

# Positive impacts from a consumer engaged wellness model in life insurance



Greg Morris

**AIA** Vitality



THE REAL LIFE  
COMPANY

# Topics covered in this presentation

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Global Market Context

The Vitality programme

Results of the Vitality model

Published Papers and International Recognition

Discussion

# Singapore Vitality Offering

# AIA Vitality

Now every healthy choice adds up to bigger things



The science-backed wellness programme that rewards you for getting healthier.

**AIA Vitality**  
AIAVitality.com.sg



## AIA Vitality Member's Guide

AIA Vitality is the science-backed wellness programme that rewards you for getting healthier. As you complete activities to know or improve your health, you can earn AIA Vitality Points and enjoy rewards as well as savings at our wellness partners. The more points you earn, the higher your AIA Vitality Status and the greater your rewards.

Here's how many AIA Vitality Points you need to reach each status.

Bronze	Silver	Gold	Platinum
0	10,000	20,000	30,000

**AIA Vitality**



THE REAL LIFE COMPANY

BROUGHT TO YOU BY



## Break a sweat for better health

Leading an active lifestyle is no stress if you have a realistic exercise programme and set realistic goals.

Many working adults lead sedentary lifestyles – long working hours and high stress levels make it tough for many people to exercise after a long day at the office. A prolonged lack of exercise can lead to a host of potential health complications. AIA Vitality recognises this challenge and encourages its members to get off the sofa. In many instances, simply finding out the state of your health – the initial stage of the AIA Vitality programme – is enough to spur someone to take the first steps. And the truth is, it's not that difficult. The Health Promotion Board recommends that healthy adults engage in 150 minutes of moderate-intensity aerobic activity each week – that's less than 20 minutes per day. Think of it as taking your first steps towards better health.

### ACTIVELY ENGAGED

The quest for leading an active lifestyle goes far beyond looking and feeling great. According to the Health Promotion Board, the benefits include reduced stress levels, improved heart and lung fitness and a reduced risk of chronic diseases. Keeping it as easy, interactive and fun as possible is key to building a sustainable lifestyle. AIA Singapore CEO Tan Hui Lin discovered, "I had not been running for 20 years but with the launch of AIA Vitality, I started again after undergoing a medical check-up. "It made a mental note to get active in exercise five days a week for 30 minutes no matter how busy I am. It was easy to keep to a new routine in the beginning but slowly it became part of my life. "My new found healthy lifestyle has not



only helped me manage my stress, it has also improved bonding with my family. My family members now join me when I exercise."

**BACK TO BASICS**

Before starting any fitness programme, you should undergo a medical check-up and fitness test, especially if you haven't been leading an active lifestyle. There will help uncover any medical issues and determine your baseline level of fitness.

Apart from a good pair of running shoes, a device like a Polar heart rate monitor will help determine the intensity of your training.

When planning a training programme, Polar Singapore recommends the FITT formula:

- Frequency:** How often should I train each week?
- Intensity:** How hard should I train during each session?
- Time:** How long should each session last?
- Type of training:** Different exercises will prevent you getting bored and improve overall fitness.

If you're training for an organised race, be realistic. Set your goal at no more than 100km in one hour. Polar Singapore recommends running at least three times per week for six weeks, with each run lasting about 45km.

**GET TO THE HEART OF THE MATTER WITH AIA VITALITY**

AIA Vitality offers many discounts on the following fitness devices:

- Polar Edge watch
- Polar V800 watch
- Polar V800 Pro watch
- Polar V800 Pro watch

Track your fitness progress when you use your fitness device with AIA Vitality and you will see how you are doing. You can also see how you are doing with your family members now join the AIA Vitality team.

**A BETTER BASELINE**

According to Polar Singapore, if you want to increase the intensity of your training programme, you should undergo another fitness test. This would give an accurate picture of your fitness level and whether you're able to cope with a more intense training programme.

It is important to test realistic, achievable goals. Symptoms of this include a higher resting heart rate, becoming more prone to illnesses and a lack of motivation.

Leading an active lifestyle isn't as daunting as it may seem. First, they are a sustainable programme, set realistic goals and most importantly, get off the sofa. Before long, exercise will become a part of your routine. **PRODUCED BY THE VITALITY SPECIAL PROJECT TEAM**

Sign up for AIA Vitality and get up to **15%** off future years' insurance premiums on selected AIA insurance plans when you improve your AIA Vitality Status

Exclusive to AIA customers, AIA Vitality allows you to know your health, customise a plan to improve it, and enjoy rewards along the way, which includes potential savings on your AIA insurance premiums<sup>1</sup>.



ENJOY YOUR REWARDS	IMPROVE YOUR HEALTH	KNOW YOUR HEALTH
<p><b>Travelers</b> - \$10V voucher when you do a Health Check at \$75</p> <p><b>Guaranteed</b> - \$10V voucher when you do a Health Check at \$75</p> <p><b>Travelers</b> - \$10V voucher when you do a Health Check at \$75</p> <p><b>Guaranteed</b> - \$10V voucher when you do a Health Check at \$75</p>	<p><b>15% cashback</b> on the first \$100 of your bill at Cold Storage</p> <p><b>25% off</b> on the first \$100 of your bill at Cold Storage</p> <p><b>33% off</b> on the first \$100 of your bill at Cold Storage</p> <p><b>25% off</b> on the first \$100 of your bill at Cold Storage</p>	<p><b>65% off</b> on the first \$100 of your bill at Cold Storage</p> <p><b>25% off</b> on the first \$100 of your bill at Cold Storage</p> <p><b>33% off</b> on the first \$100 of your bill at Cold Storage</p> <p><b>25% off</b> on the first \$100 of your bill at Cold Storage</p>

Terms and conditions apply. \*Status depends on offers. Discounts vary depending on AIA Vitality Status attained.

**AIA Vitality**  
AIAVitality.com.sg



THE REAL LIFE COMPANY

As your health improves, so do your savings.

AIA Vitality saves you money with cashback and discounts as you get healthier.

To get started, speak to your AIA Financial Services Consultant, Insurance Representative or visit AIAVitality.com.sg

**AIA Vitality**  
AIAVitality.com.sg



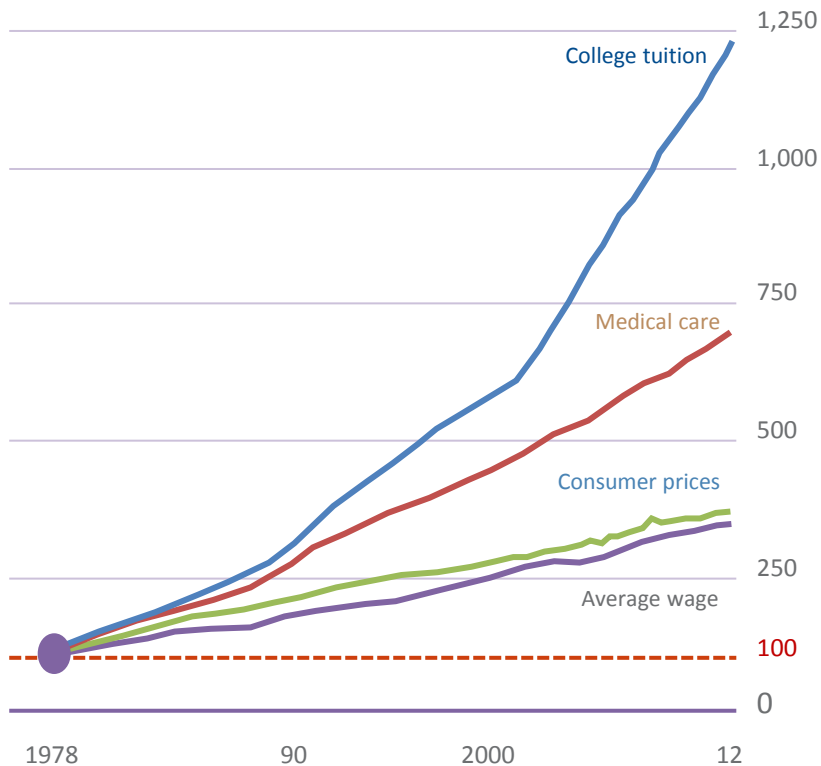
THE REAL LIFE COMPANY



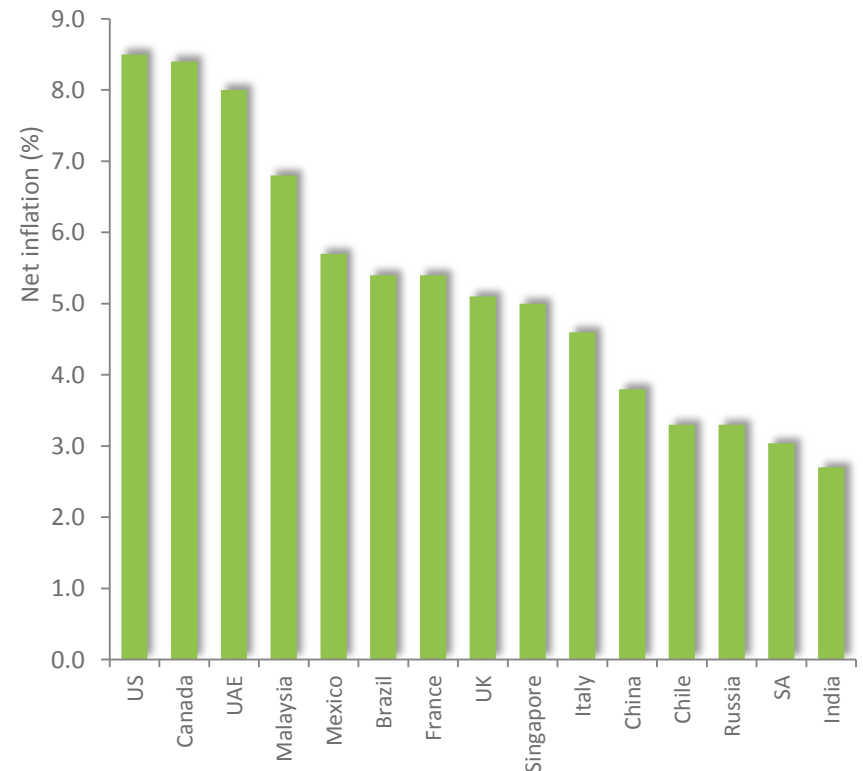
# Health care costs continue to rise persistently



The cost of progress  
US inflation, 1978 = 100

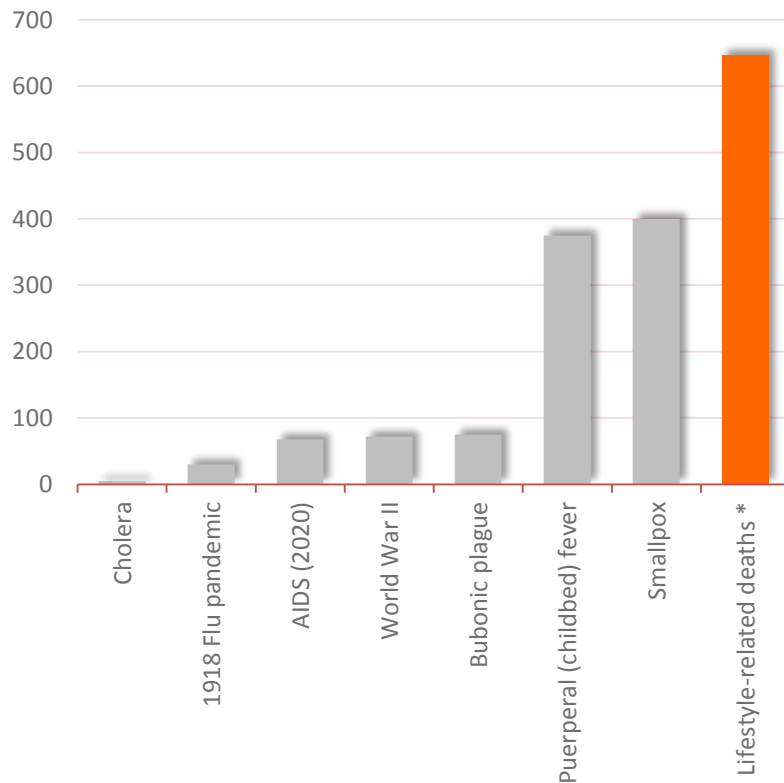


Health care cost inflation above CPI, %

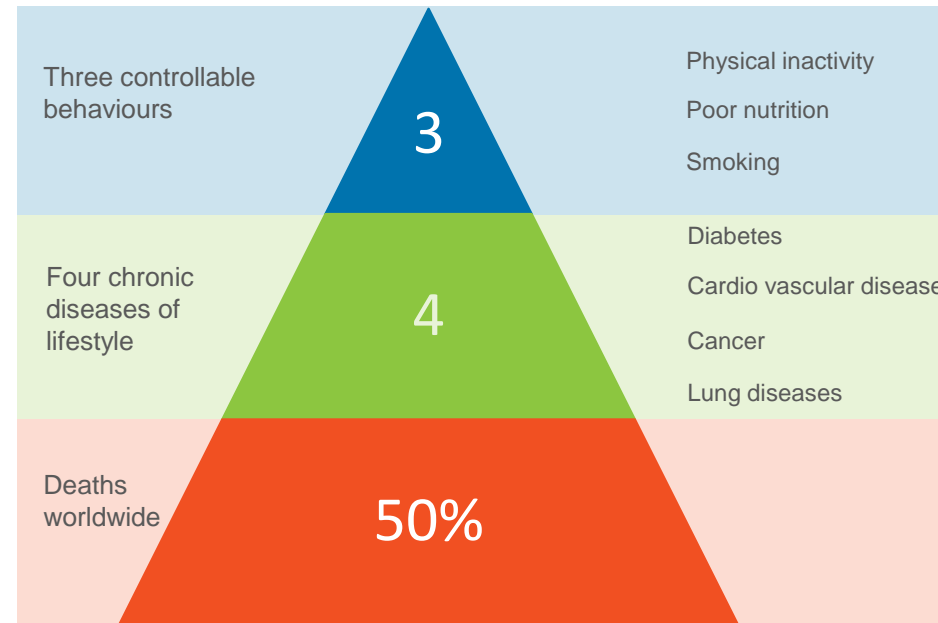


# Poor lifestyle choices create a negative impact on global health

## Estimated number of deaths by 2020 (million)



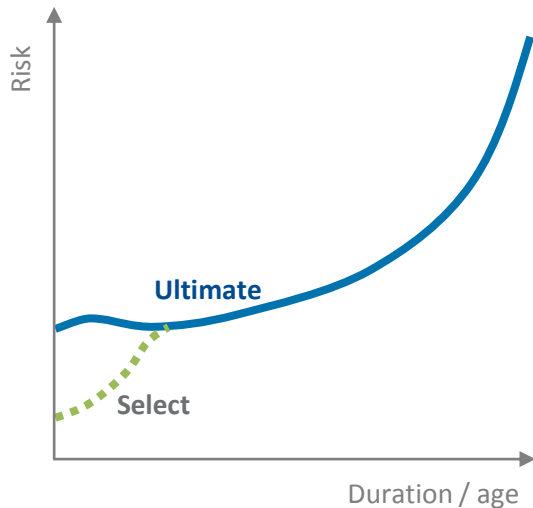
3 behaviours • 4 chronic conditions  
• 50% of deaths worldwide



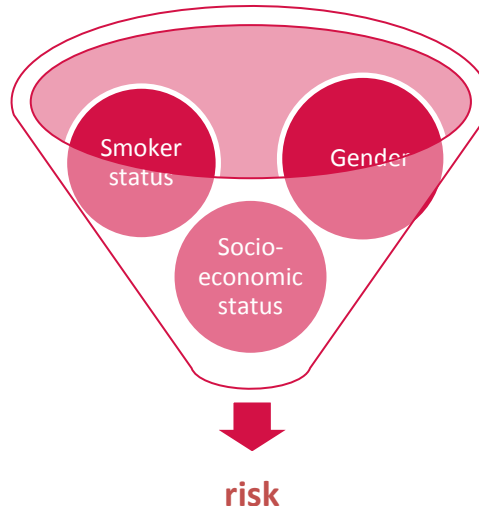
Source: Bradshaw, et al, MRC Policy Brief no 1, March 2003.

# Traditional life insurance is reliant on static, upfront underwriting

One ultimate mortality assumption for lives that are potentially heterogeneous with respect to long term mortality/morbidity risk



Current rating factors only use information that is available at policy inception



No way to collect additional information post-inception hence the risk assessment is not updated dynamically

Health status



Changes in smoking status



Wellness behaviour



# Drawbacks of static underwriting

**Reflects  
ultimate curve  
experience  
after a few  
years**



**Future  
improvements  
in health not  
accounted for**



**Reflects  
average  
experience**



# Other challenges of the global protection industry

**Lack of focus  
on innovation**

Results in a static  
and commoditised  
market

**Increased  
capital  
requirements**

Raised the need  
to manage and  
price risk  
adequately

**Lack of  
consumer  
engagement**

No real contact  
between policy  
inception and  
claims stage



# Protection is in favour

**AIA** Vitality

Consumers seeking greater certainty given volatility in investment markets

## Swiss Re

Low investment yields will continue to dampen savings product growth

 **ERNST & YOUNG**  
*Quality In Everything We Do*

Shifting focus to protection rather than investment and savings

## J.P.Morgan

Fixed annuities: Increase in capital requirement of 1.5–12 times

Term life assurance: Reduction in capital requirement of 20-65%

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# The healthcare consumption paradox

**Gain now, pain later**



**Pain now, gain later**



Benefits **immediate**  
Cost is **hidden**

Benefits **hidden**  
Cost is **immediate**

**Under  
consumption of  
preventive care**

**Lack of information**

True efficacy of different health and wellness approaches is not well understood

**Over-optimism**

People tend to overestimate their abilities and health status

**Hyperbolic discounting**

Future rewards of a healthy lifestyle are significantly undervalued relative to cost today

# The Vitality wellness programme



1

**Broad  
Access**

Price of engagement removed or reduced

Full health spectrum



Exercise



Nutrition



Weight loss



Mental health



Disease management



Lifestyle

2

**Personalised  
engagement**

**Earn points for  
activities**

**Systematised and  
verifiable**

**Personalised  
Health Goals**

**Achieve a Vitality  
Status®**

3

**Rewards**

**Rewards channel  
actuarial value of health  
improvement**

**Broad rewards network**

**Health and Lifestyle focus**

# Validity provides a behavioural solution to under-consumption of wellness

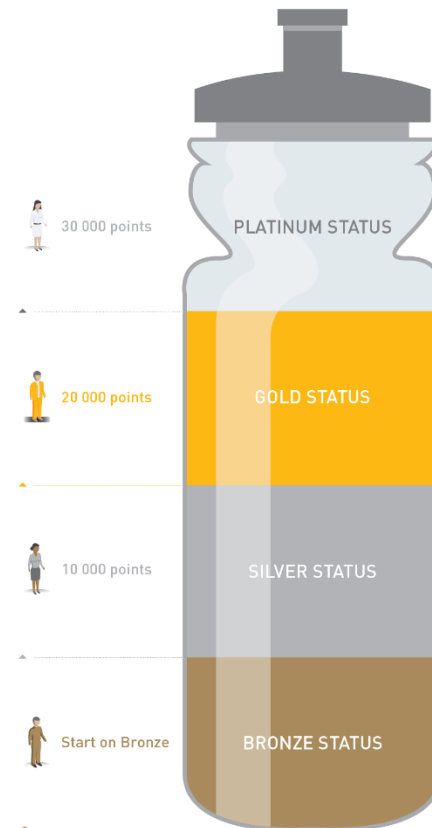


As you interact with Validity and get healthier, you earn Validity points which determine your Validity Status

## Programme Structure



## Points Structure



# Sound behavioural economics principles





# Vitality in Singapore

**AIA Vitality**

## Wellness tools



## Health screening



## Exercise



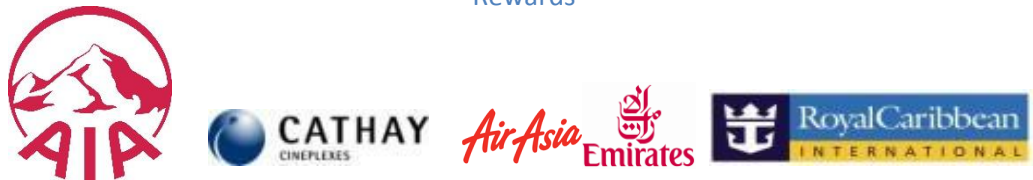
## Nutrition



## Smoking cessation



## Rewards



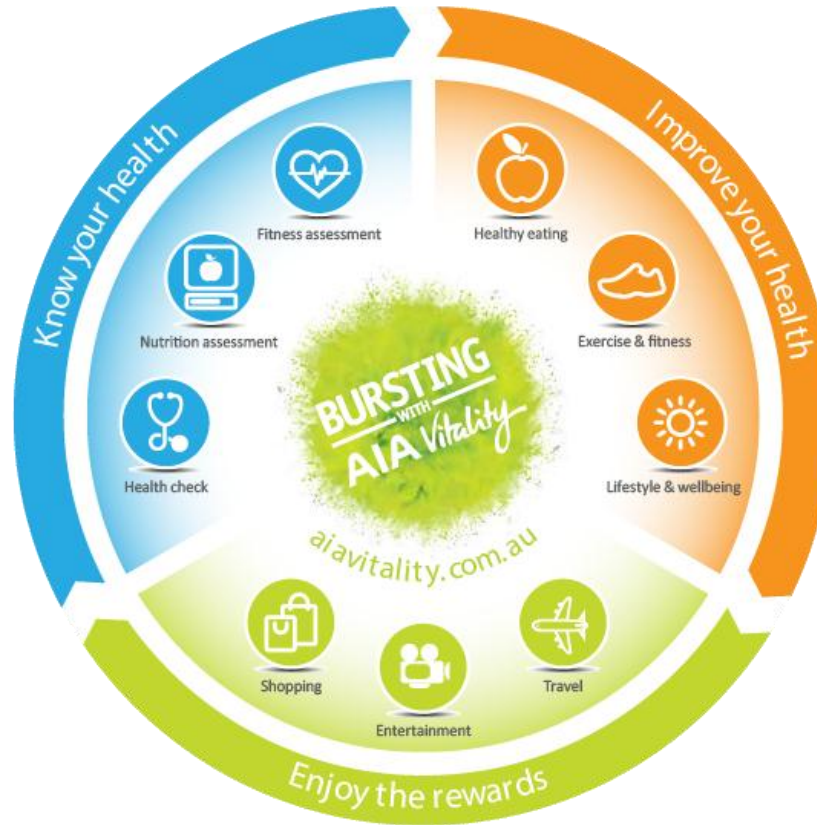
# Vitality in Australia



## Wellness tools



## Health screening



## Exercise



## Nutrition



## Smoking cessation



## Rewards



# Vitality in the US: The Vitality Group and HumanaVitality

**AIA Vitality**



# Vitality in the UK

AIA Vitality

## Wellness tools



## Health screening



## Exercise



## Nutrition

Sainsbury's

## Smoking cessation

Allen Carr's  
**Easyway**  
To Stop Smoking

## Rewards





# HealthyFood concept internationally

**AIA Vitality**

## HealthyFood platform and technology

**Food Standards Agency  
Nutrient profiling**  
(developed by  
Oxford University)

Fruit and vegetable  
Fibre  
Protein

Energy  
Saturated fat  
Sugars  
Salt

Not Unhealthy

Unhealthy

**International guidelines**  
Active promotion  
not recommended

**International guidelines**  
Active promotion  
recommended



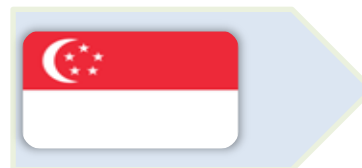
**Pick n Pay**  
Inspired by you



**Sainsbury's**  
Try something new today



**Walmart**  
Save money. Live better.



**Cold Storage**  
The fresh food people









# Validity flagship benefits: HealthyFood™



1

89,000 products assessed; 10,000 classified as HealthyFood

Nutrient	WHO dietary recommendations
Saturated fat	10 en%
Trans fat	1 en%
Sodium	1.2mg/kcal
Added sugar	10 en%
Dietary fiber	1.3mg/kcal

Fruits and vegetables 3,000 products			Chicken, fish and meat alternatives 479 products
Grains and cereals 1,425 products			Vegetable oils and nuts 536 products
Lentils and legumes 373 products			Milk and dairy products 217 products

2

HealthyFood cash back of up to 25%



3

Benefit in action

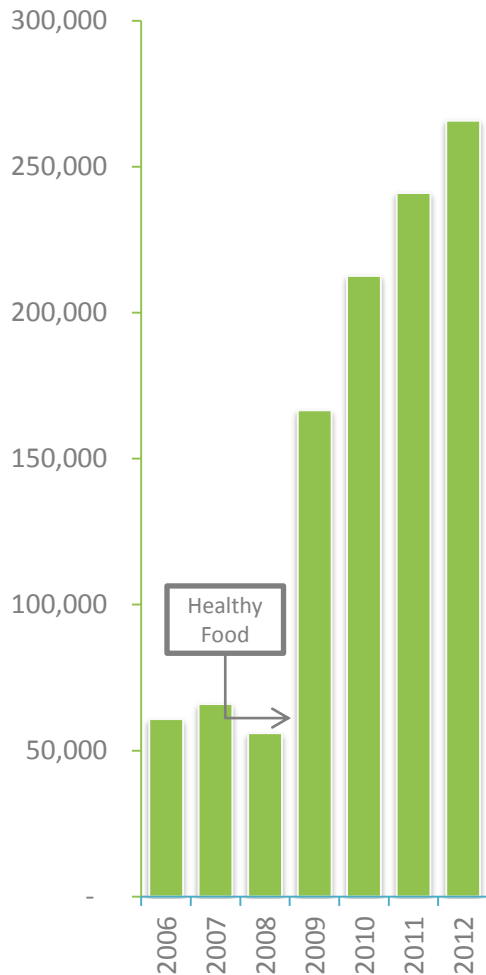
		
2 X JUNGLE CATS	VIT	35.58
2 X FAT FREE MILK	VIT	14.98
2 X FAT FREE YOGHURT	VIT	37.98
BAG OF FRUIT SPECIAL	VIT	79.94
3 X PLAIN CASHEW NUT	VIT	43.47
2 X SKINLESS CHICKEN BREASTS	VIT	87.90
OLIVE OIL	VIT	56.99
5 X TIN PEACHES NATURAL JUICE	VIT	38.85
WASHING POWDER		32.79
SHAMPOO		15.39
TOOTHPASTE		10.49
ITEMS	25 TOTAL	454.36
Pick 'n Pay Family Store		



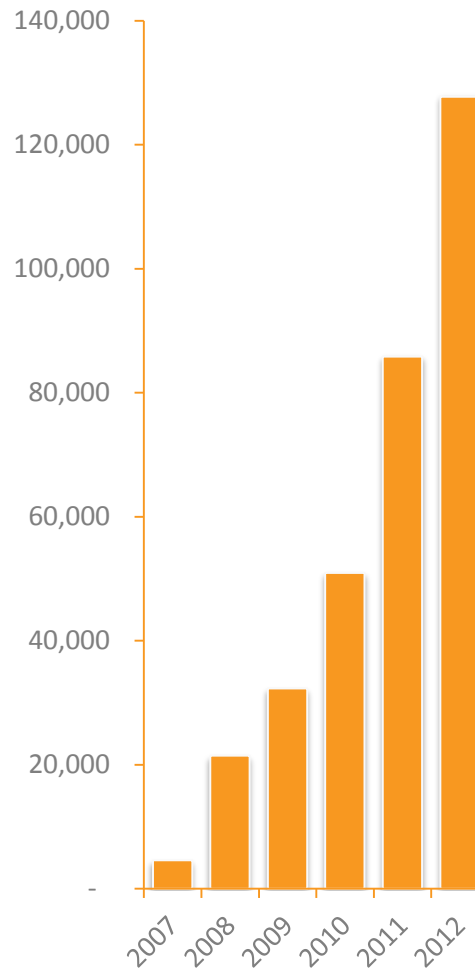
# Behavioral economics – HF discount encouraging health screening



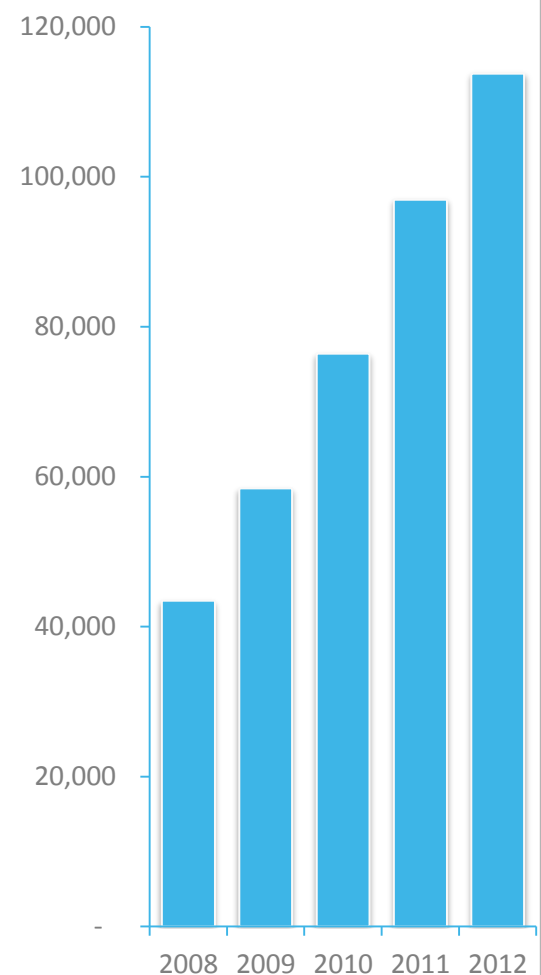
**Members completing  
Vitality Health Reviews**



**Members having  
Vitality Checks**



**Members attending  
Wellness Days**



# Validity flagship benefits: physical activity



## Gym membership

**20% - 80%** off gym membership

At times, subsidy drops if member fails to **attend gym regularly**



## Fitness tracking

Ability to **upload workouts** and **earn points** from a wide range of devices



## HealthyGear™

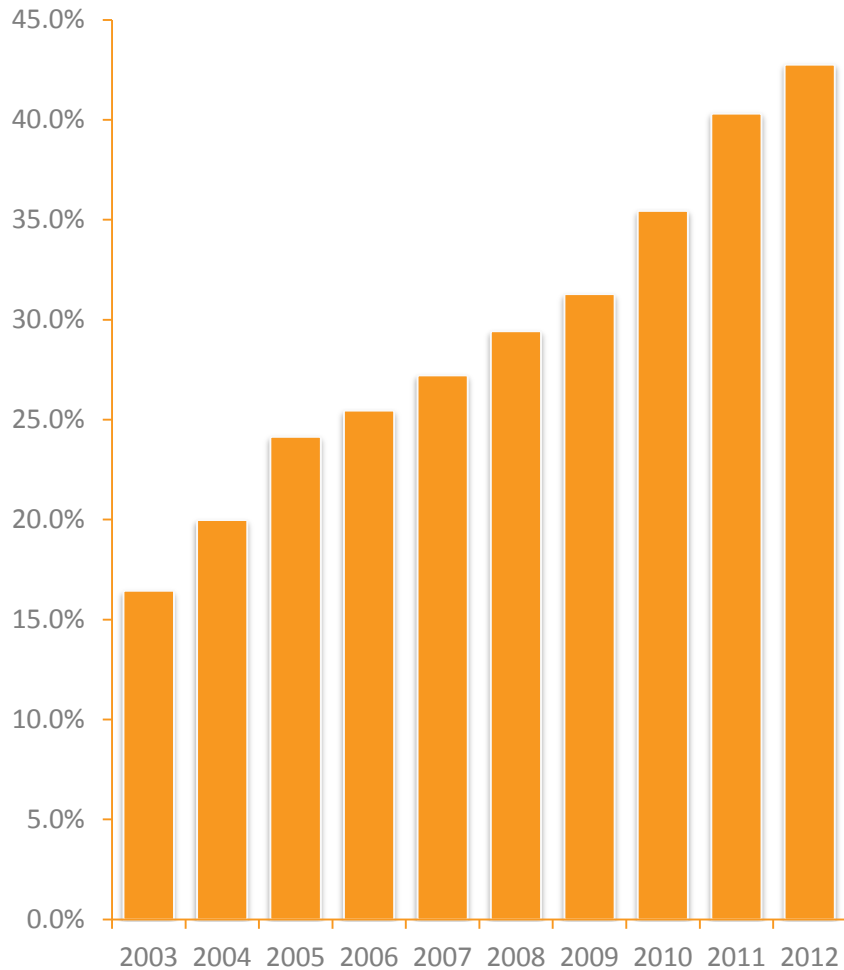
Up to **25%** off HealthyGear™ products at Adidas



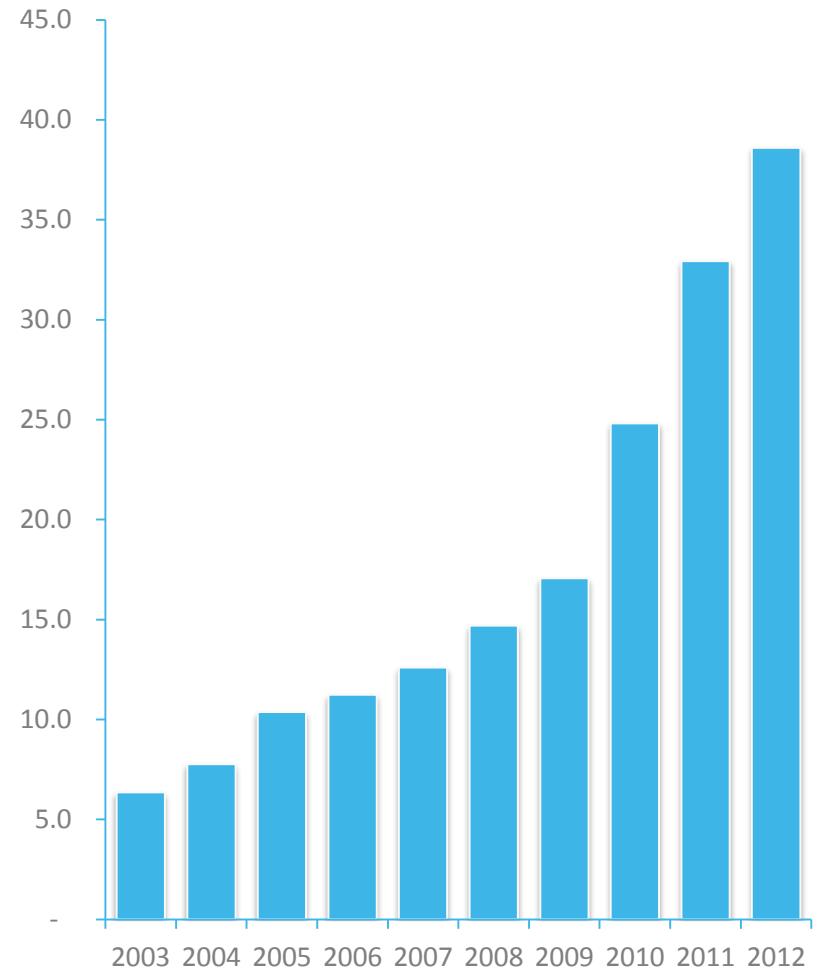
# Gym engagement South African stats



## Gym take-up

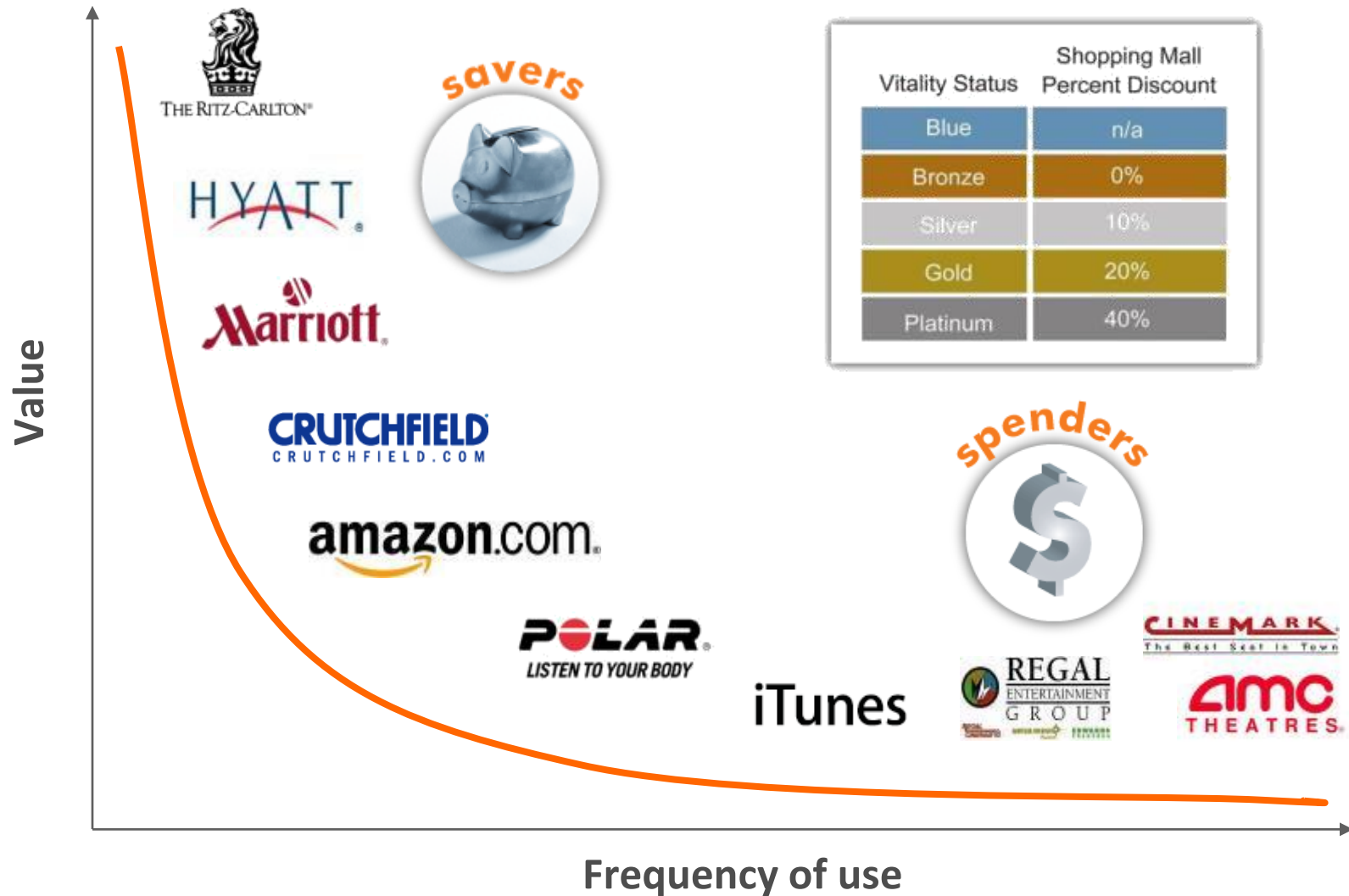


## Exercise events per year, millions



# Powerful rewards across a network of partners – US online Vitality Mall

**AIA Vitality**



# A properly balanced programme leads to high engagement



# Web and mobile platform



**AIA Vitality** [AIA.com.sg](#) [Log in](#) [Register](#)

[Home](#) [About Us](#) [Know Your Health](#) [Improve Your Health](#) [Points and Status](#) [Rewards](#) [Community](#) [Expert Advice](#)


[Wellness Tools](#)

• [Wellness tools](#) • [Overview](#)

## Wellness tools

One perk of modern living is convenience. Here's a handy selection of ready-to-use Wellness Tools to help you take control of and maintain your everyday health and wellbeing. They'll help you hit your health targets faster. What's more, some of them will help you earn extra Vitality points.

Use the Vitality Wheel to find the Wellness Tools you need, and don't forget to add the ones you like to my toolbox for easy access and use.




[Log in now](#)


Welcome to our world of health! Click the button to logon, or if you're not yet a member, click register.

[Log in](#) [Register](#)


### Wellness tools




**Workout Tracker**




**Weight tracker**




**Food Tracker**



**Calories burned calculator**




**Exercise routes**




**BMI calculator**

●●●● 3 12:33 pm 71%


[Fitness](#) [Calories burned](#) [Calculate](#)



Activity **Abdominals - Ball Knee Raise - Supine**




Duration **1h 0m 0s**




Distance: (optional) **0.00 km**

Units


[Metric](#) [Imperial](#)




Gender [Male](#) [Female](#)



Age **30 years**



Height **1.80 m**



Weight **68.00 kg**

Energy burned **411 kCal**

[Home](#) [Goals](#) [Fitness](#) [Diet](#) [Rewards](#)



# Topics covered in this presentation

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Global Market Context

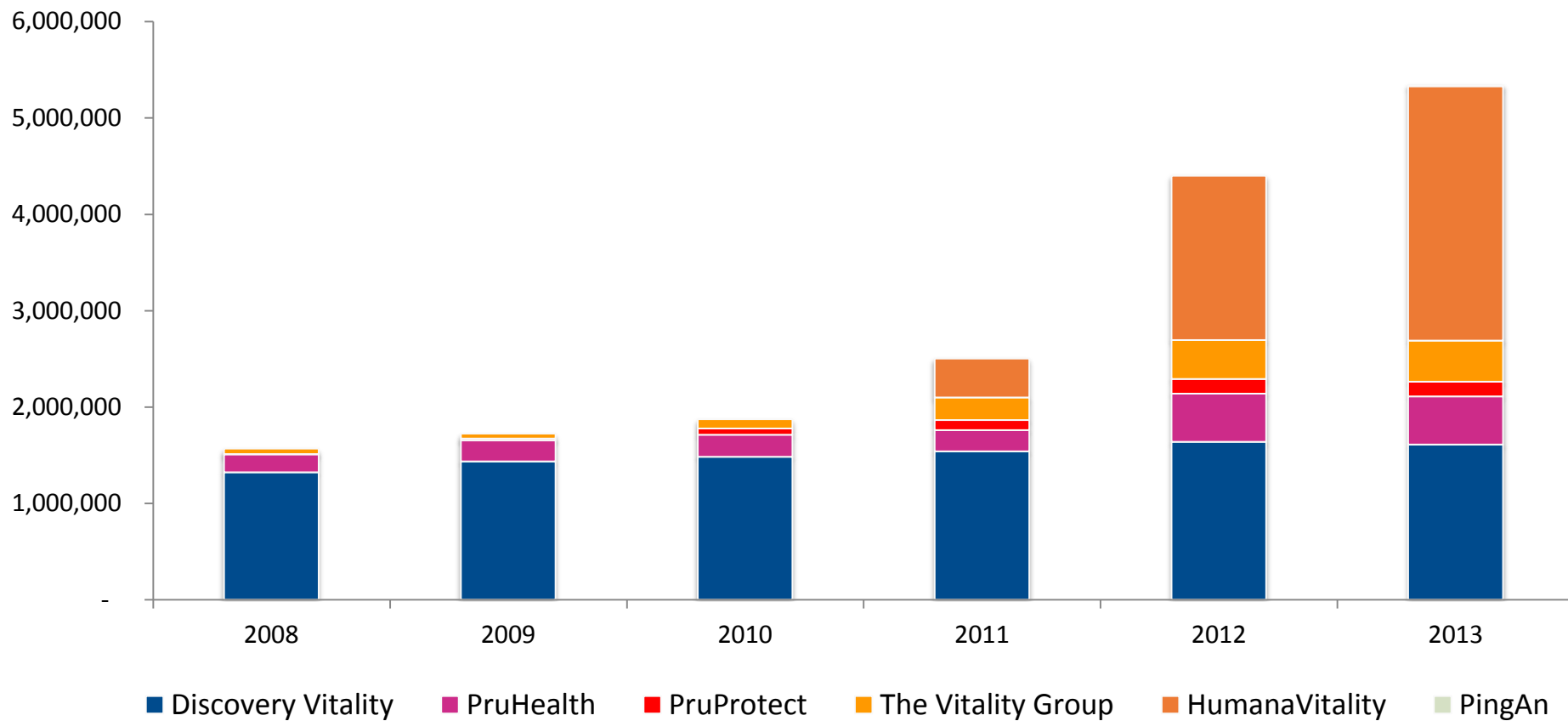
The Vitality programme

Results of the Vitality model

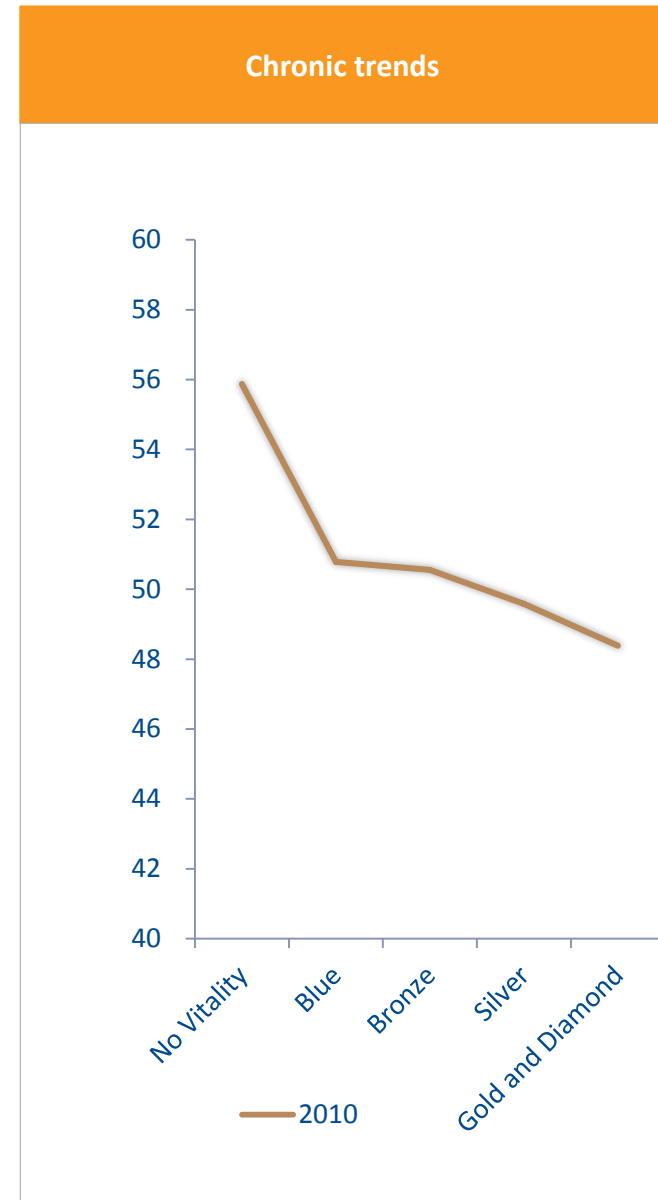
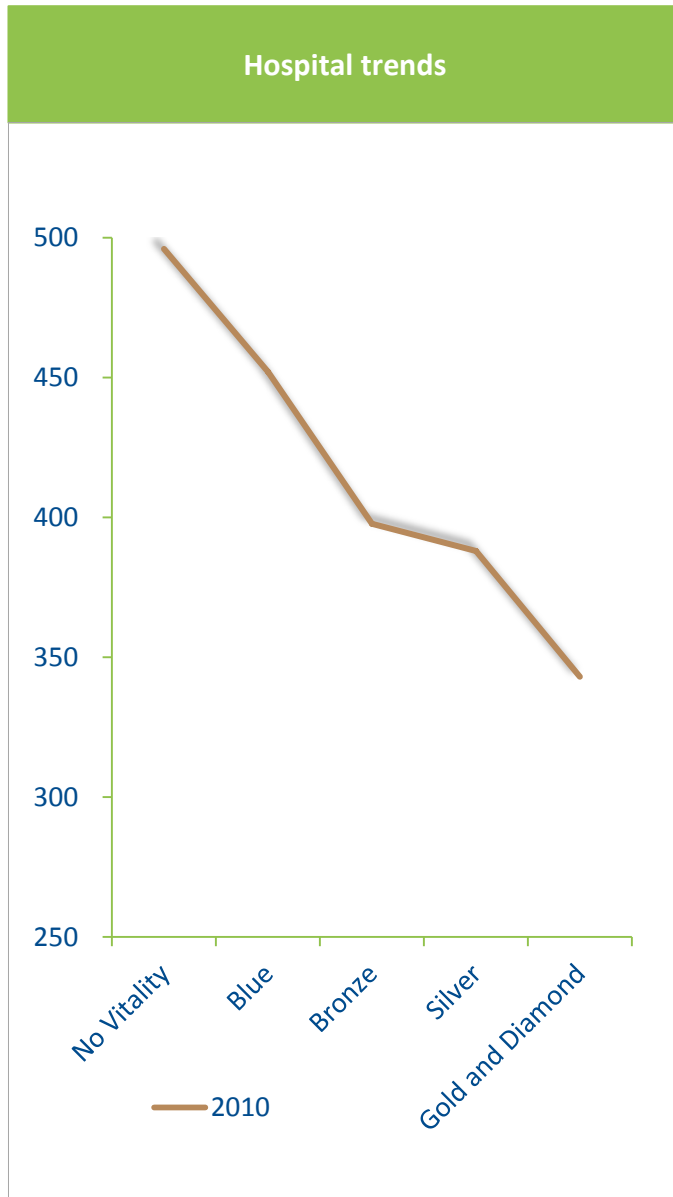
Published Papers and International Recognition

Discussion

# Growth of Vitality

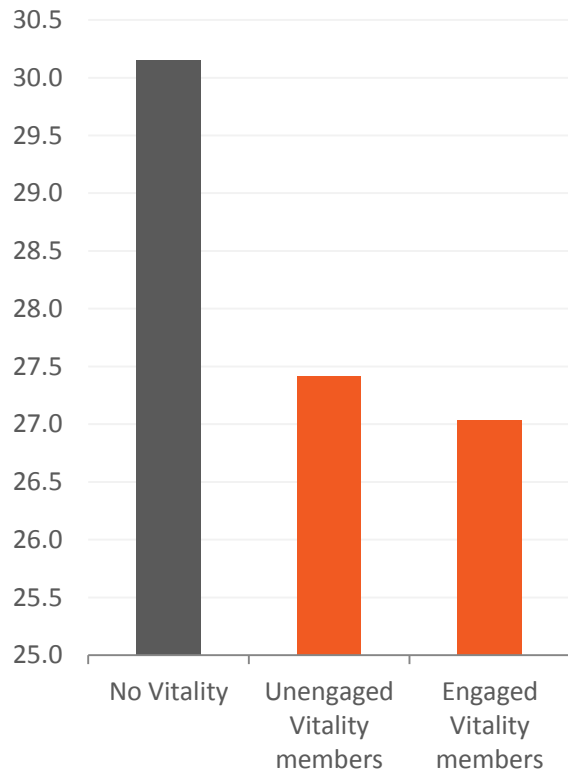


# Discovery Health experience



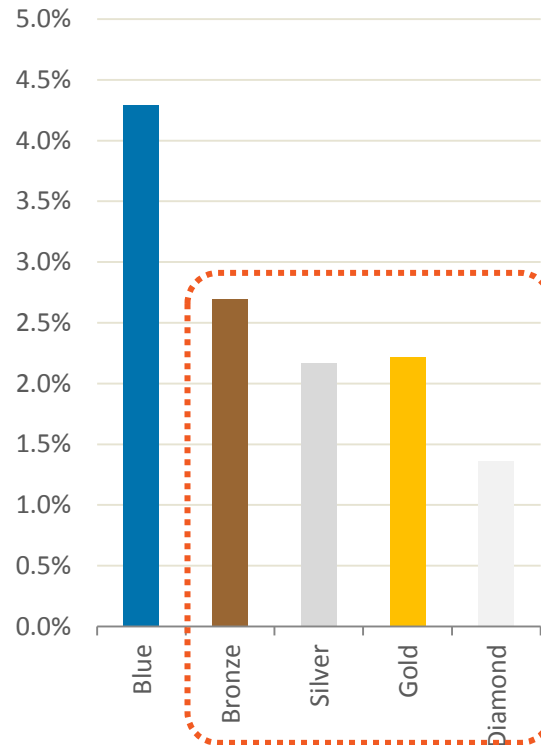
# Impact of Vitality on Discovery Health - South African health insurer: Positive selection and retention of better risk lives

## Average age of new members joining DHMS in 2011



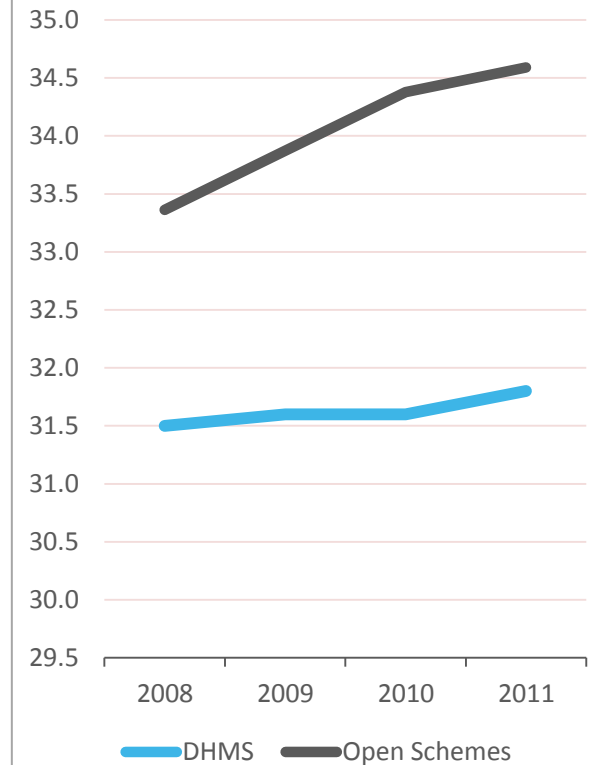
Vitality engagement after joining DHMS

## Lapse rates by Vitality status

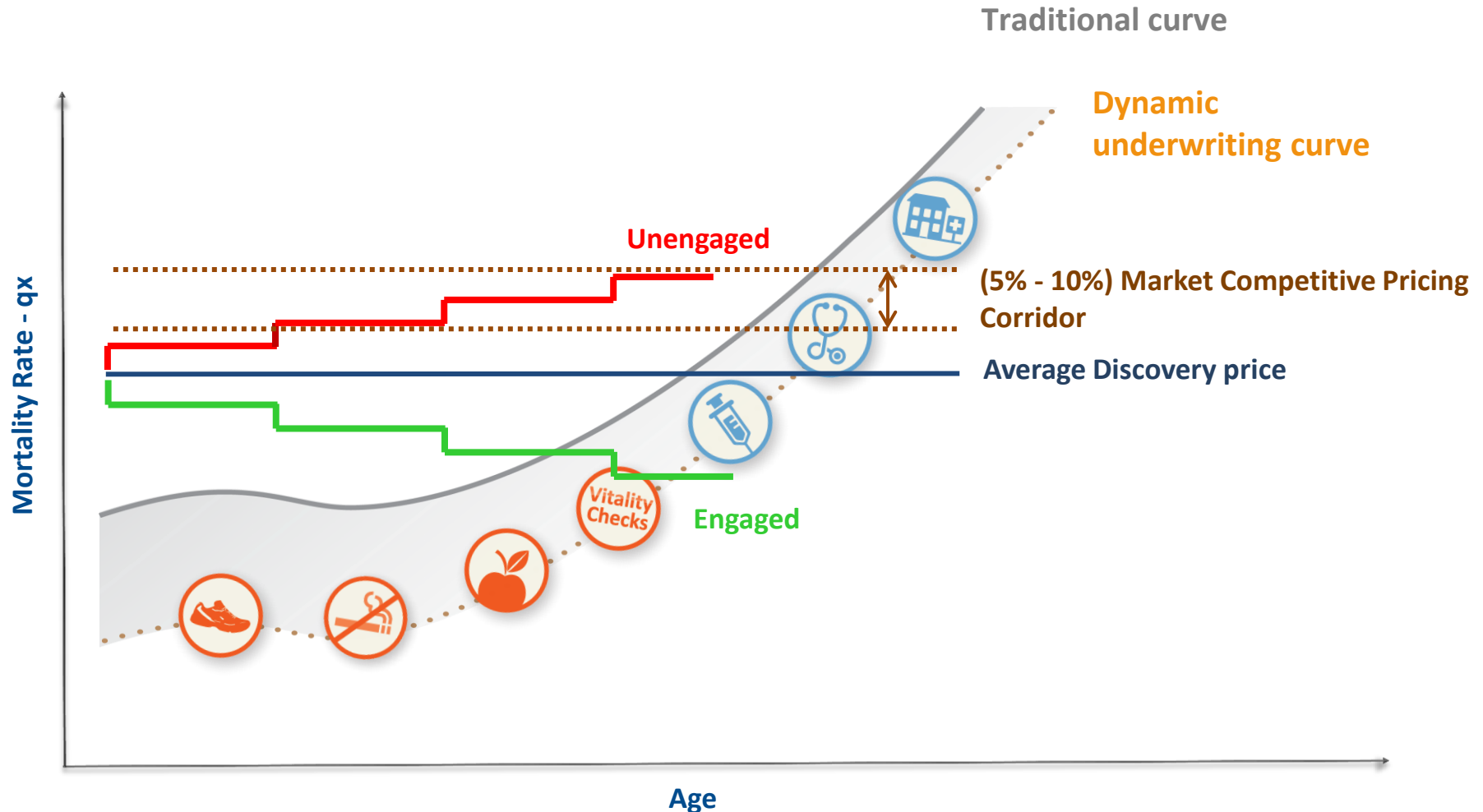


Source: 2011 Discovery Health Medical Scheme data

## Age differential of DHMS relative to market



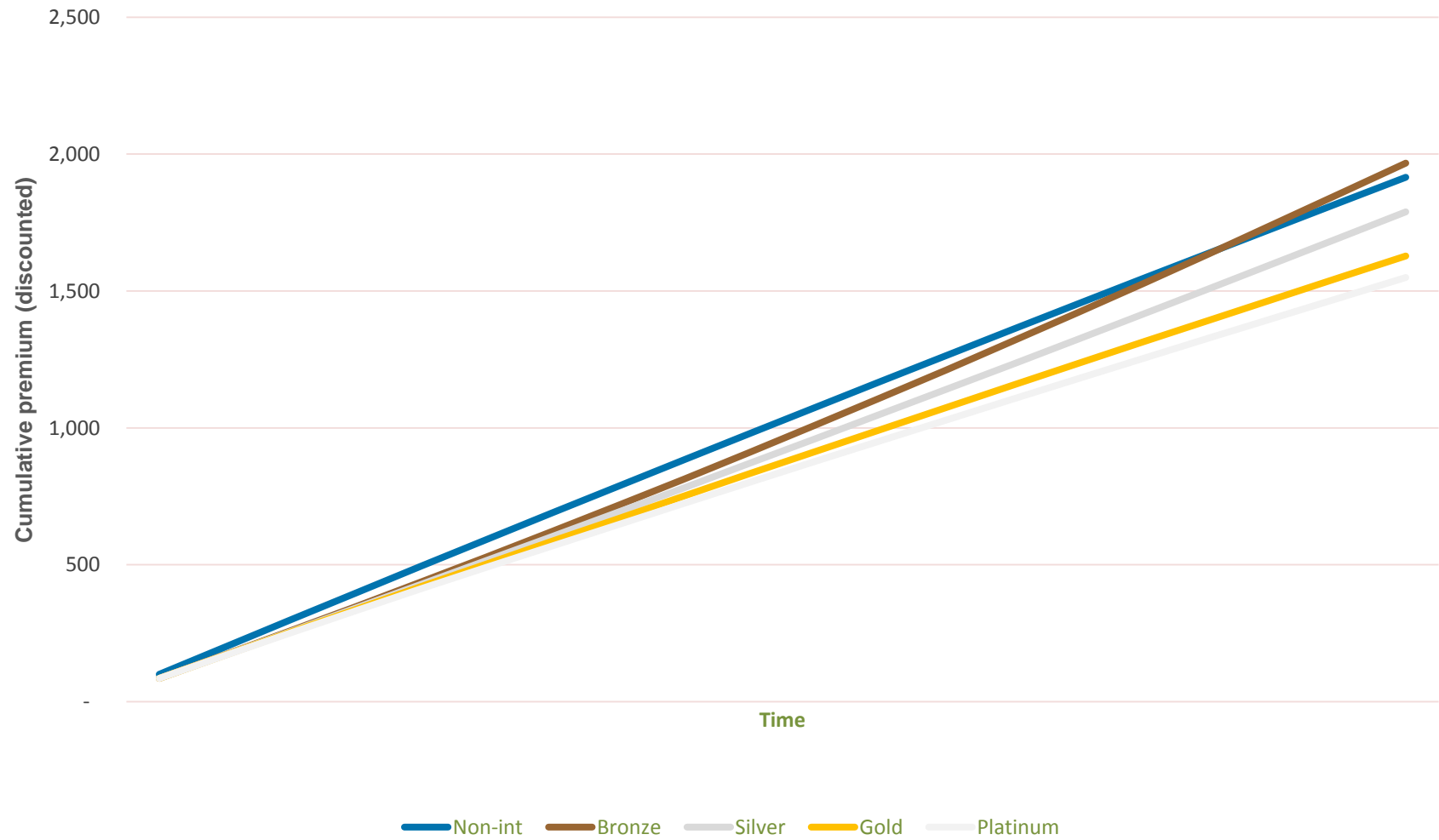
# Life insurance example of dynamic underwriting



# A closer look at how the model plays out in practice

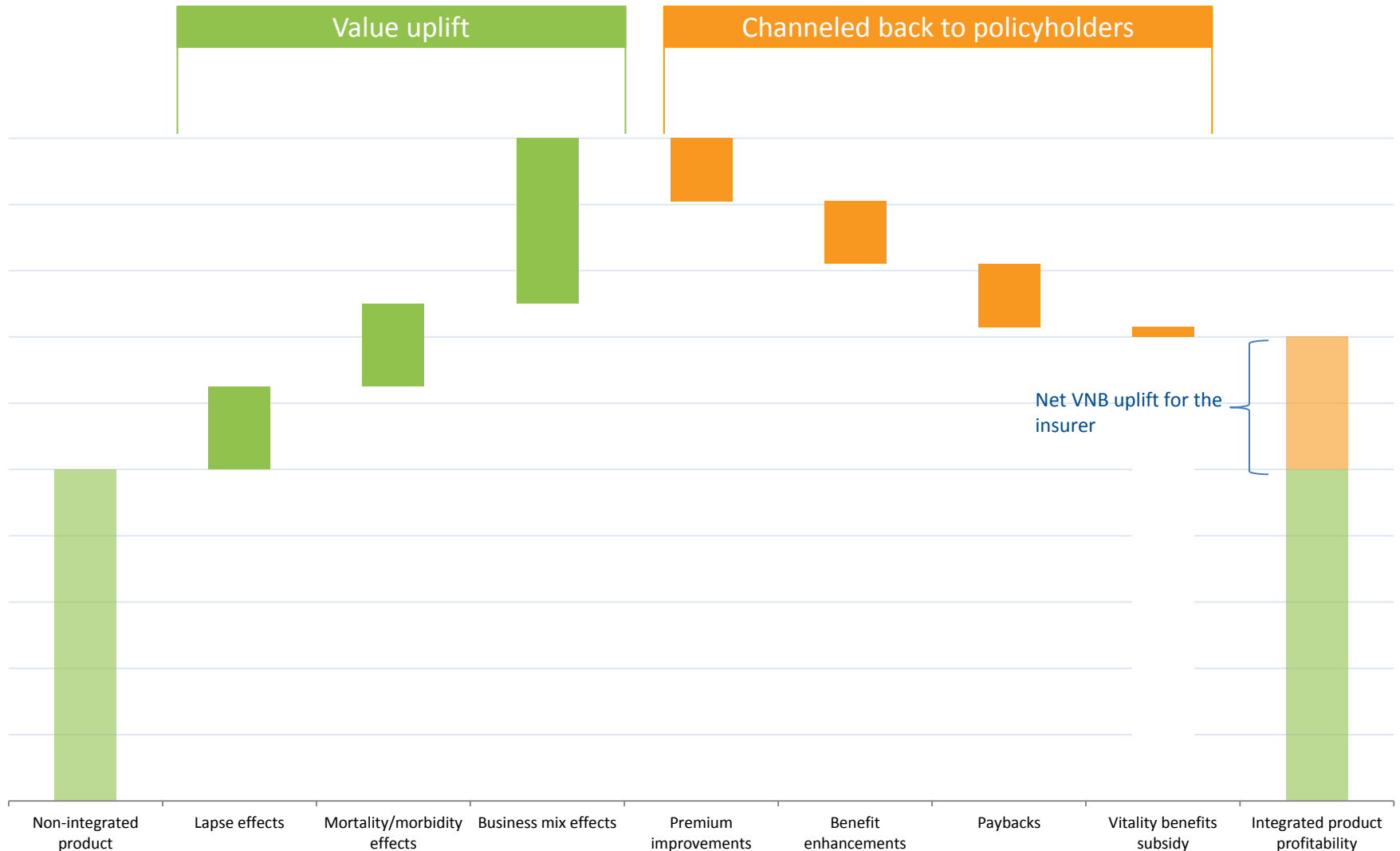


Cumulative premium by status





# Vitality integrated protection products create value for policyholders and insurers



# Value add to an insurance portfolio

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## Business volumes

- Attracts new market entrants

## Greater profitability per unit of business

- Reduces mortality and morbidity
- Improves persistency
- Creates positive selection at entry and lapsation

## More distribution value

- Enables sales by changing the conversation from one about death and sickness to one about wellness and rewards

# AIA Australia has experienced early success with integration



## Association of Financial Advisers (AFA)

### Most innovative risk product



**AFA CEO, Brad Fox, said:**

"The AFA's theme for 2014 is Innovate: Think, Create, Act so we are very excited to see how the AIA Vitality initiative has challenged the fundamental way insurance connects with consumers. **It's a new conversation.**"

## CANSTAR

### 2014 Innovation Excellence Award



**CANSTAR's verdict ...**

"AIA Vitality is a great program that provides superb health (as well as other) benefits to consumers."

"The whole system seems to be easy to understand and adapt, and the discounts help make it affordable. Providing incentives for people to take more control of their health can only be a positive thing."

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# Vitality clinical foundation: Published research



Name of study	Journal	Date published	Hypotheses/ research objective
Fitness-Related Activities and Medical Claims Related to Hospital Admissions — South Africa, 2006 (VIP Study 1)	Preventing Chronic Disease	October 2009	Fitness engagement and health and cost outcomes
The Association Between Medical Costs and Participation in the Vitality Health Promotion Program Among 948,974 Members of a South African Health Insurance Company (VIP Study 2)	American Journal of Health Promotion	January/ February 2010	Vitality engagement and cost outcomes
Participation in Fitness-Related Activities of an Incentive-Based Health Promotion Program and Hospital Costs: A Retrospective Longitudinal Study (VIP Longitudinal Study)	American Journal of Health Promotion	May/June 2011	Longitudinal assessment of fitness engagement and health and cost outcomes
Eating Better for Less: A National Discount Program for Healthy Food Purchases in South Africa	American Journal of Health Behaviour	In Press	To assess impact of the discount on healthy food on fruit and vegetable intake

Incentive study	HealthyFood benefit study
<div>    </div> <div>           Kevin Volpp           <span style="margin-left: 150px;">George Loewenstein</span> </div> <p>To examine the role of various incentives to increase physical activity</p>	<div>  </div> <div>           Roland Sturm         </div> <p>NIH Grant for HealthyFood benefit evaluation – paper to be published by the American Journal of Health Behavior</p>
Behavioural economics	Discovery Healthy Company Index
<div>   </div> <div>           Dan Ariely           <span style="margin-left: 20px;">Janet Schwartz</span> </div> <p>Vitality Drive; Social media and behaviour change</p>	<div>  </div> <p>To explore burden of disease and wellness behaviour &amp; activity in the workplace</p>



## The New York Times

“The outfit that seems to have **more experience** with these kinds of incentive programs **than any on the planet...**”

- NY Times, January 2011

## THE WALL STREET JOURNAL.

“Most of Discovery's rivals in South Africa have tried to copy its points program, and the idea is making some headway in the U.S., too.”

- Wall Street Journal,  
February 2006

## The Economist

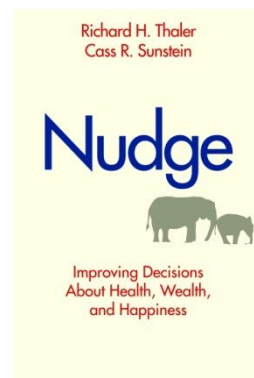
“... using **judicious incentives** to nudge people towards **sensible behavior.**”

- The Economist, October 2011



“Some of the most **compelling evidence** that **this approach works...**”

-McKinsey Quarterly, January 2011



“... the plan is a **clever effort** to combine health insurance with nudges designed to get people to **live healthier lives.**”

- Nudge, Yale University Press  
April 2008

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