Innovations from South Africa and the rest of the world

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INTRODUCTION

SCOR Global Distribution Solutions presents a single proposition with a mandate to invest further in customer-led distribution for insurers.

We use our unparalleled knowledge of insurers coupled with deep customer insights to develop and support distribution strategies that align internal operating effectiveness with superior customer experiences.

Operating business models from B2B, B2BC and D2C, our distribution, marketing, underwriting, product and claims solutions are all supported by market-leading technology enablers, data analytics and financial solutions.

We operate throughout the value chain and in a diverse range of market segments, including Bancassurance, traditional Life & Health, Takaful, Banking and Affinity groups.

VeLogica and its state-of-the-art global underwriting solutions suite

ReMark: the world leader in alternative and direct distribution

Rehalto: European pioneers in workplace wellbeing
ABOUT THIS RESEARCH

This research titled ‘An online representational 3000 insurance consumer study to help life Insurers with feedbacks obtained is used to form the simplest and clearest picture of the global markets. The study is based on a statistically representative sample of demographic and economic parameters.

Emerging Market
Developed Market

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Importance of Life Insurance

South Africa 75%
Global 68%
Developed 55%
Emerging 78%

Q6: Please rank the importance of the following items to you, with 1 being the least important and 5 being the most important.
Note: 1% of respondents rated each item as top 3 important factors.
The Focus on Wellness Integration to Life Insurance

Through the Active Integrator you can:

- Get an upfront premium discount of up to 15%
- Maintain your premium discount, based on your physical activity and the results of your Vitality Check
- Increase your cover each year at no additional premium through the Cover and Financial Integrators
- Accumulate up to 10% of your premiums every year through the PayBack benefit, which will be paid to you after five years.

<table>
<thead>
<tr>
<th>Active Days™</th>
<th>Fitness Assessment</th>
<th>Fitness Discount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-3</td>
<td>Poor</td>
<td>0%</td>
</tr>
<tr>
<td>4-6</td>
<td>Fair</td>
<td>2%</td>
</tr>
<tr>
<td>7-9</td>
<td>Acceptable</td>
<td>4%</td>
</tr>
<tr>
<td>10-12</td>
<td>Good</td>
<td>7.5%</td>
</tr>
<tr>
<td>13+</td>
<td>Excellent</td>
<td>10%</td>
</tr>
</tbody>
</table>

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The Focus on Wellness Integration to Life Insurance

- Wellness programs are arguably more developed in South Africa than any other market and this allows insurers to engage with their customers on an ongoing basis and demonstrate the tangible benefits of their products.
- Historically they are used more to allow the super healthy lives get even cheaper premiums.
- Positive impacts on persistency provided customers stay committed.

Recent developments

- Focussing wellness on the more substandard lives as a way of offering enhanced cover but on the condition that health is managed and monitored effectively.
- Using wellness to individualise group risk – members get rebates on contributions or a boost to retirement fund subject to ongoing health improvement.

Q: Please rank the following rewards in terms of their attractiveness to you, where 1 is the most attractive.

<table>
<thead>
<tr>
<th>Reward</th>
<th>AUS</th>
<th>SA</th>
<th>UK</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food shopping</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Healthy food</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Clothes shopping</td>
<td>3</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Plane tickets</td>
<td>4</td>
<td>6</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Cinema tickets</td>
<td>5</td>
<td>7</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>Exercise / wellness supplements</td>
<td>6</td>
<td>5</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Gym membership</td>
<td>7</td>
<td>4</td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>
**1 Wearable penetration**

![Wearable device image]

Q: Do you have a wearable device which gives you information on your exercise/food intake/sleeping pattern, etc. (even if you don’t currently use it) e.g. a Fitbit, Jawbone or smart watch?

**Product Development**

- **Strong desire from South African market to avoid commoditized priced driven market as per UK**
  - Insurers do not compete on price but on product which has resulted in INCREDIBLY complex offerings and so some easy benchmarking to be done to promote ideas for UK / Irish clients
  - Critical Illness products~200-250 conditions! UK~70 when I left
  - Disability a huge product here and there are some interesting CI/IP hybrids
  - A huge number of “general product” ideas

- **The South African market has created successful propositions across all levels of socio demographics**
  - HNW / Mass market and the poor levels of society - largely done by understanding what the end customer wants - arguably the UK has tried to sell an IFA/broker product through a variety of distributions and target markets
  - Funeral products are incredibly successful for example - FNB sells 65/70k policies per month. Aimed at low end of market but also offered at cash points!
  - Free airtime / transportation benefits / Inkomobenefit / 48 hr claim turn around time
Cell Captives

- Cell Captives are commonly used in the SA market, primarily for alternative distribution. The main insurers all own Cell Captives.
- If somebody comes up with a good idea for a new product or distribution then they can set up a cell with the cell captive.
  - They write the business through the cell on the cell captive’s license.
  - A cell captive might have 15-20 cells.
  - The Cell captive is responsible for compliance and all the regulatory responsibilities.
  - The Cell will be capitalized by the cell owners and will take X% of the risk.
  - Reinsurers work closely with the Cell to develop products and provide financing needed.
- This is a relatively quick way to get a new concept of the ground a writing business which has led to a number of entrepreneurial start ups in the life insurance space.

This is an excellent way to drive innovation in the market—the cell captive is branded separately to the large insurer and so there is comfort that the insurer’s brand or existing distribution is not affected in any way which so often stifles alternative distribution developments.
Innovations from the Rest of the World

A need for deeper Engagement enabled by Technology and Digitalization

Global trends
1. Increased adoption of Direct to Consumer models – facilitated by emergence of online brokers / advertisement – Targeting a new audience
2. Focus on “simplifying” the consumer purchase in Distribution, Underwriting and Claims – relying on data and technology
3. Increased focus on complimentary health offerings / bundling
4. Investment in innovation and insurtech
5. “Deep Web” of insurance
Engagement shift = Distribution shift?

A change of attitude – The silent millennial

- Millennials have experienced much more diversified family structures than previous generations, and young consumers are more likely to define themselves through work rather than family ambitions.
- Changing employment patterns and the short-term economy do not help to foster long-term considerations amongst Generation Rent.
- As a consequence, trigger points are less discrete, more complex and of varying chronology which makes attitudinal data more important than ever.

Focus on Health

New segment of engaged buyers

Health is the new wealth. It is undeniable that health captures the contemporary consumer’s attention regardless of generation. Health has become the contemporary asset worth protecting.

Adoption of wearable devices continues to grow among all generations and across all markets.

But wearables alone have little value. It all hinges on an encompassing proposition, a customer centric platform – and smarter analysis of the aggregated data.
Driving Customer Engagement – Wearables

Driving Customer Engagement – Wellness Platforms

15/05/2018
Driving Customer Engagement – Wellness Platforms

- Adults losing weight within the first 6 months: 50%
- At start of wellness programme, average activity time was 11.6 minutes/day.
- Two years later, activity time had increased to 25.3 minutes/day.

- 93% Millennials
- 93% Generation X
- 87% Boomers

Umanlife case study

SCOR Pilot

Device data
- Data shared via participants joining SCOR Global Life Field Trial – access to participants’ data granted to designated administrators with 69 SCOR UK employees participating. Activity data on steps walked, floors climbed and active minutes, and sleep data at aggregated level.

Health measurements
- BMI and blood pressure measurements taken:
  - October 2015
  - December 2015
  - April 2016

Surveys
- Surveys taken at the same time as the measurements above. Questions on attitudes to wearing a device & sharing data, problems with the device and self-perceived changes in behaviour, stress or health as well as views on premium discounts.

Frequency of Steps
- Comparison of initial 30 day period and final 30 day period (ignoring 0 steps)

Number of Steps by Participant Status
- Various categories of participant status with corresponding percentage of participants.
Zurich Ireland Wearables

Umanlife

Coaching cards
Biological Age Modelling

SCOR & Vivametrica: a new biological age risk model based on wearables data

Health IQ (USA) / Bupa (Australia)
Focus on Health

Beyond the healthy wealthy
A growing void threatens to open between the self-motivated haves and the have-nots, many of whom no longer follow a traditional path through life.

Looking beyond the healthy wealthy to target the less healthy is key to the realisation of sustainable value and growth

Qualitative metrics are necessary for long-term engagement

Empowering the customer to own and control their own data will foster more positive attitudes to data sharing

Health 2 Sync (Hong Kong)

Health2Sync App
Health2Sync is your smart companion for glucose control. The app transforms the data you have recorded into useful information, and helps you in finding the most suitable diabetes management method as well as taking control of your own health.

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Health 2 Sync (Hong Kong)

**Users**
- Upload blood glucose, blood pressure, weight, daily activities, notes and photos to keep a complete record of the vitals.
- Food log
- Trend tracking in blood glucose, blood pressure, weight
- Personalized reminders and health tips
- Can extend invite and connect with family, friends and care provider over the app
- Export clinical data via PDF or Excel to forward to healthcare provider

**Healthcare Providers**
- Patient management platform, i.e. status tracking, target setting
- Communicate and interact with patients according to status

Royal London / The Exeter (UK)

Royal London launches pioneering life cover for people with diabetes

Royal London announces today the launch of a pioneering Diabetes Life Cover. People with Type 1 or Type 2 diabetes can find this process of applying for life cover off-putting due to requests for medical evidence. That’s why Royal London has created life cover designed specifically for diabetes, a first in the UK Protection market that has revolutionised the customer experience.
Focus on Health

Partnering for change

E-wellness programs offer a viable “way in” for insurers, providing a platform to offer meaningful outcomes, to build a partnership between insurer and customer and maintain engagement by offering more than just data playback and another screen to refresh.

- Allows the customer to lead the conversation
- Encourages and rewards positive behavioural change
- Promotes data-sharing as fluid exchange of value

Elyse 28 (USA)
Ping An (China)

The biggest insurance company in the world is already moving in this direction.

From a traditional bancassurance group to a platform company.
What does the future hold?

New Insurance Ecosystems emerging –formed by entrants that are not always from industry

- Consumers still seek and will continue to seek –and must be granted advice –while engaging via alternative proposition models
- Seamless channel experience will become increasingly necessary for consumers to engage
- Blended advice models (chat / AI) mixed with real agent support will become increasingly common
- With the emergence of Generation Rent, context of needs, value and affordability is changing

Questions

Comments

Expressions of individual views by members of the Institute and Faculty of Actuaries and its staff are encouraged.

The views expressed in this presentation are those of the presenter.