



# INNOVATE WITH PURPOSE

2024 LIMRA ANNUAL CONFERENCE

## Building a Model That Works: From Loss Reimbursement to Risk Prevention






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Bain and Company



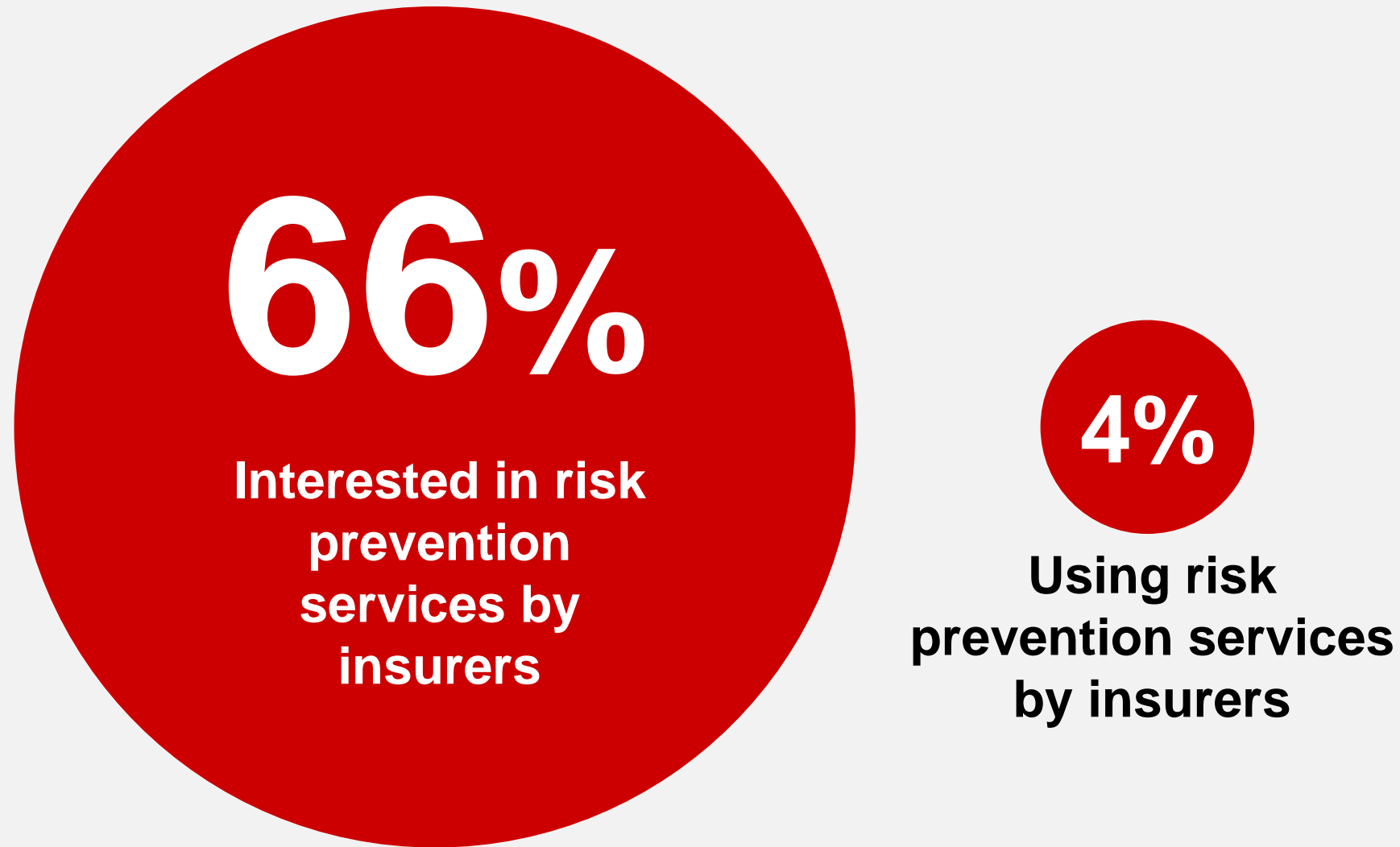
# Building a Model That Works: From Loss Reimbursement to Risk Prevention

- ◆ The case for **risk prevention in life insurance is compelling** – strong fit with customer demand, insurer relevance / engagement, and industry mission
- ◆ However, insurers have been **slow to embrace**, mainly due to concerns about economics and implementation challenges
- ◆ There is no silver bullet, and it **takes time and investment** to get it right – but there is a path to success
- ◆ Execution **requires new skills**, and the **time to start building them is now**, or risk getting left behind

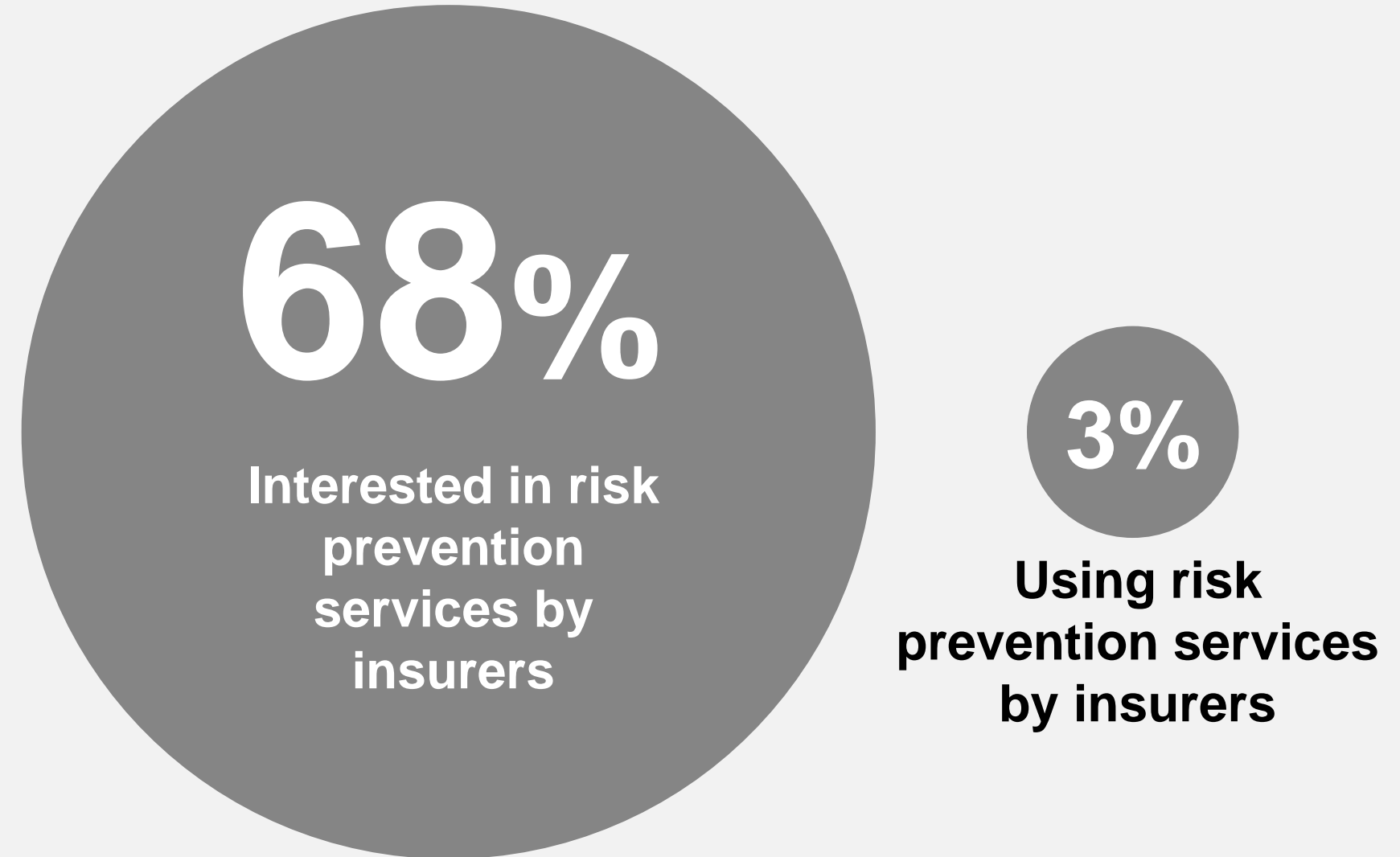
# Most customers are interested in risk prevention, but few use it today

US, GLOBAL

## Share of US customers



## Global Average

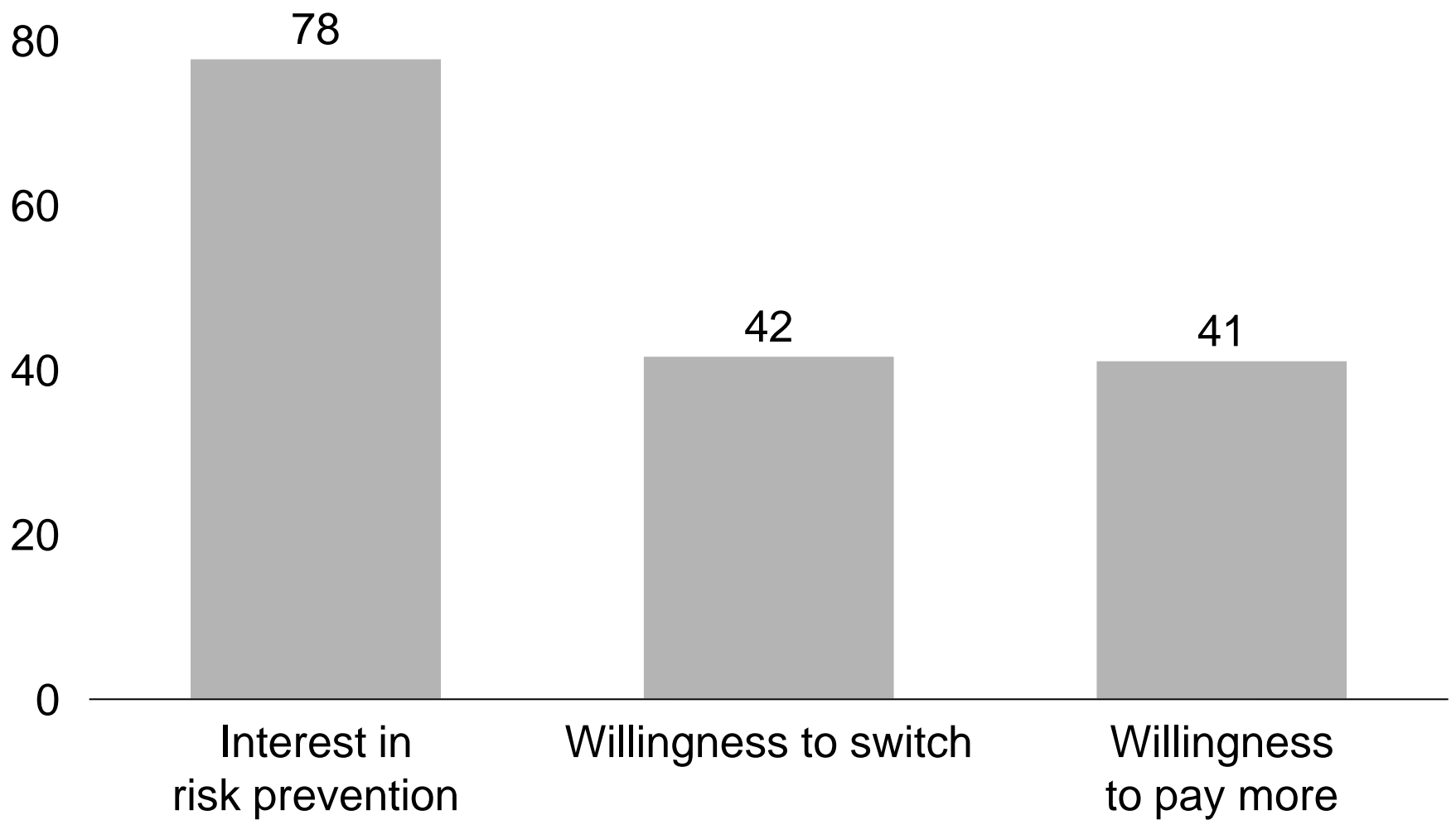


# Interest is particularly high among young customers and families

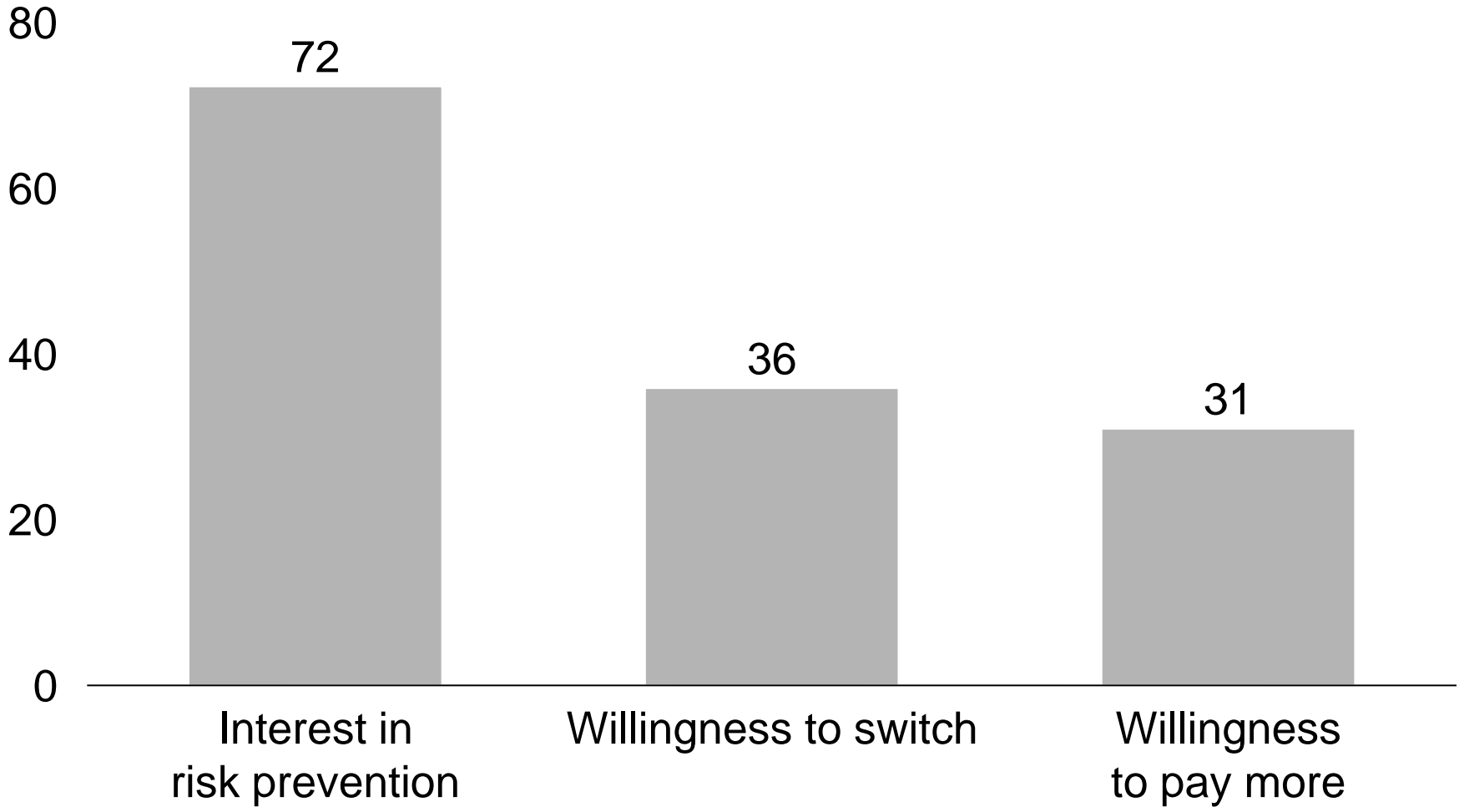
GLOBAL

## Millennials

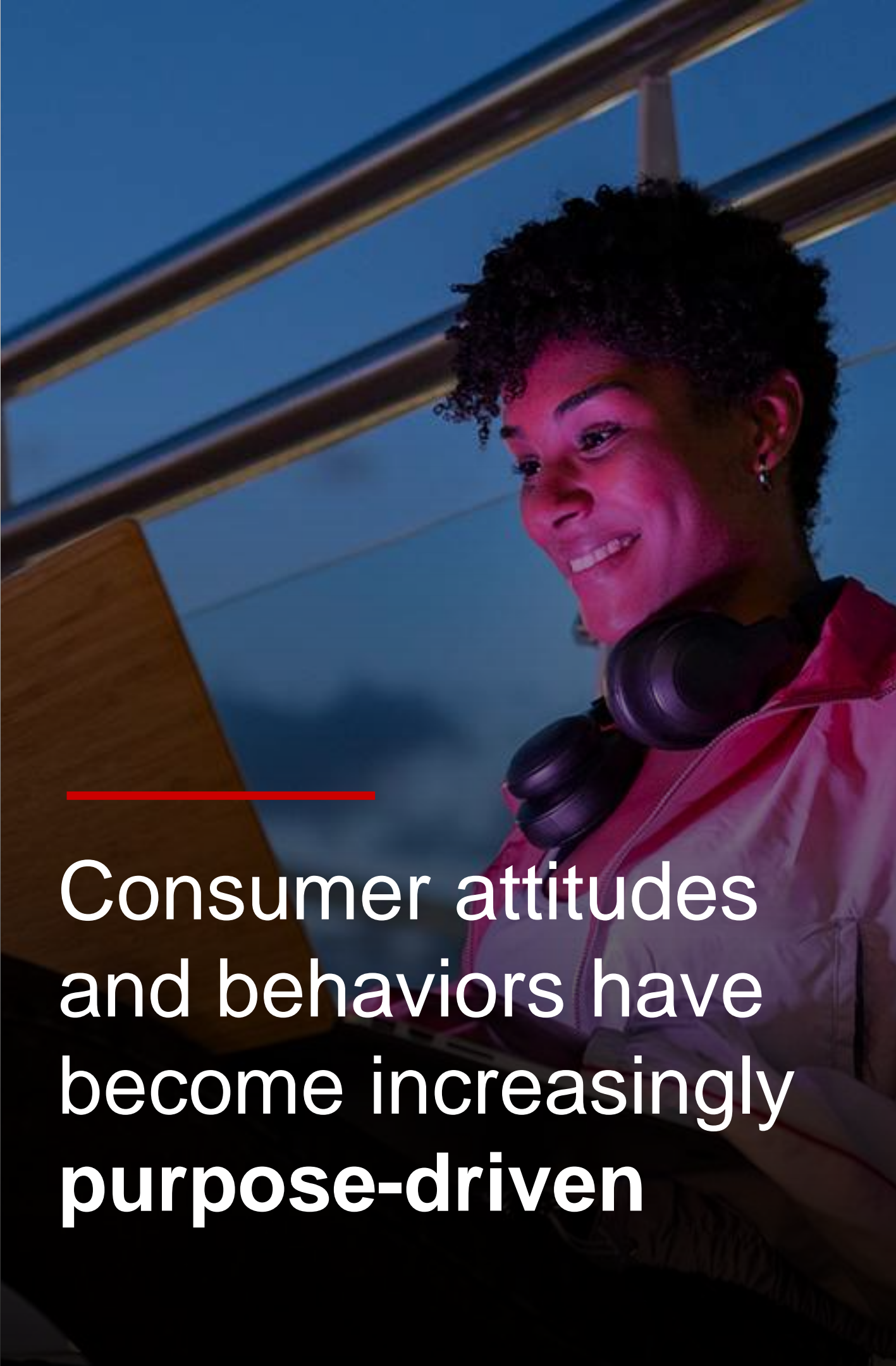
Share of global life insurance customers, in %



## Families with children



Source: Bain Insurance Consumer Insights Survey, powered by Dynata, 2022



Consumer attitudes  
and behaviors have  
become increasingly  
**purpose-driven**

**79%**

would be **more loyal to a purpose-driven** company

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**74%**

believe that **sustainability** and **ethical values** influence their product choice

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**86%**

believe that impact on **health and well-being** influences their product choice

# Consumers want insurers to excel on more than just functional elements of value

U.S. AND CANADA

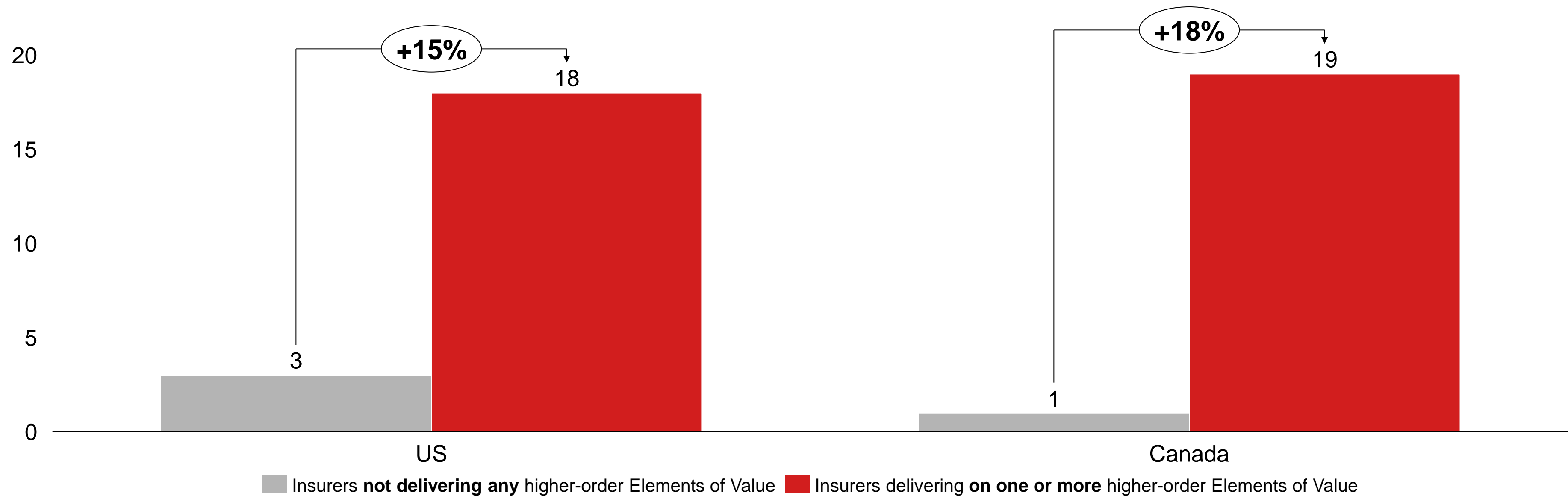
TOP 10 NPS DRIVERS



# Loyalty increases when insurers excel on higher order elements

## U.S. AND CANADA

Net Promoter Score of life insurance carriers, in %



Note: Customers rating their insurer 8 or above, on a scale of 1-10, on any of the higher-order (emotional, life-changing or social impact) elements.  
Source: Bain Insurance Consumer Insights Survey, powered by Dynata, 2018



# Customers have clear preferences for risk prevention services

US

## Top 10 services desired by US life insurance consumers

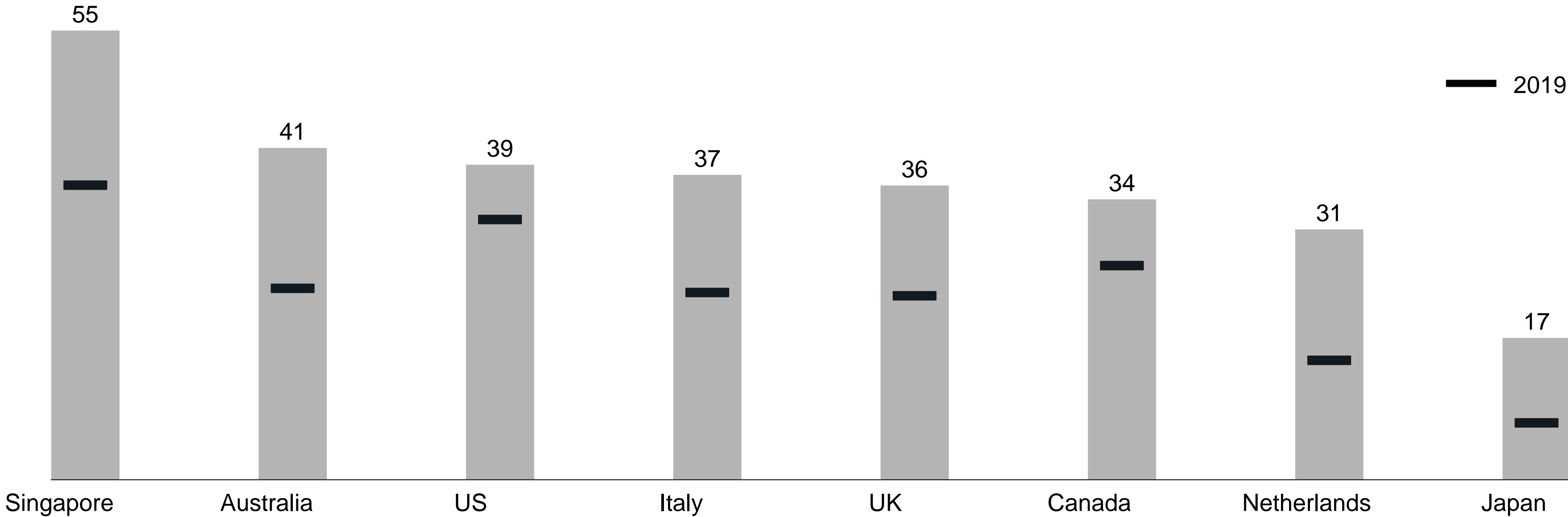
- 1 | Health **check-ups** or remote diagnostics
- 2 | **Rewards** for healthy living
- 3 | **Advice** on healthy living and remote health monitoring
- 4 | **Reminder** of prevention measures
- 5 | Digital access to all **personal health records**
- 6 | Support to **find doctors / schedule appointments**
- 7 | **Emergency button** to raise alert and share coordinates
- 8 | Advice and training on **personal finance**
- 9 | **Remote doctor consultation** & expert guidance during treatment
- 10 | **Digital treatment tools** – mental health, stress management, dementia, etc.



# The infrastructure for risk prevention services has improved as more customers own connected devices

GLOBAL

Share of life insurance customers using wearables, in % (2022)



Source: Bain Insurance Consumer Insights Survey, powered by Dynata, 2022

# Insurers have a long-standing history of helping to prevent and mitigate societal risks

Early 20<sup>th</sup> century

1980s

1990s

2000s

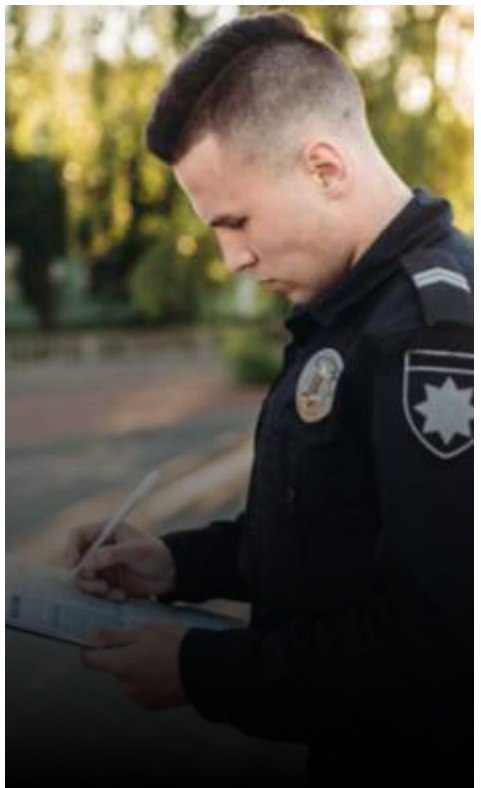
Today



Improved building codes & workplace safety



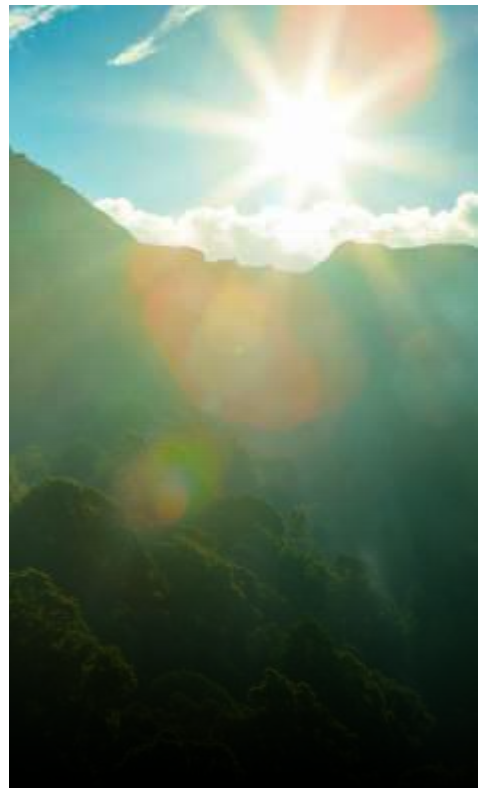
Seat-belts & airbags



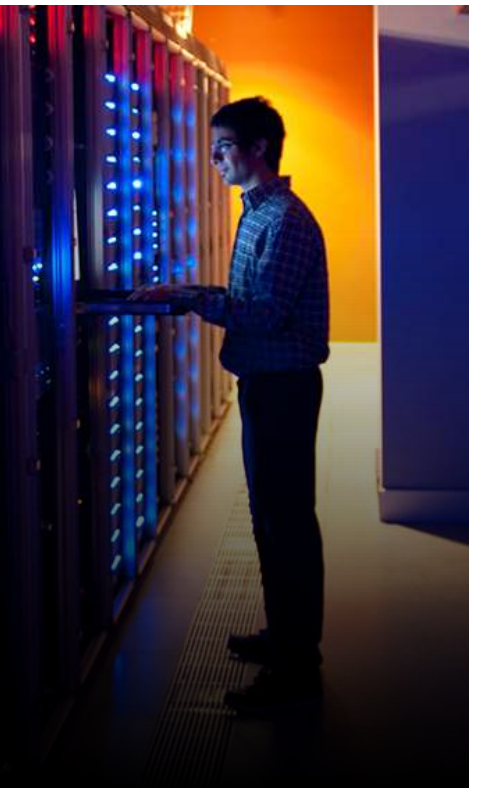
Safer driving via lowering alcohol limits



Health & wellness programs



Action on climate change by cutting emissions



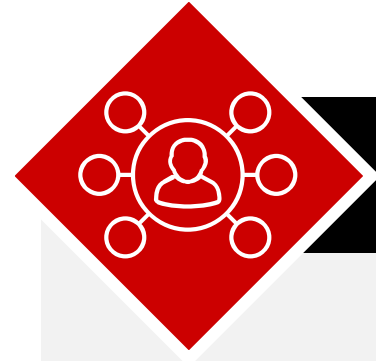
Cybersecurity default standards



Tech enabled risk prevention & mitigation

# US life and health provider risk prevention examples

US



## Individual life



Vitality, Aspire, Galleri



LivingWELL, Genomics, Galleri



## Workforce benefits



Pelago, Osara Health, Wellthy



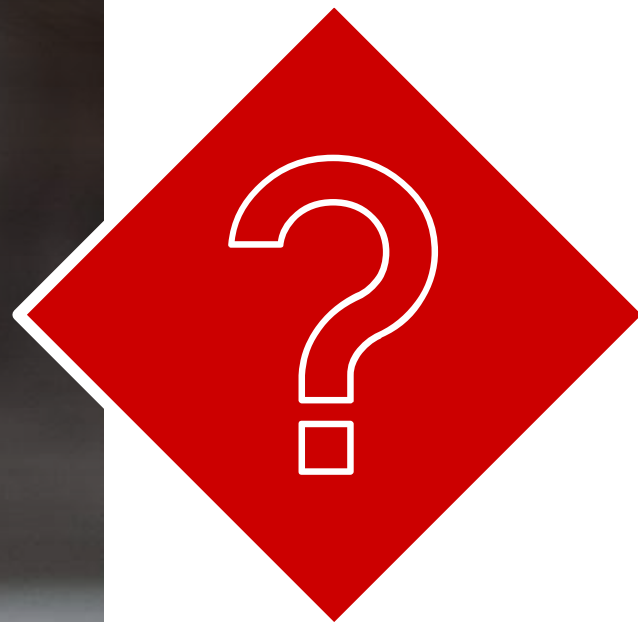
HealthCare (with Virgin Pulse), Health Advisor, Healthy Rewards, Health Matters, MotivateMe, etc.



UnitedHealthcare Rewards, Rally, SimplyEngaged, Motion, Personal Rewards, Renew Active, etc.

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However, many  
insurers are still  
skeptical



Can the **economics** work?

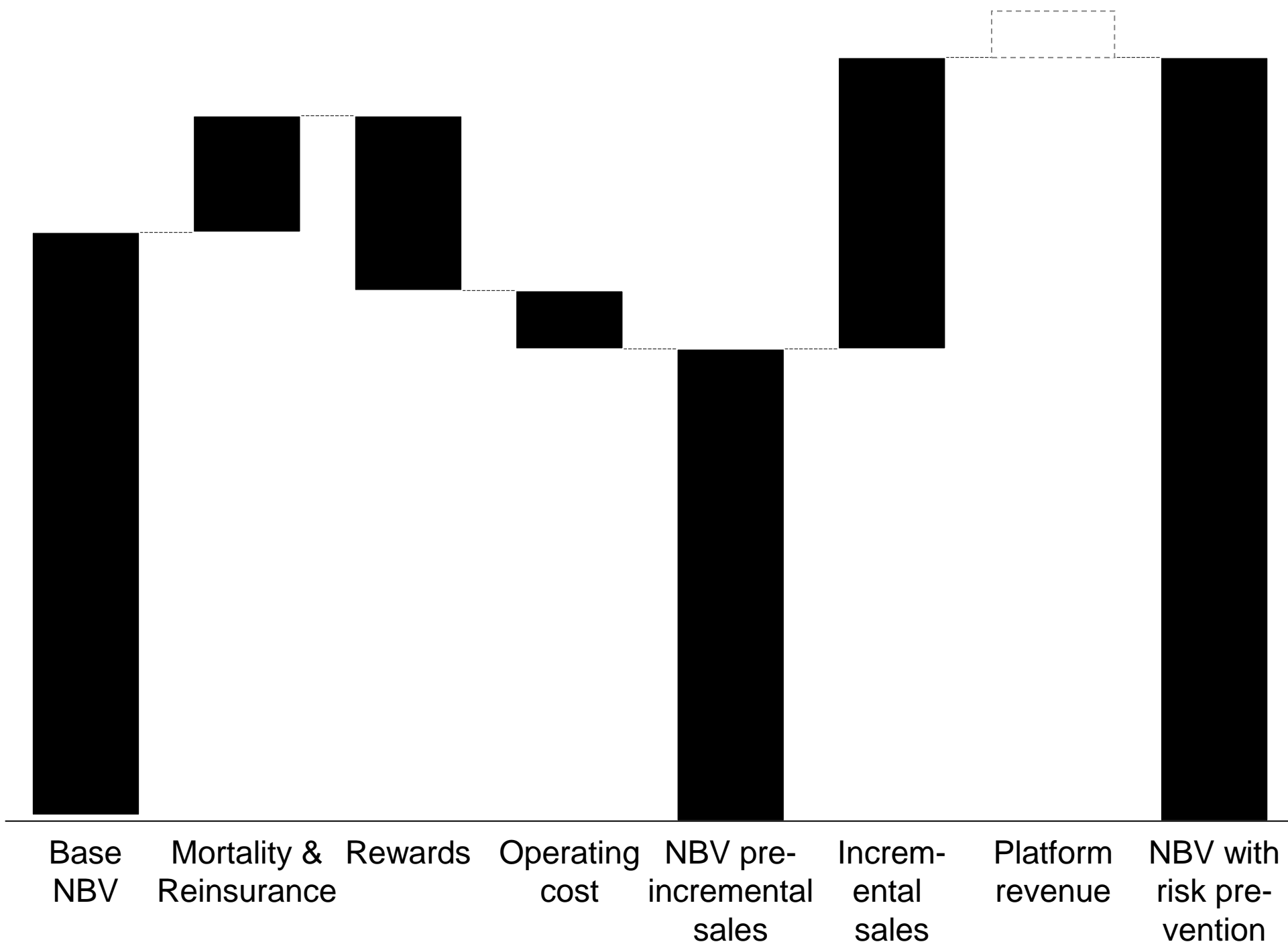
Do well-being programs really **improve customers' health**, or is it about selection, offset by discounts?

Will distribution **want to sell it**?

Do we have the capabilities to **handle the complexity of delivery**?

# Economics are complex, and probably depend on generating incremental sales

## Contribution to NBV by risk prevention profit/loss levers



- Realizing material **mortality & reinsurance impact takes time** (>7-8 years) and requires **customer adoption** (>20-25%)
- **Reducing dependence on rewards** as service quality improves is key to achieve positive ROI
- **Incremental business is a key short-term value driver** (~2-3 years)
- **Platforms provide opportunity** for additional revenues but are often untapped

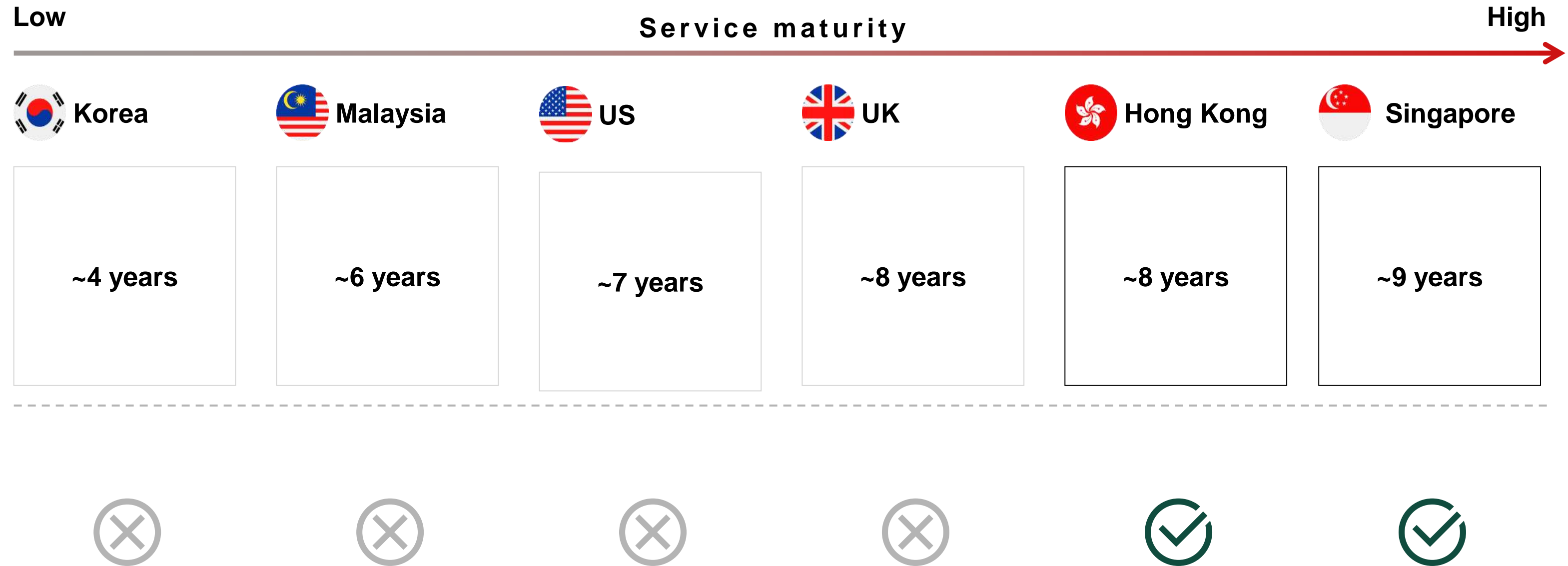
# Driving adoption is hard without (over)depending on rewards

Monthly active users of risk prevention services



- Rewards can **drive adoption**
- But they put **pressure on profits**
- And rewards **don't create loyal customers** - many churn when insurers reduce rewards
- Successful risk prevention programs **address customers' (under)served needs** – often specific to customer segments

# It takes time and investment into new capabilities to get it right



*“Taking at least 7~8 years till economic turnaround...hard to cover incurring service fixed cost with small customer base while cost keeps on occurring in order to provide reward to customers for retention”*

Risk prevention service practitioner



# Asian insurer AIA has proven the health impact on their members



## Share of AIA Vitality Members

- 51% improvements in blood pressure
- 64% improvements in glucose level
- 34% improvement in cholesterol level
- 17% have shown improvement in BMI

- Health assessment
- Healthy living advice
- Personalized challenges
- Tracking, rewards and benefits

**4%** reduction in claims cost due to Vitality Engagement\*

\* Vitality Impact Study of global members 2018-22  
Source: AIA, Vitality

# In addition, their new AIA Alive offering serving young families in Thailand leads to a significant increase in leads

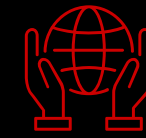


1:1 advice with specialists

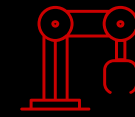
Community driven forums

Health tracking and picture uploads

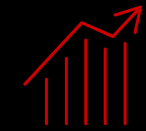
Personalized wellness journey



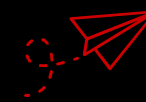
1.8M registered users in Thailand alone



20% O2O leads (dormant & new customers)



500% growth in online-to-offline leads (year 1)



1000+ daily chats in community posts

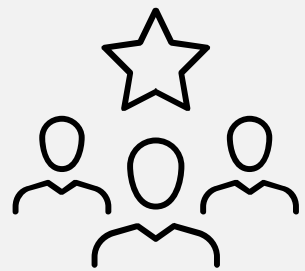


Top ranked in Android app-store



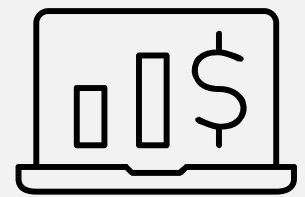
4.6 iOS app-store ratings and reviews

# The shift to risk prevention is neither quick nor easy – successful players have a devotion to redefining customer value



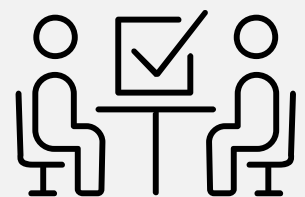
## Customer desirability

Identify customers' un(der)served needs  
Personalize offerings for target segments  
Continuous test & learn



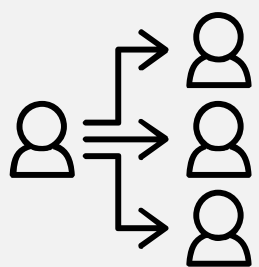
## Commercial viability

Start with customer segment that creates value from the start, extend over time  
Go big on marketing & mobilize insurance salesforce



## Solution feasibility

Address data & technology requirements and link with core insurance functions  
Orchestrate a network of partners



## Operating Model

Build dedicated team but integrate with core  
Act like an InsurTech

## Successful insurer offerings



HEALTHIER, LONGER,  
BETTER LIVES



## Successful digital health programs





## Andrew Schwedel

*Partner*

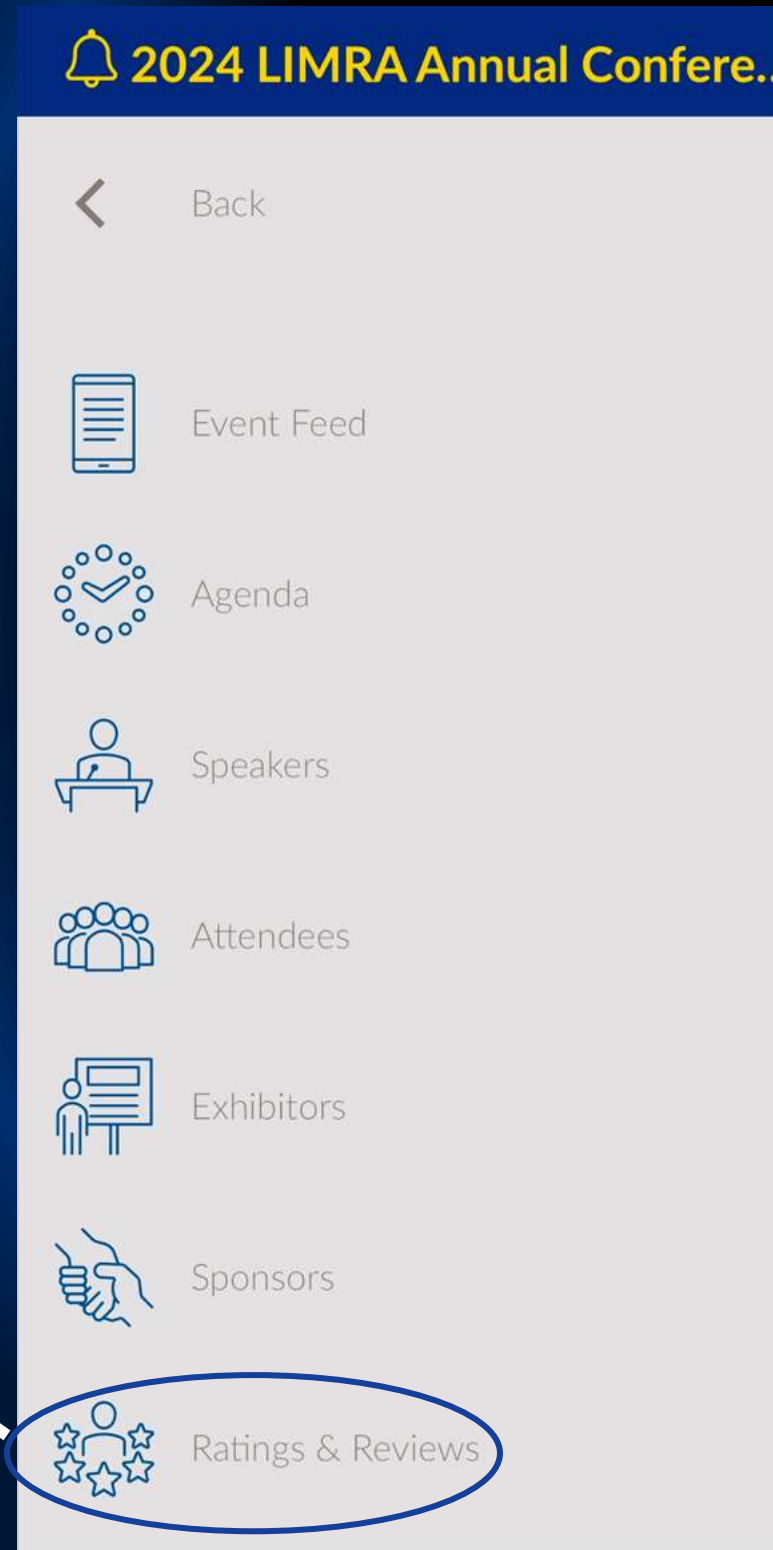
Bain and Company

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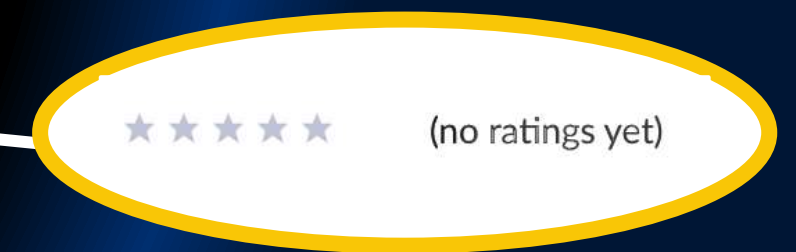
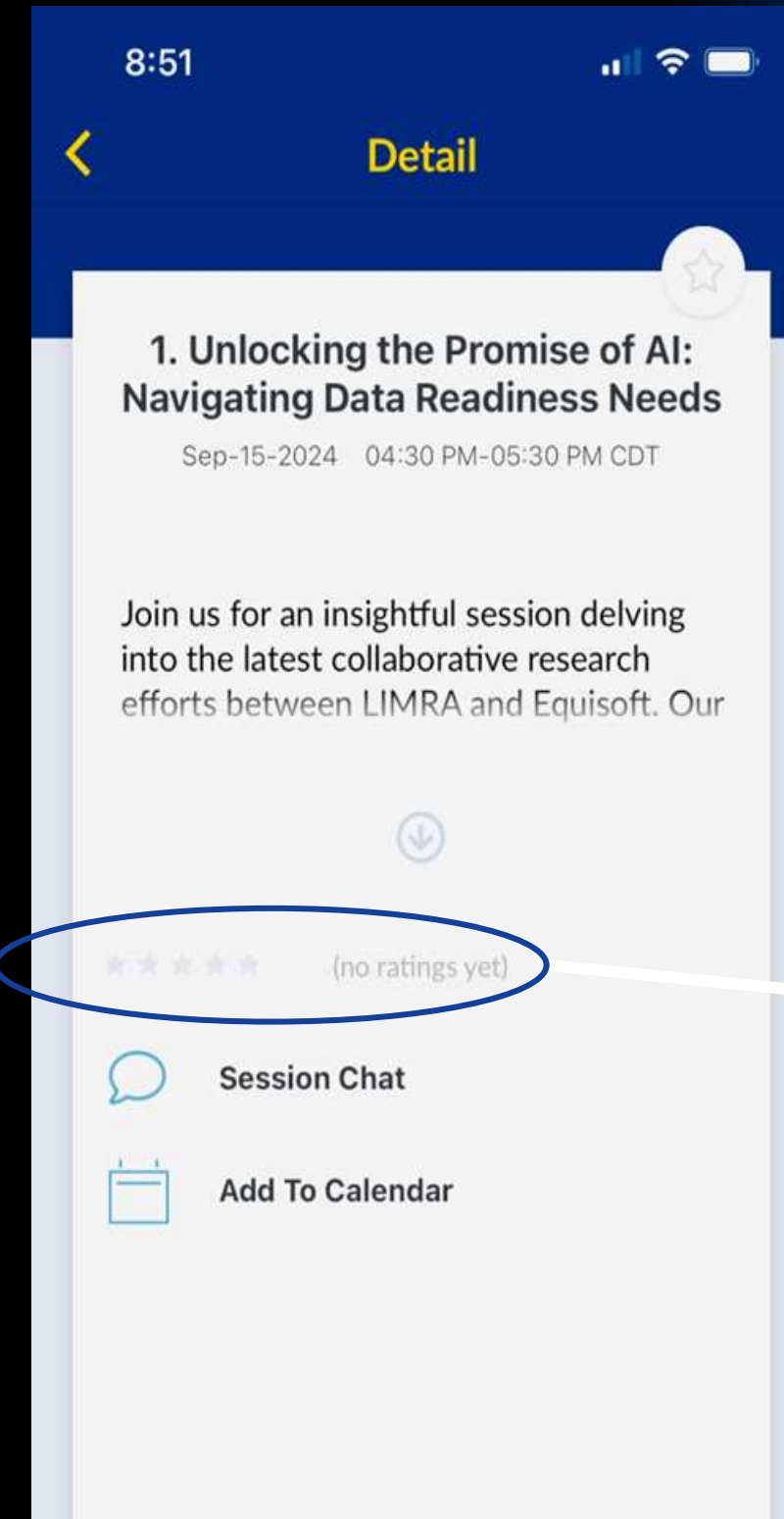
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## OPTION 1



## OPTION 2



# Thank You

