



Prevention is better than cure, best insure



Since its outset, life insurance and group risk has been centred on the need to ensure that you, as individuals and businesses, are protected “in the event of x”.

Guy Chennells, Head of Product, Discovery Employee Benefits

Should a member of staff experience an unforeseen medical scenario – such as a mental or severe illness diagnosis, disability or death– it is essential that they, and their loved ones, are financially covered.

Yet it goes without saying that the ideal medical scenario is no medical scenario.

There are not many out there who would prefer to be unwell. And not many employers who would prefer to lose valuable staff as a result of serious illness or death, even if they are insured.

In a post-pandemic world, digitisation alongside the proliferation of the Internet of Things (IoT) and advances in data analytics are enabling insurers to tailor products, in real time, to individuals based on their behaviours.

As the interests of insurers, employer policyholders and insured employees align to create an ecosystem of wellness, the potential to share the economic value created and protected, compounds.

Together, these trends are enabling insurers and employers to switch the paradigm to one that prioritises prevention, as opposed to cure.

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As health shifts, so must insurance

The last decades have seen a dramatic shift in the dynamics of human health.

In the 1970s the primary causes of death and disability among populations were due to communicable diseases and medical complications related to, for example, early childhood and pregnancy.

Today, these medical risks have dropped in their relevance with non-communicable diseases (NCDs) rising to become a global “epidemic” that presents an urgent threat to the wellbeing of individuals, families, communities, businesses and health systems.

The World Health Organisation estimates that NCDs such as heart disease, stroke, cancer, diabetes and chronic lung disease are now collectively responsible for more than 70% of all deaths worldwide.

Furthermore, medical concerns such as back pain and migraines as well as mental health diseases such as depression and anxiety are increasingly undermining peoples' ability to live healthy, happy and productive lives.

Evidence of this is found in current risk data which has recorded dramatic shifts in claims. From 2012 to 2020, there was a 57% increase in the incidence of mental related disability claims and a 16% increase in musculoskeletal related claims.

While the incidence of these conditions then remained steady during the pandemic, albeit variable by industry, the effects of reduced screening have started to materialise, with the incidence of cancer related deaths increasing by 12% between 2019 and 2022.

As people are living for far longer today - with the proportion of the older age population forecasted to rise by as much as 56% from 2015 to 2030 – the debilitating impact of NCDs on quality of life is likely to worsen.

Already, over a billion people across the world, equating to roughly 15% of the global population, live with some sort of disability.

“The key insight here is that the non-communicable nature of modern causes of death and disability imply that they are increasingly related to people's lifestyle choices and the way that they are living,” says Discovery Employee Benefits head of product, Guy Chennells.

If behaviour, more than chance and genetics, is the root cause of much of today's health concerns, that opens a door to a prevention paradigm in employee wellness, with manifold benefits for employers.

Wellness programmes and interventions not only work to minimise the likelihood of death and disability but can help to foster an active and energised work culture that ensures that business's most important resource - their employees - are protected.

A paradigm shift in group risk

With the twin shift in societal ageing and health occurring at a time of disruptive technological advancement, global consultancy firm McKinsey envisions that the life insurance industry will increasingly transition from the traditional “assess and service” model towards one based on “prescribe and prevent”.

One major tech driven theme that is enabling this shift is the explosion of data derived from connected devices.

The real time connectedness of equipment with sensors, such as wearable devices like the Apple Watch, or home medical screening equipment, enables insurers to understand clients more deeply, and to personalise insurance offerings accordingly, while offering instant service delivery.

Moreover, they create the opportunity to inspire clients to be healthier.

“The proliferation of data and connected devices, particularly wearables, will continue to make it easier for life insurance companies to play an active role in shaping customer health—to everyone's benefit,” claims McKinsey. “We believe these factors will motivate life and annuities providers to engage customers in the shared value economics of healthy living to increase policyholder longevity,” it says.

“Shared value life insurance products are in the vanguard”.

Where historically insurance has been predicated on the idea of providing cover in the case of an event – be it a motor vehicle accident or a medical scenario – technological advances are allowing the industry to shift into one that works to minimise the likelihood of such undesirable events from ever occurring.

**The logic here follows the age-old adage:
“prevention is better than cure”.**