%</td>
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<td>It would allow me to focus on fighting cancer without financial worry</td>
<td>50%</td>
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<td>It would protect me and my family if I get cancer</td>
<td>39%</td>
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<td>I trust the insurer to pay out for my treatment so I don’t have to</td>
<td>21%</td>
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<td>I know someone with cancer and have seen the effects on their health</td>
<td>15%</td>
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<td>I’d be less worried about getting cancer</td>
<td>10%</td>
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Source: Nationally representative research study of 1,000 UK adults (2022)
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Age distribution is shifting in many countries as people are living longer

**World’s population age 60+ is predicted to nearly double from 12% in 2015 to 22% in 2050**

Old age dependency ratio has been increasing

Tailor insurance products towards the older demographic

- Protection insurance opportunity among this growing segment to expand existing products or create new ones
- Health levels can vary significantly across people of a similar age
- Understand customers’ specific needs and tailor insurance propositions to address these

Variety of health needs in old age

- Maintain independence
- Prevent disability
- Rehab
- Ensure quality of life
Digital tools to protect current levels of health

A range of preventative solutions are available to protect physical and cognitive health

- **Manage cardiovascular and stroke risks**
  - e.g. health assessments

- **Protect cognitive health**
  - e.g. brain training exercises

- **Early detection of neurological conditions**
  - e.g. eye-tracking technologies
Smart tech to help policyholders live at home for longer

Integrating assisted living technologies into insurance
- Insurtechs offering connected wellness solutions
- Use wearables and home-based sensors
- Can alert family, support network, care team
- Provide peace of mind

Source: hr | equarium
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How can insurers close the protection gap?
Next steps

- Consider **social** and **demographic** make up of your customer base
- **Prioritise** the gaps
- **Partnerships** can be a powerful tool to help increase protection coverage
Q&A