

Protection in Retirement Time to Rethink

Marianne Gilchrist, Head of Health Solutions

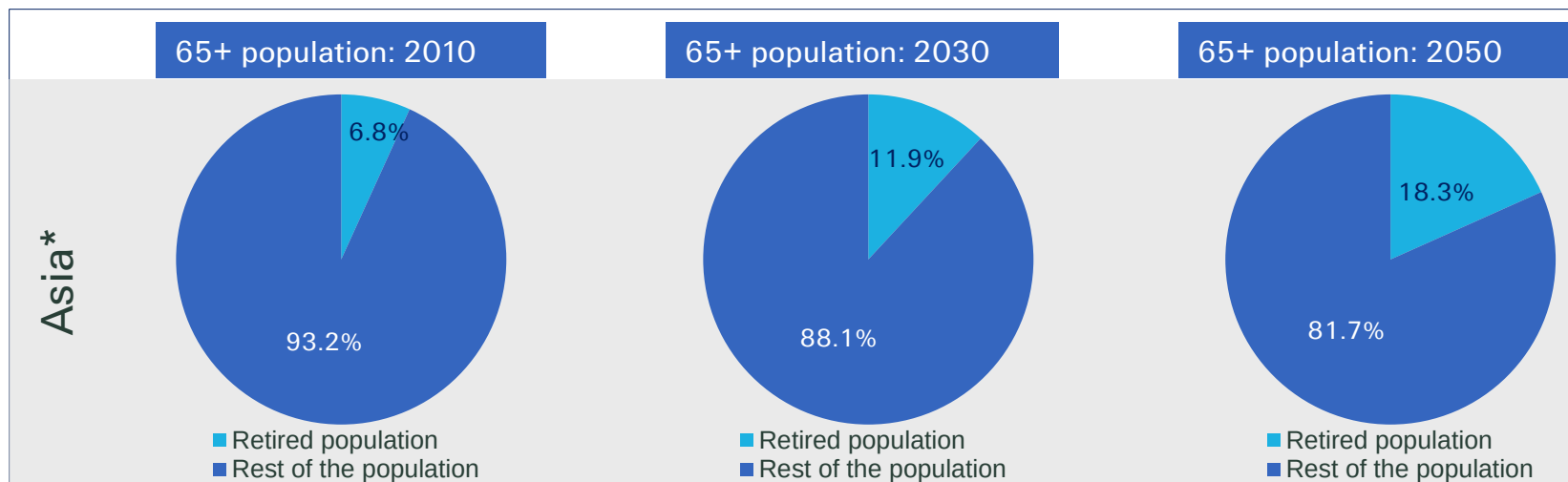
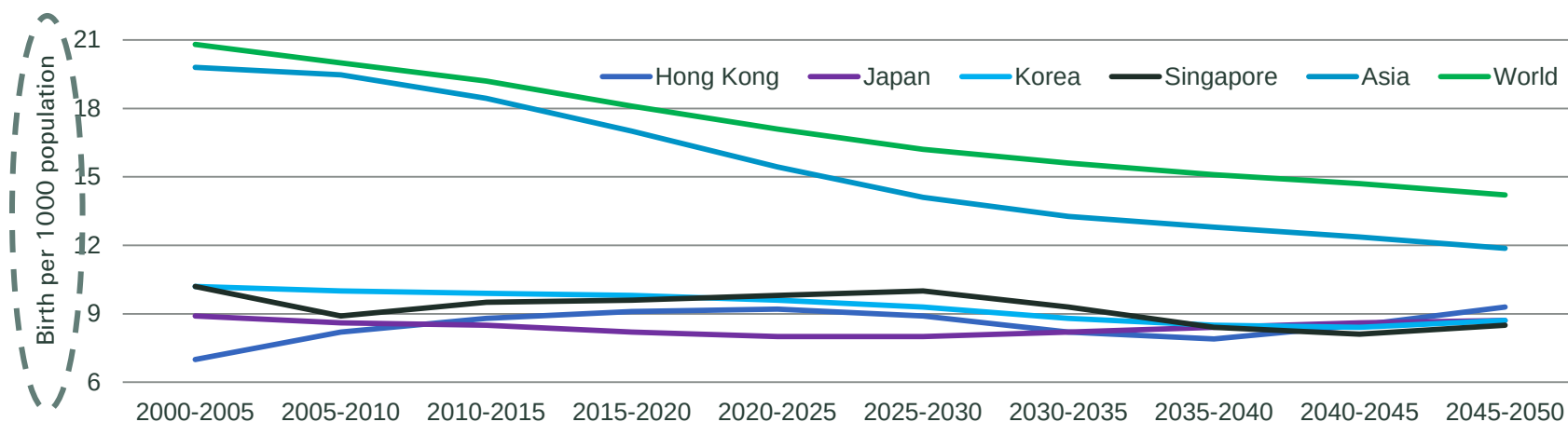
Swiss Re Asia



The Consumer Perspective on the Role of Health Protection in Retirement

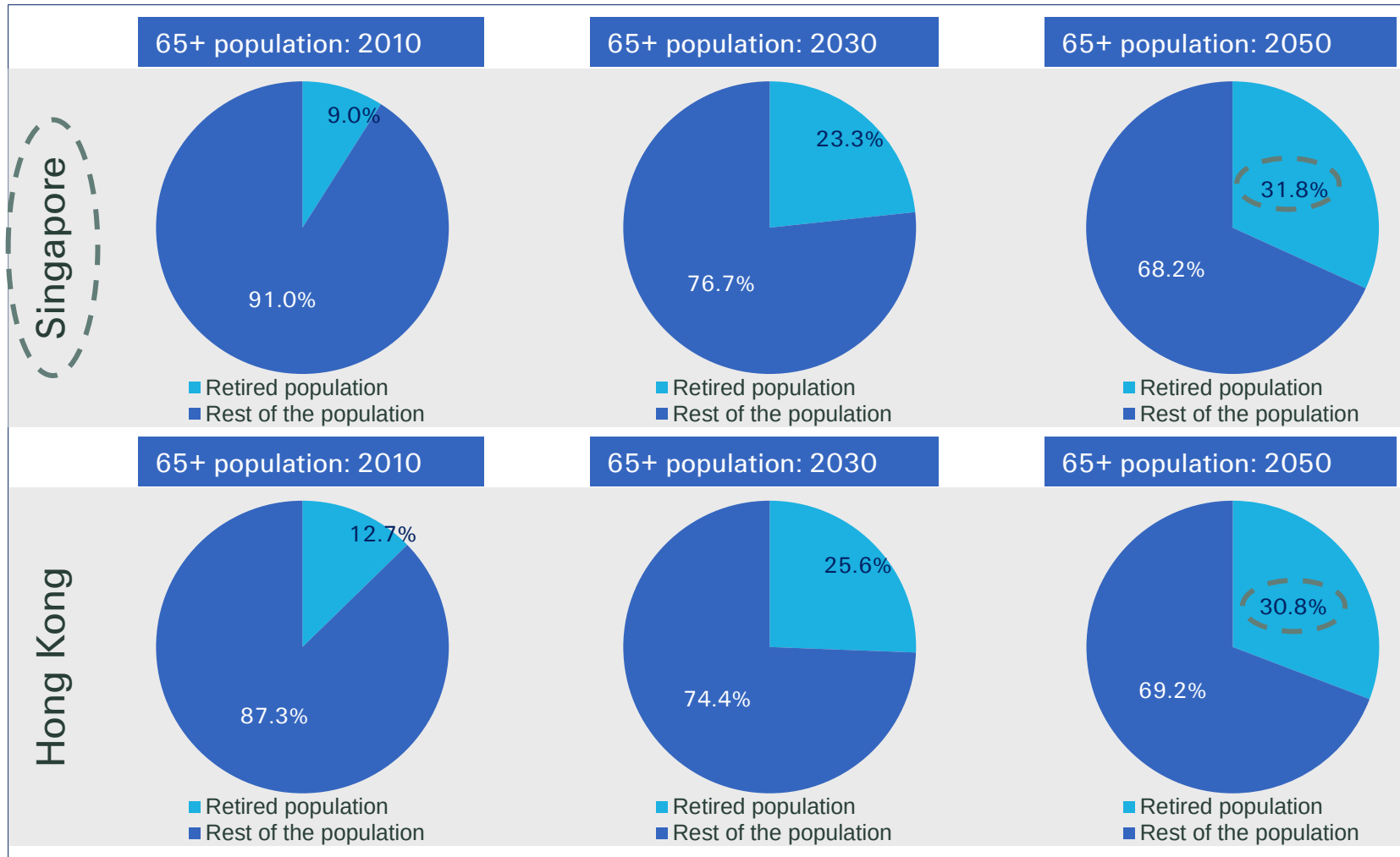


Asia's Population 65+ will triple between 2010-2050



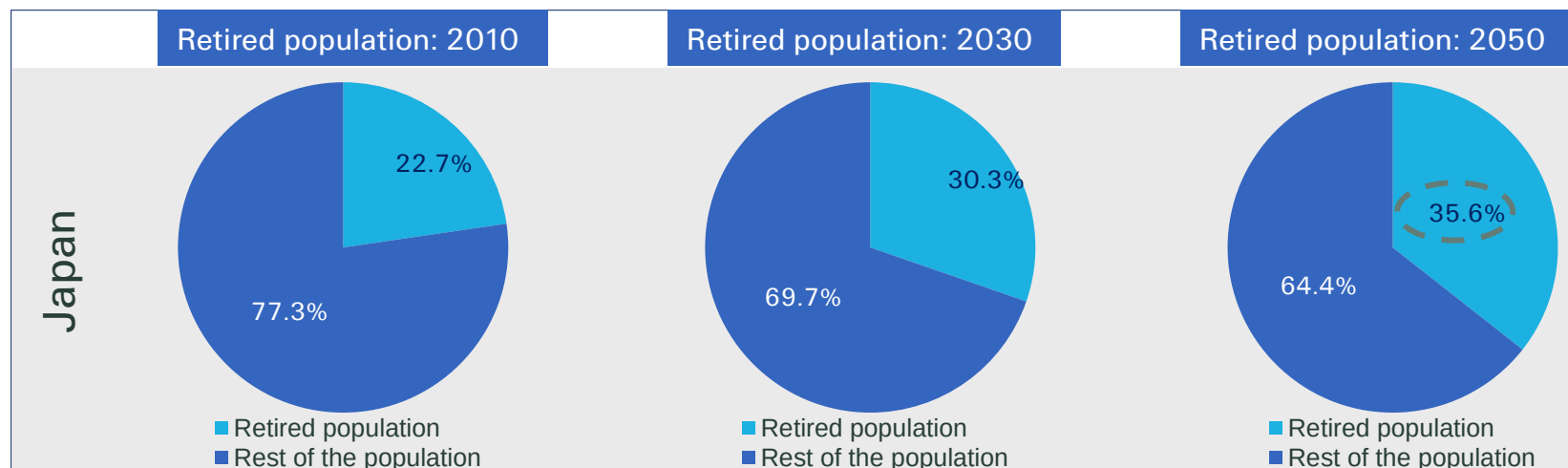


With more developed countries seeing massive increases

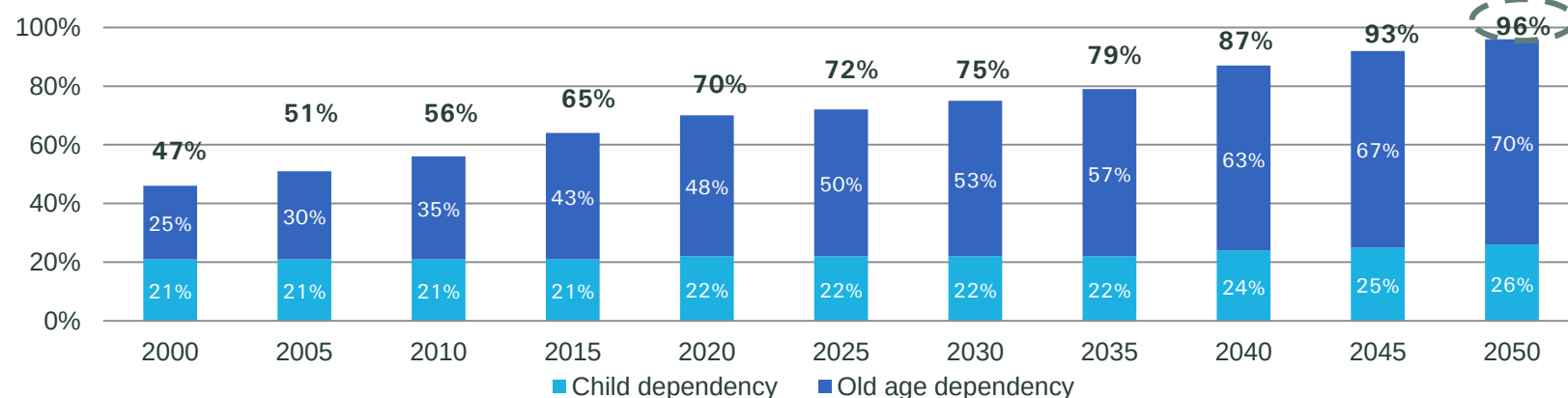




Japan: Unprecedented Ageing Rates

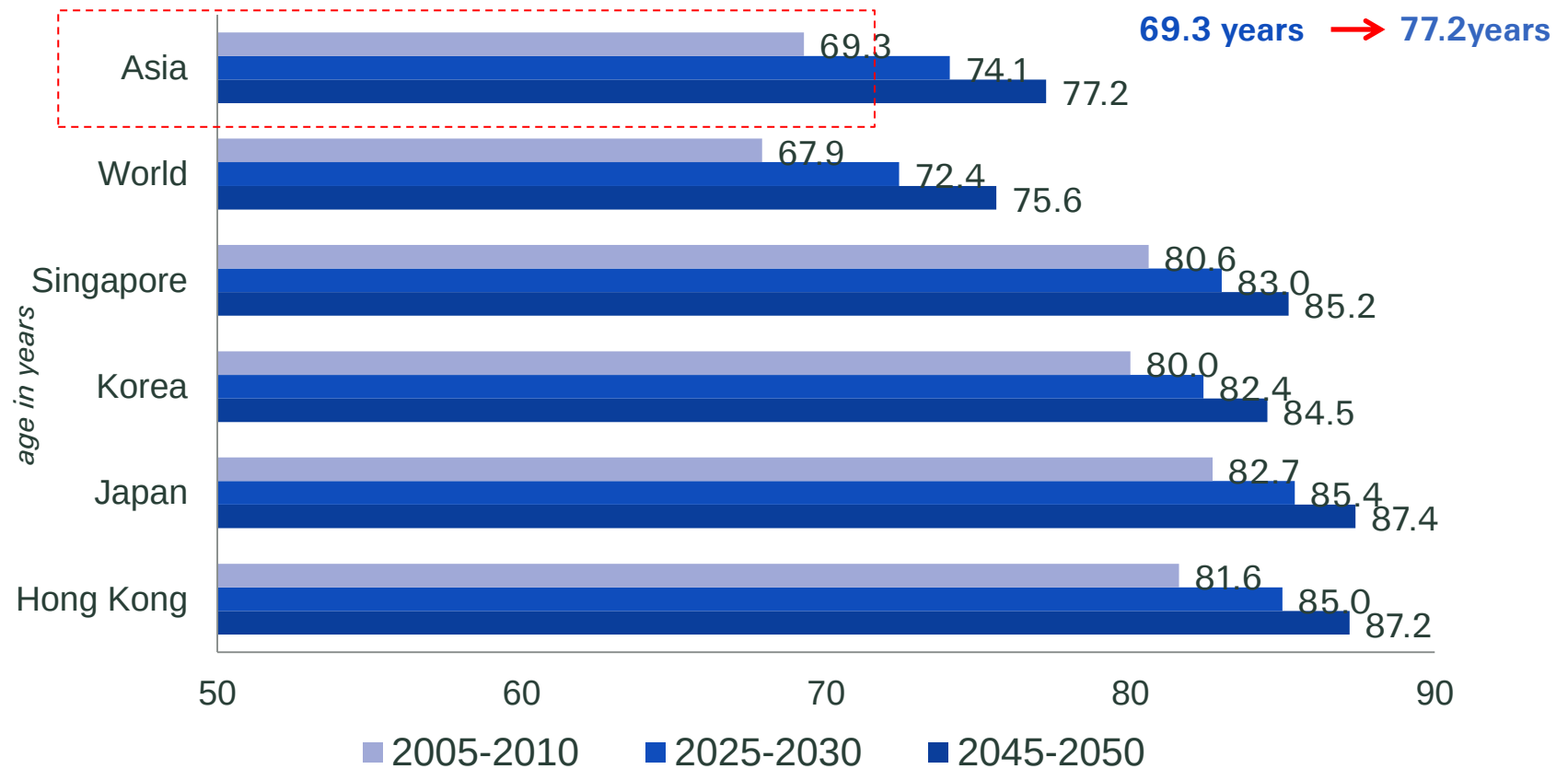


Dependency Ratio, Japan*

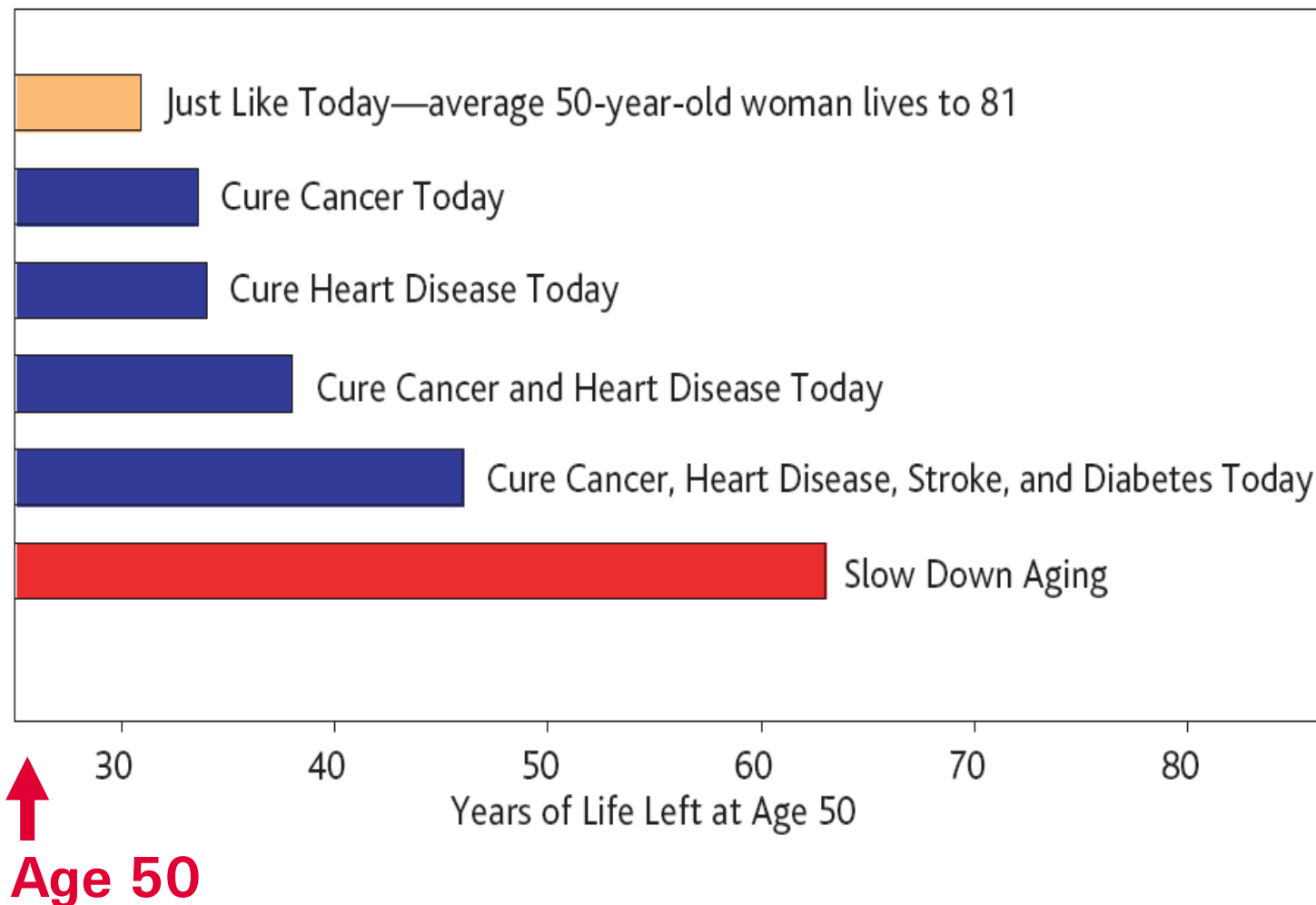


Life expectancy continues to rise

Life expectancy at birth

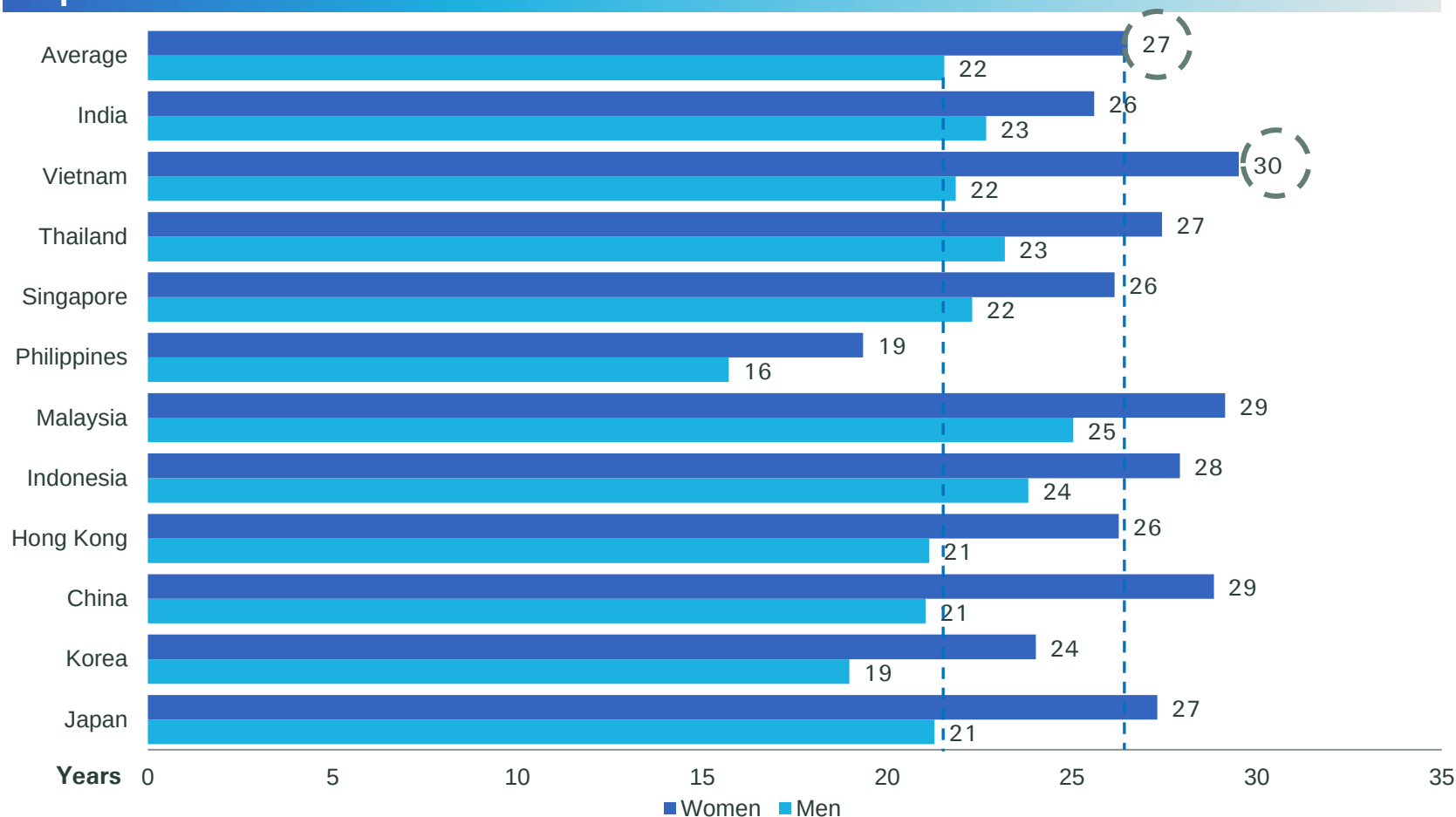


And is set to increase further



Retirement is getting longer

Expected life after retirement at 2050





Perfect Storm Impacting Health Insurance

Major trends

Implications for health insurance

Ageing societies

- Lower birth rates, falling dependency ratio, increasing longevity means healthcare needs and protection gap continue to rise

Social change

- Fragmenting societies with changing values puts onus on individuals to provide for healthcare in later life

Rising healthcare costs

- Healthcare costs increasing faster than inflation; technological improvements cope at a price

Growing middle classes

- Rising expectations about the quality and speed of healthcare provision

Healthcare system reform

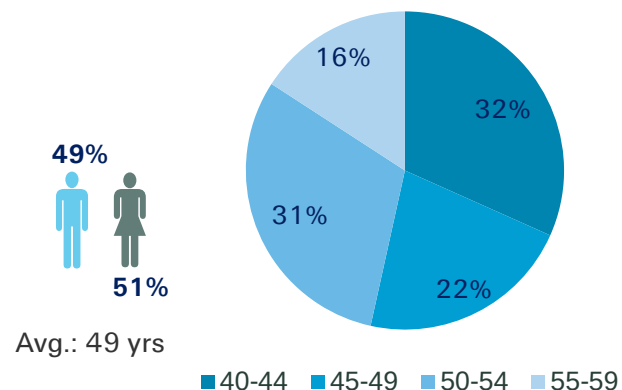
- State withdrawal creates demand for alternate / supplementary private coverage



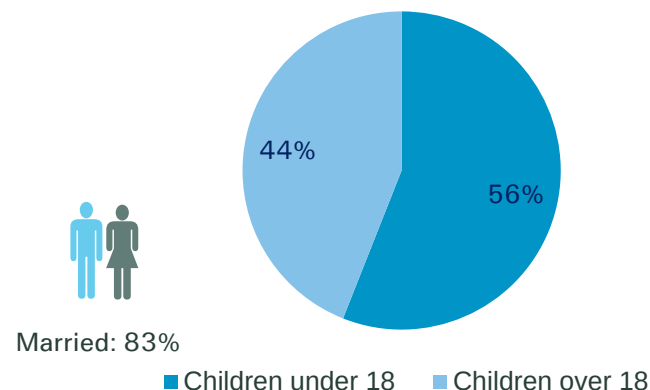
What do consumers think?

Demographic Profile – Pre-retirees

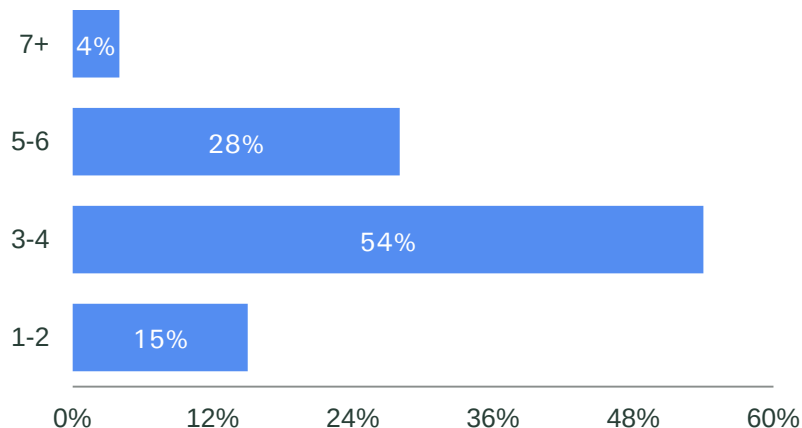
Age & Sex



Marital status and children



Household members

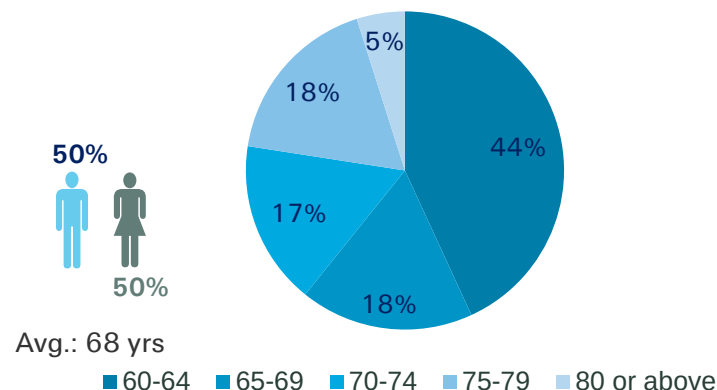


Financial status

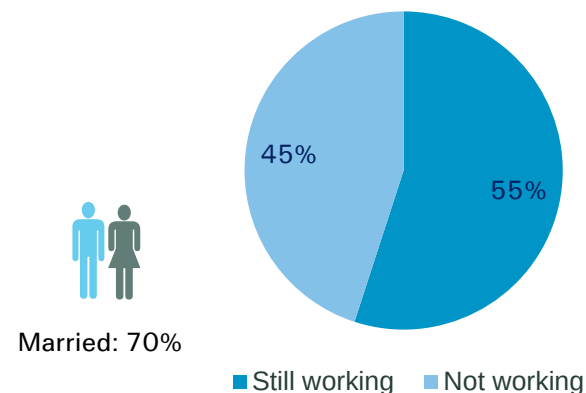
	Amount in SGD
Monthly personal income	5,655
Monthly household income	9,972
Personal liquid asset	73,987

Demographic Profile – Retirees

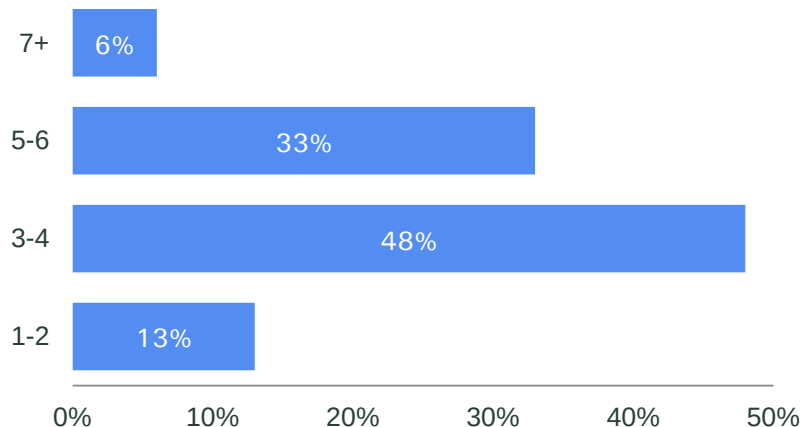
Age & Sex



Employment and marital status



Household members



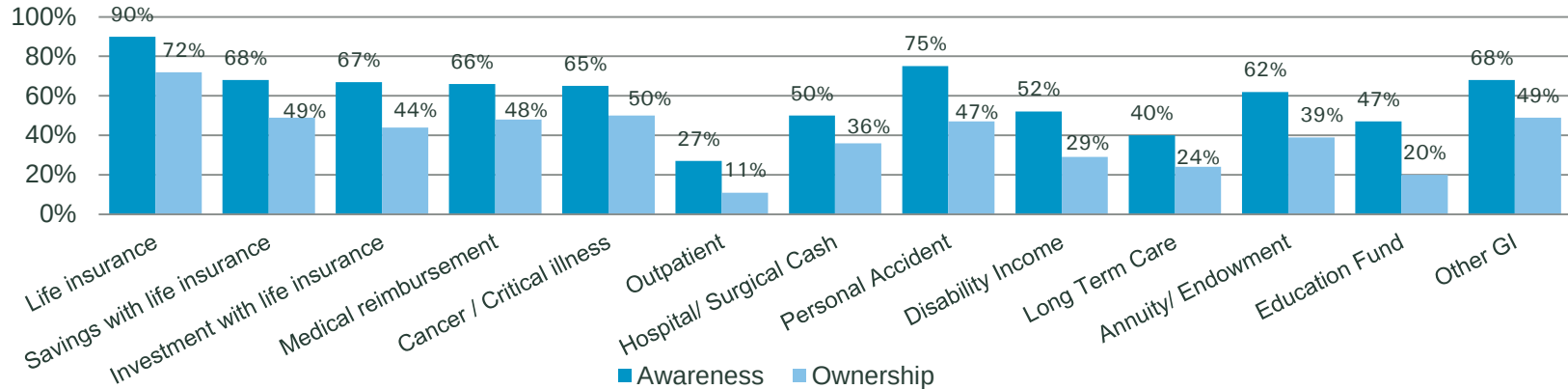
Financial status

	Amount in SGD
Monthly personal income	1,967
Monthly household income	8,555
Personal liquid asset	52,616

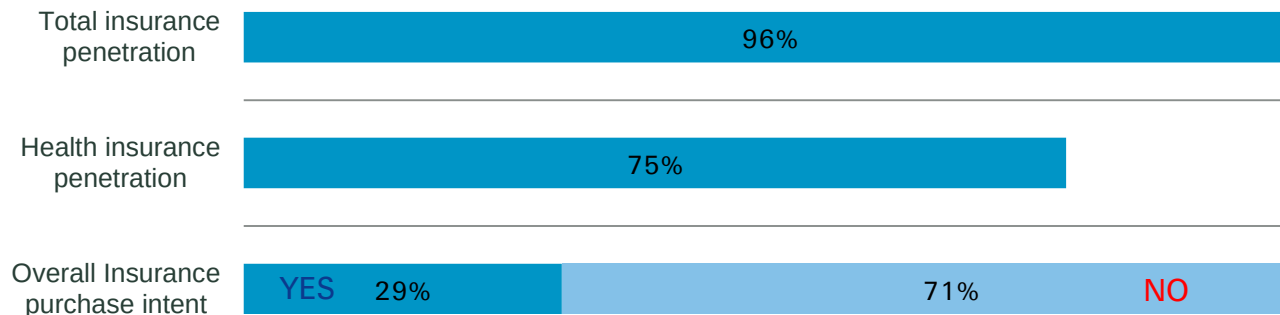


Insurance Product Awareness, Ownership and Purchase Intent: Pre-retirees

Awareness and Ownership: Pre-Retirees



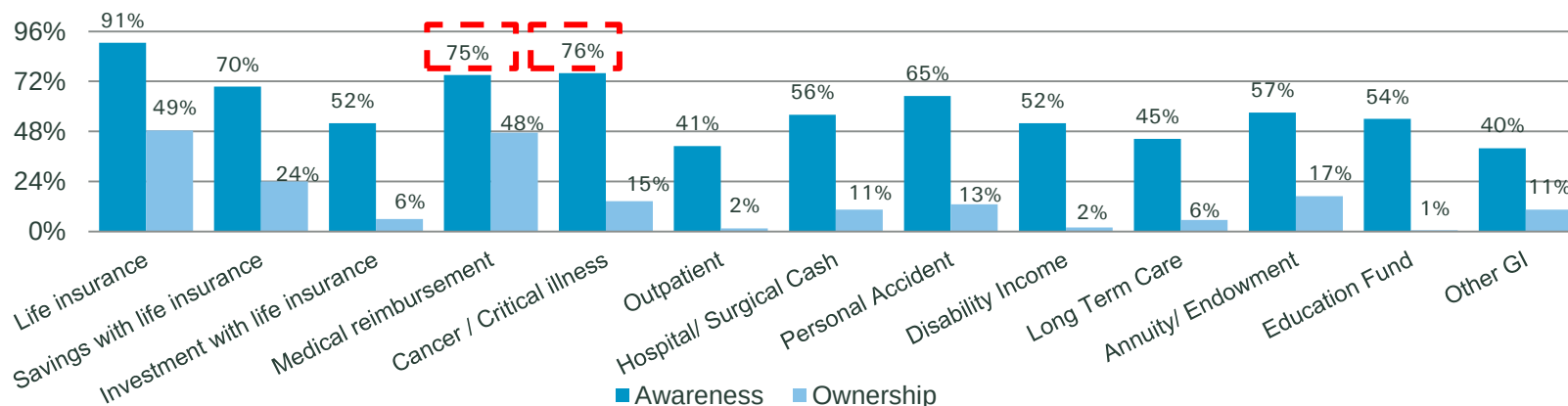
Penetration and Future insurance purchase intent: Pre-retirees



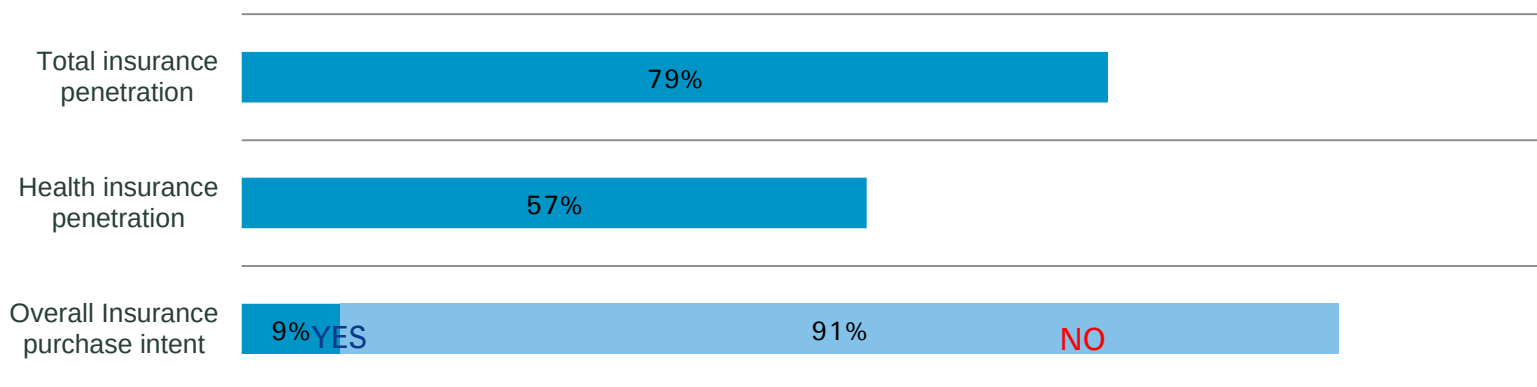


Insurance Product Awareness, Ownership and Purchase Intent: Retirees

Awareness and Ownership: Retirees

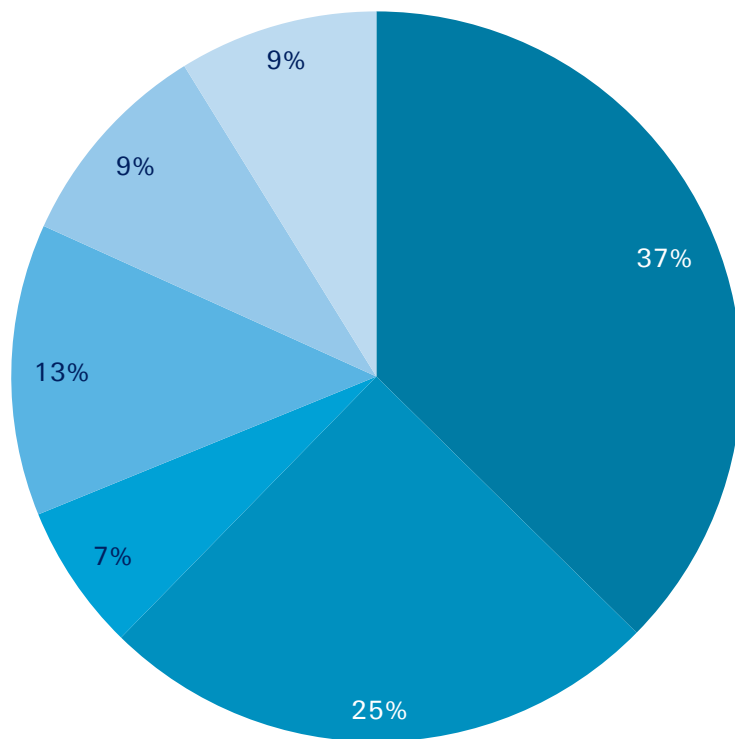


Penetration and Future insurance purchase intent: Retirees



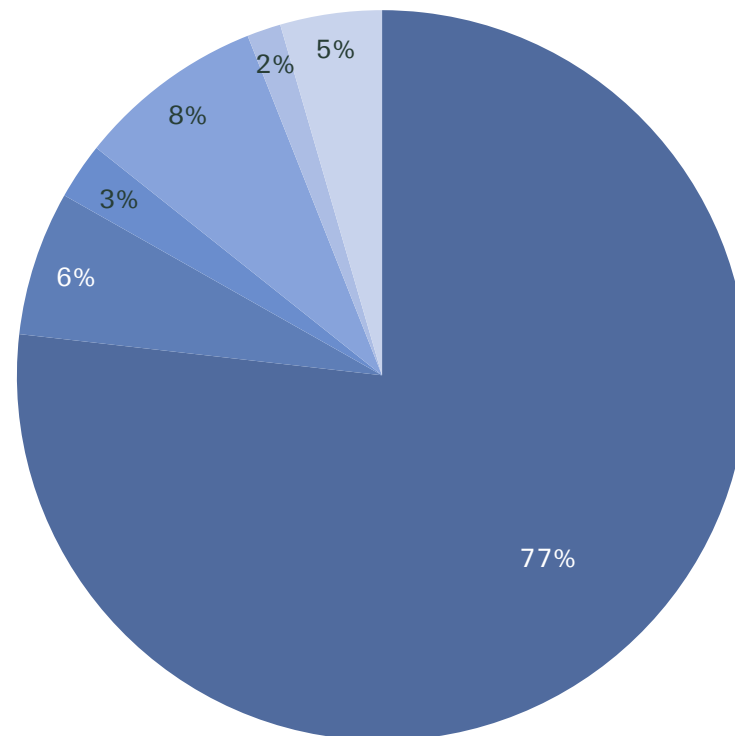
Allocation of liquid assets

Pre-retirees



- Bank savings/deposits
- Investment products
- Properties for investment
- Savings with life ins.
- Investment with life ins.
- Annuity/ Endowment

Retirees

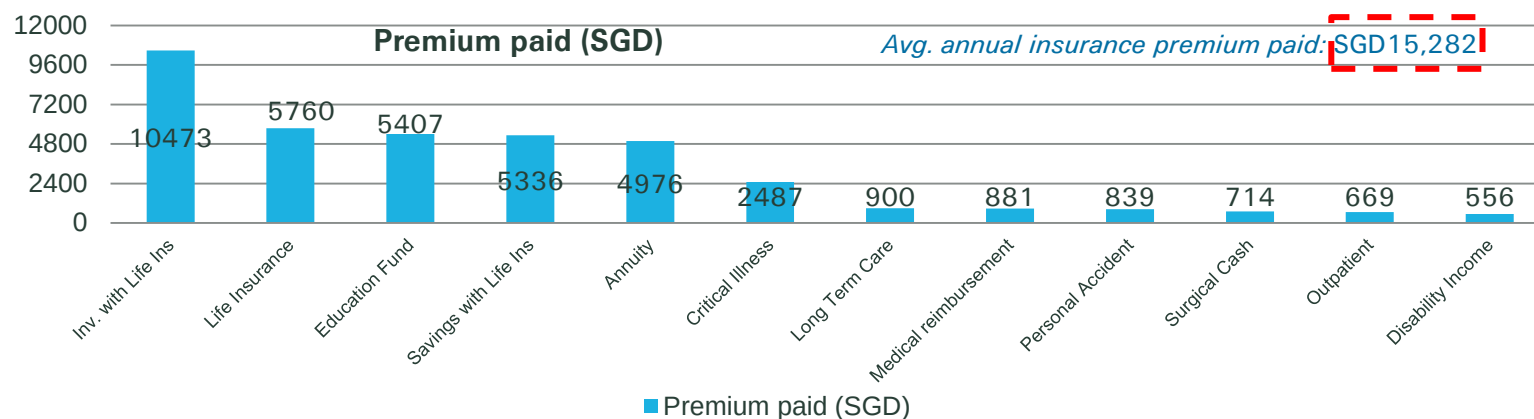


- Bank savings/deposits
- Investment products
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- Savings with life ins.
- Investment with life ins.
- Annuity/ Endowment

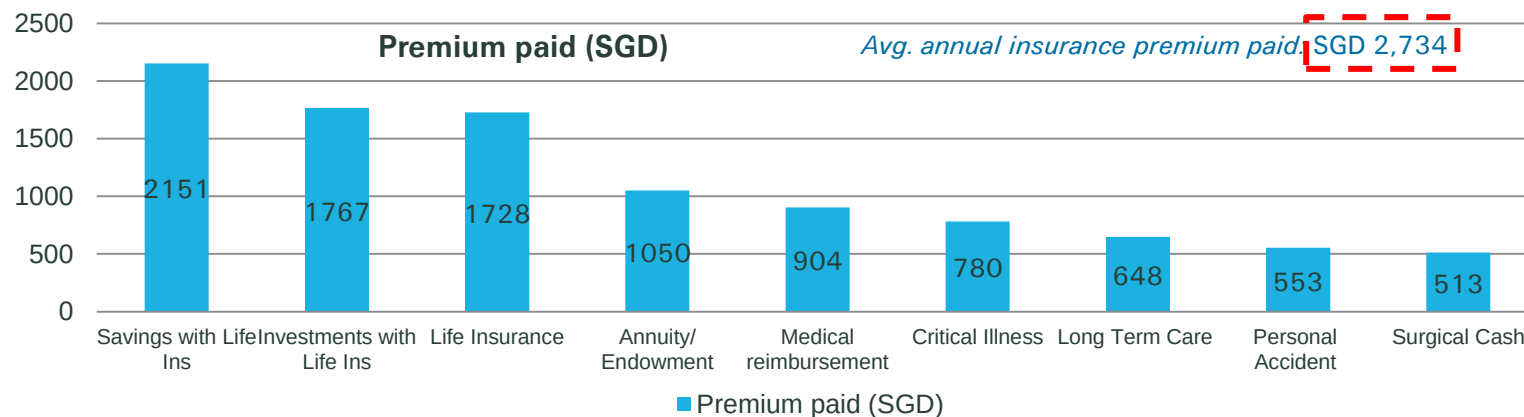


Average Annual Insurance Premium Paid

Pre-Retirees



Retirees

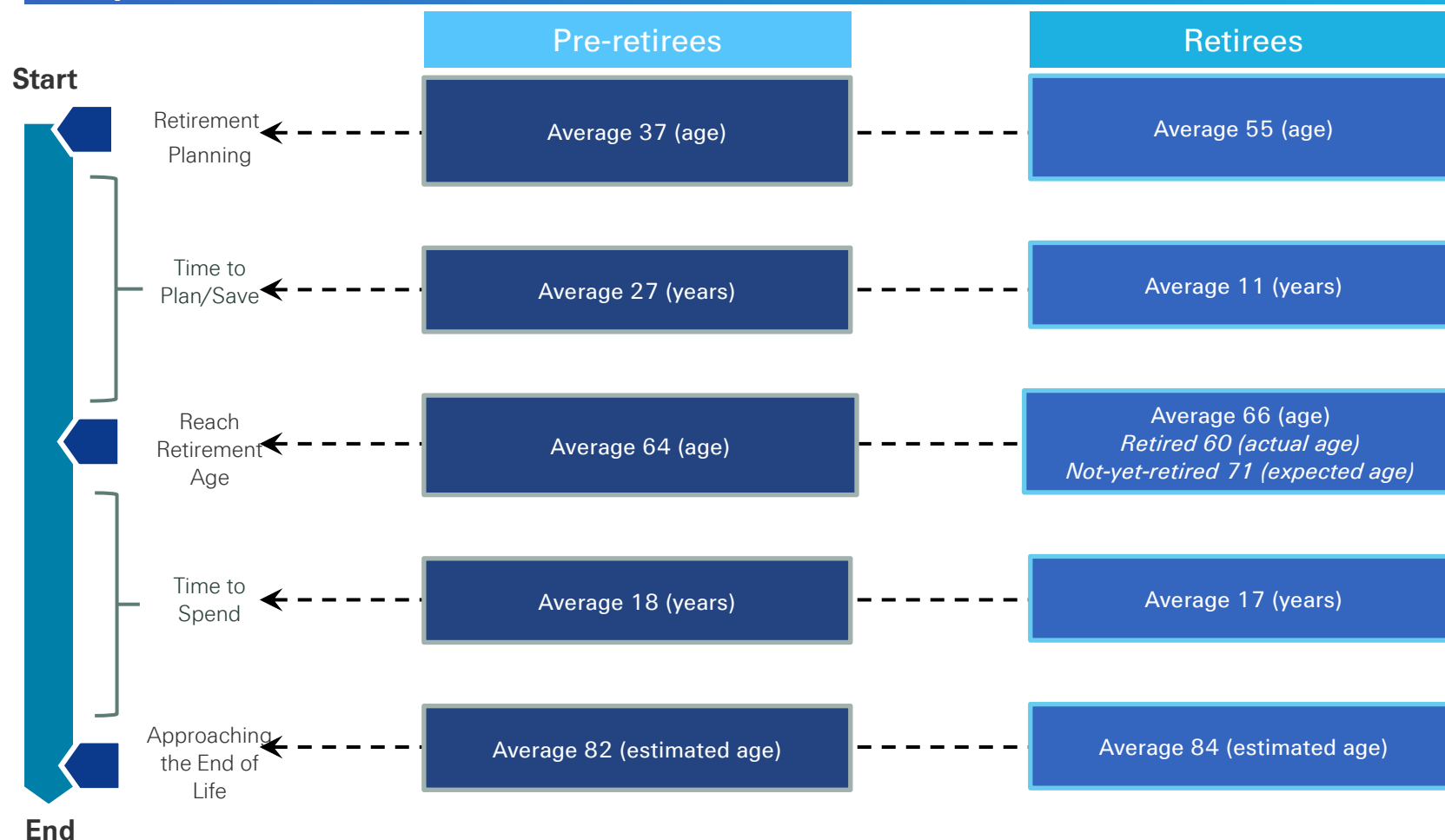




Attitudes to Retirement and Health

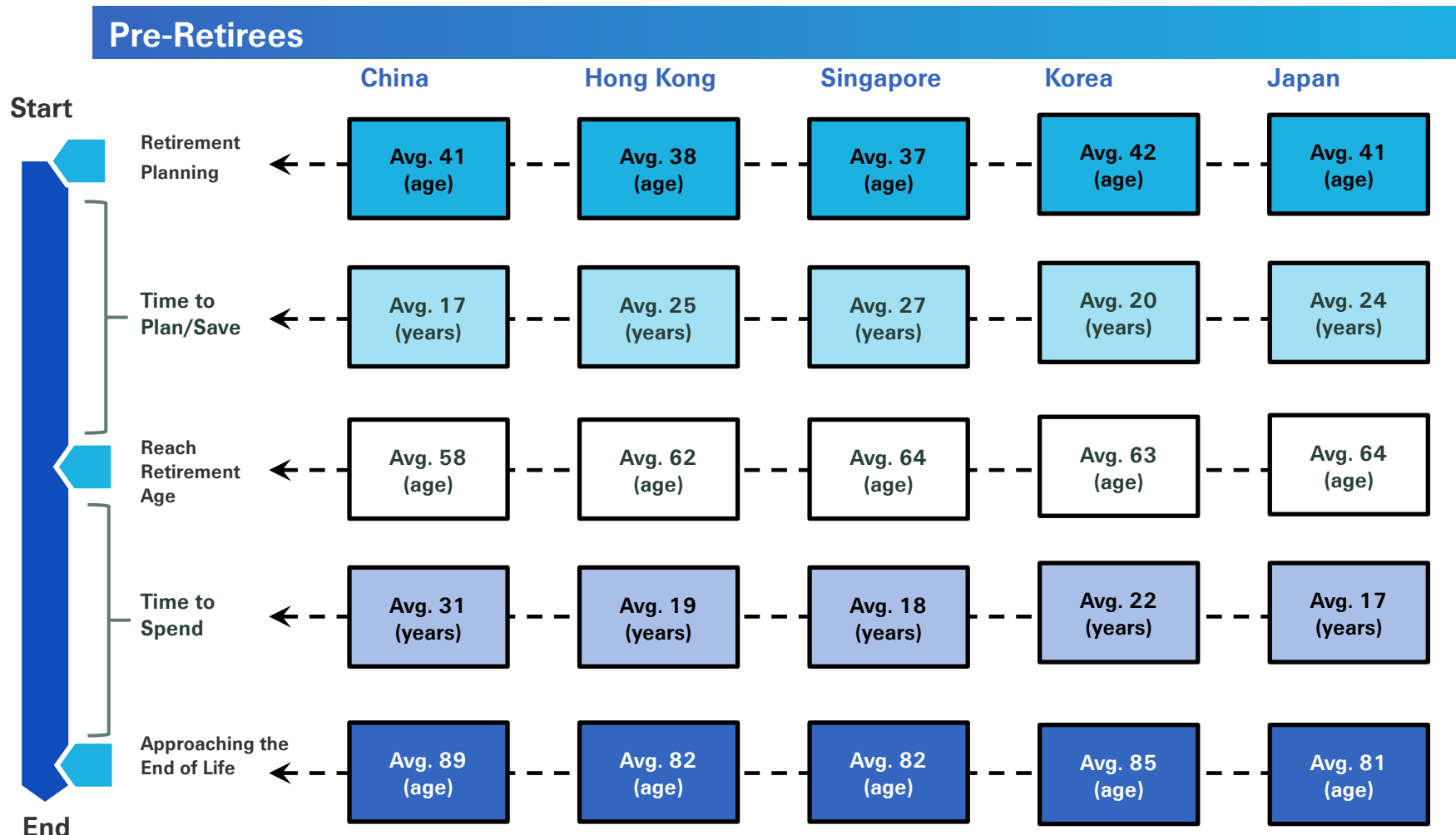
How is the Retirement Journey?

The path to retirement



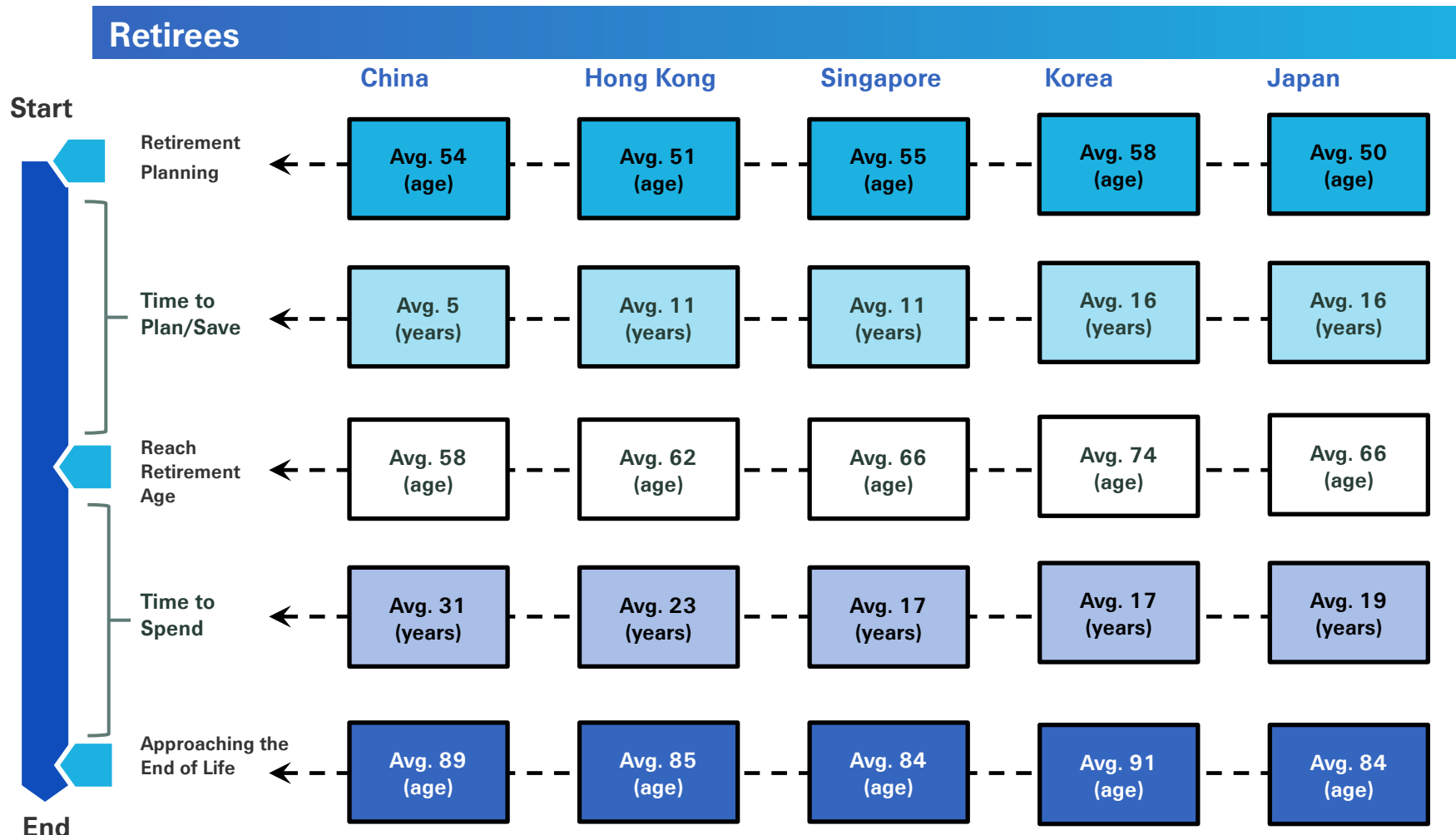


The Journey to Retirement: Pre-retirees



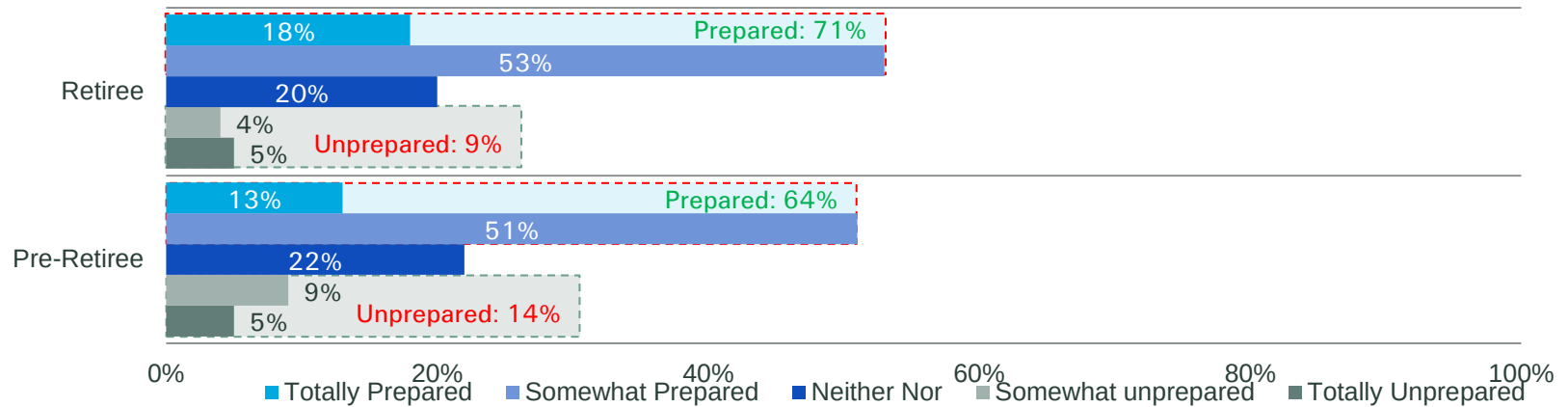


The Journey to Retirement: Retirees

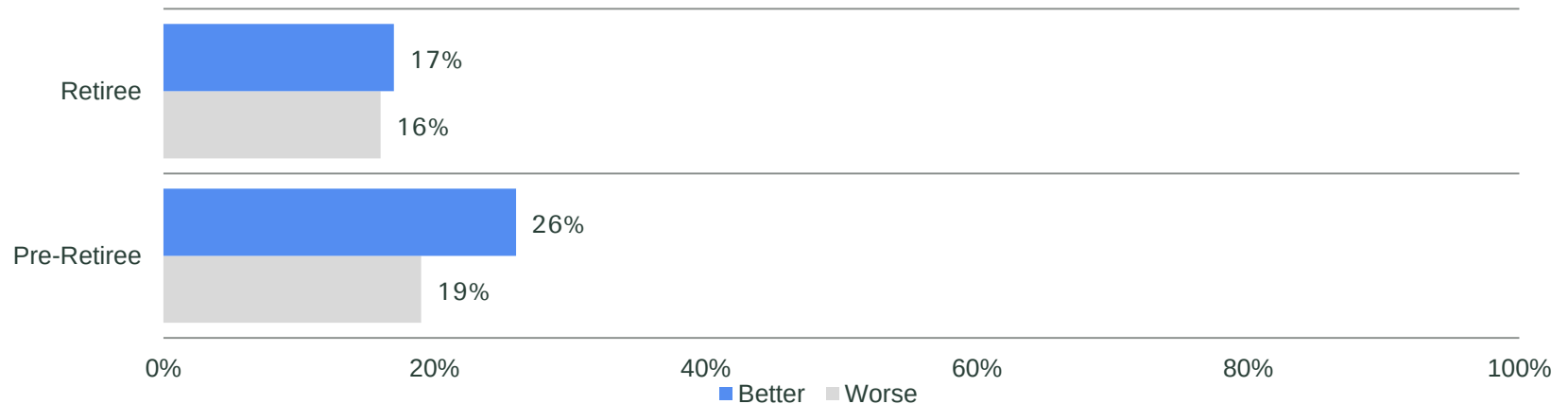


Retirement: Levels of Preparedness

Level of preparedness



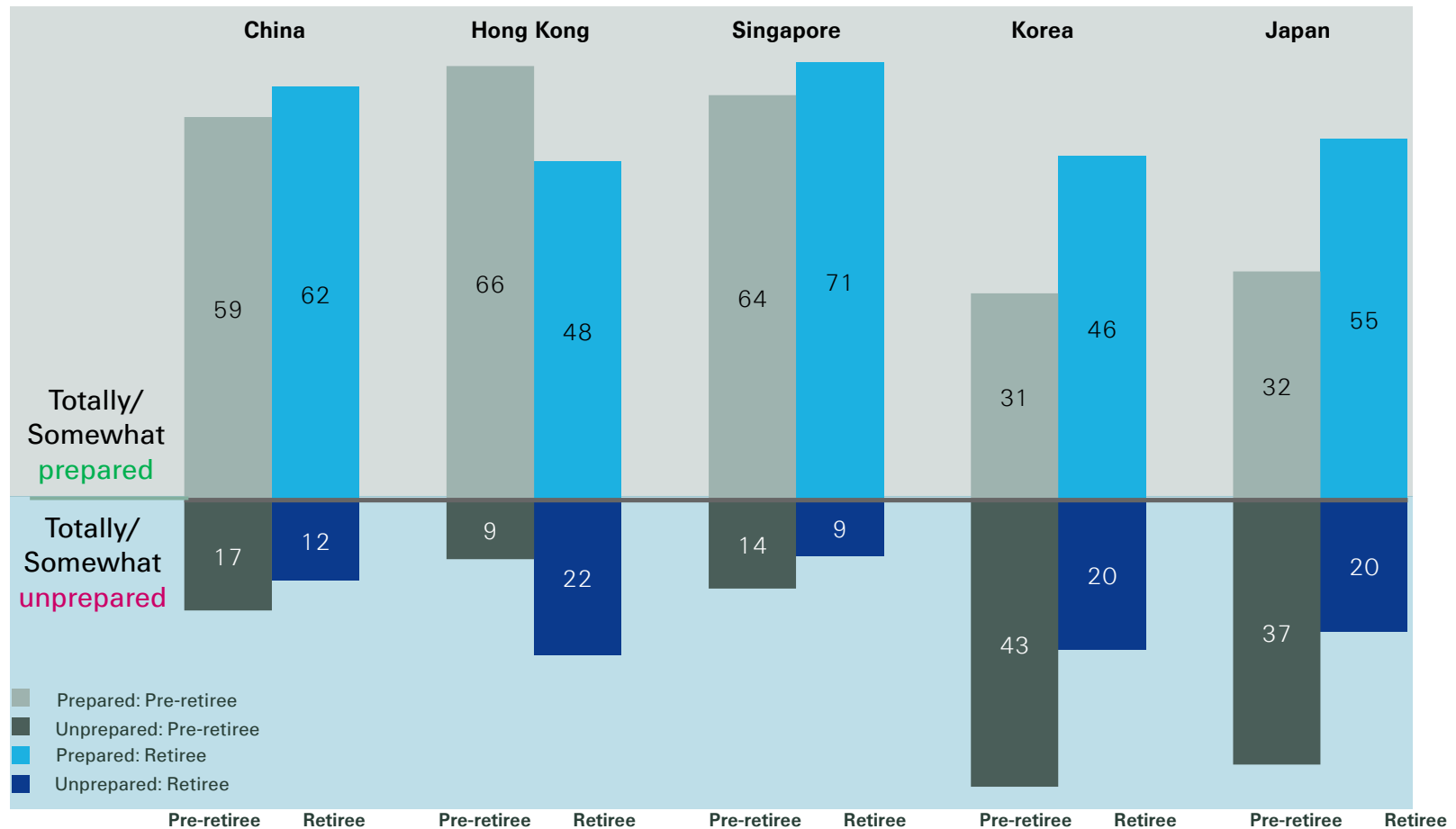
Quality of life after retirement



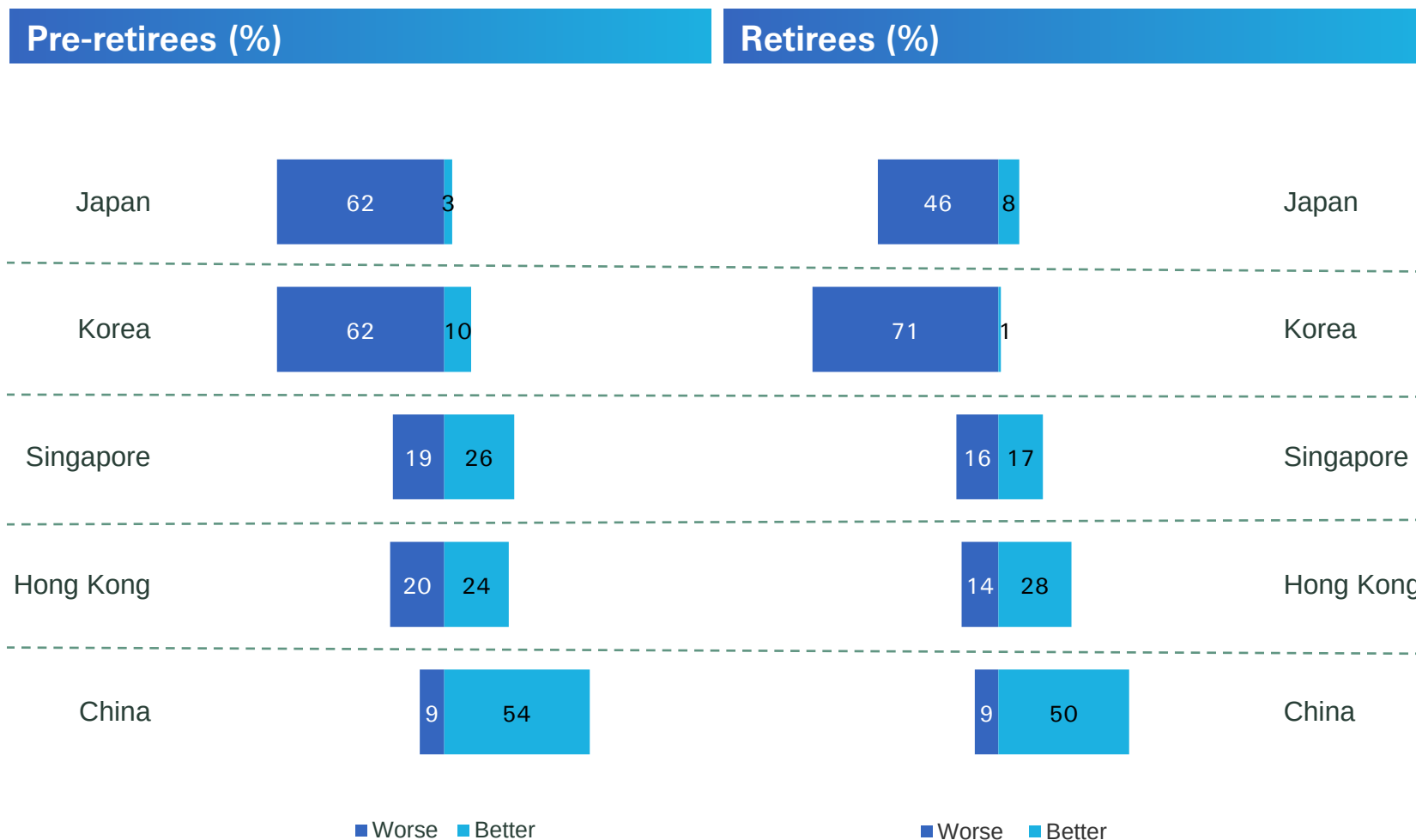


Level of preparedness for retirement needs

Level of preparedness (%)



Quality of Life after Retirement





What People Think About Retirement?

Quality of life after retirement???

Pre-Retirees

Retirees

Worse
19%

Same
54%

Better
26%

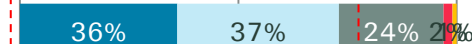
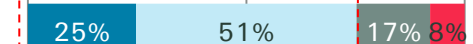
Worse
16%

Same
63%

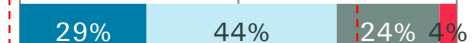
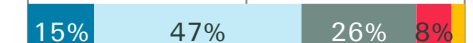
Better
17%

FINANCIAL
INDEPENDENCE

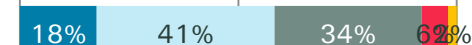
I worry that healthcare will become **more expensive and unaffordable** in the future or after retirement



I think **health insurance is essential** for my own protection after retirement.



I expect to **continue working** past the normal retirement age in order to remain financially independent



I have **no choice** but to continue working as I cannot afford to retire



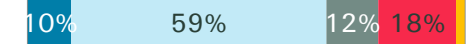
I **have sufficient insurance/ investment** to maintain a reasonable living standard after retirement



I **have sufficient savings** to maintain a reasonable living standard after retirement



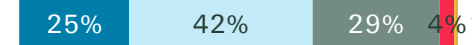
I expect to receive financial **support from my family** in retirement



After retirement, I plan to **make an effort to stay fit and healthy** (e.g. diet, exercise, medical check-ups)



I worry that my **health will deteriorate** when I get older

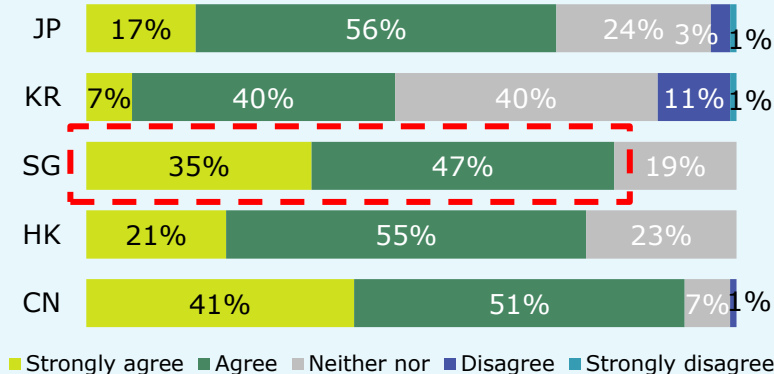
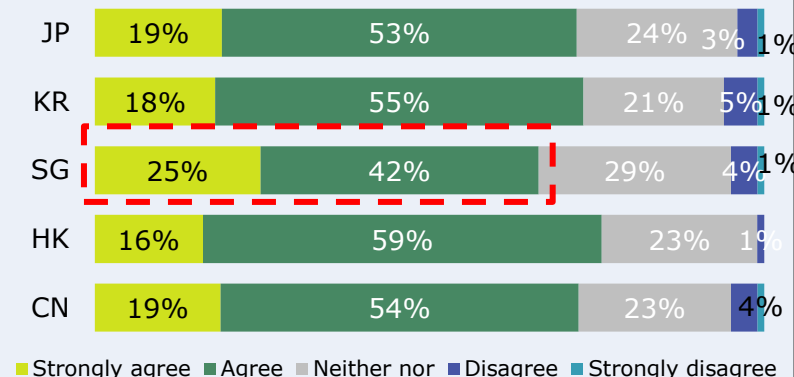


Strongly agree Agree Neither nor Disagree Strongly disagree

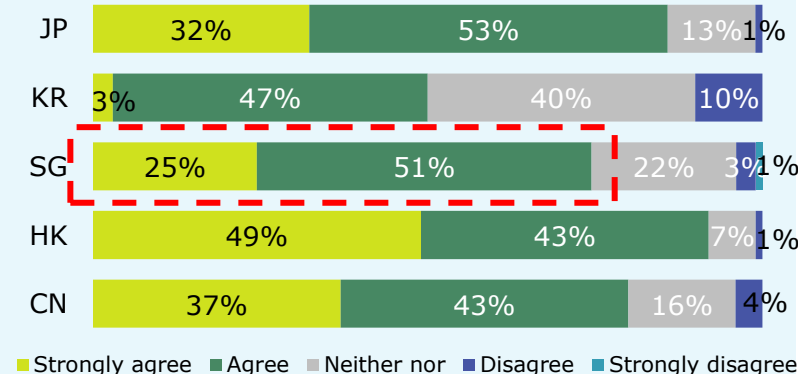
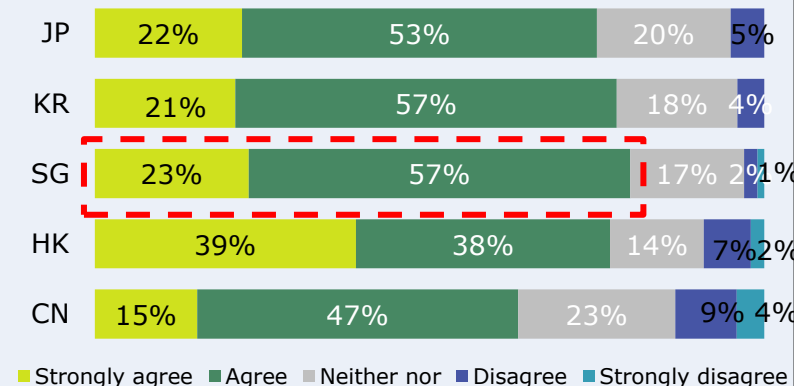


Expectations of health in retirement?

Pre-retirees



Retirees



After retirement, I plan to make an effort to stay fit and healthy (e.g. diet, exercise, medical check-ups)??

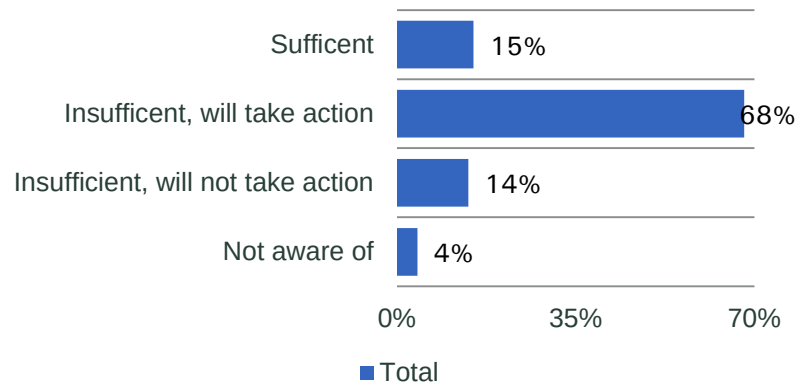
Worried that my health will deteriorate when I get older??



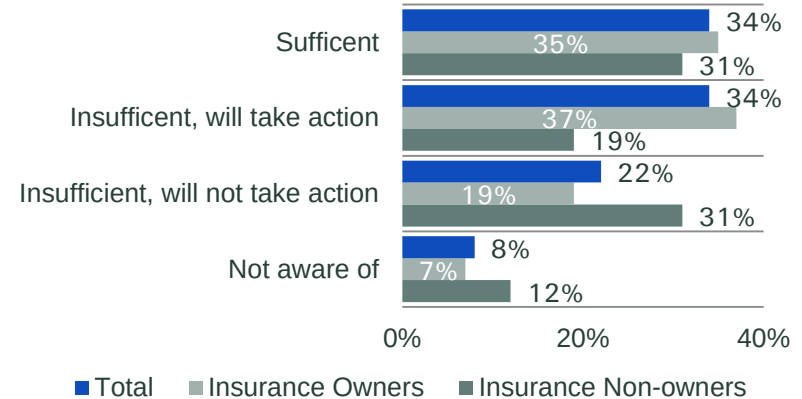
Funding Retirement and Health

Government Provision (Central Provident Fund)

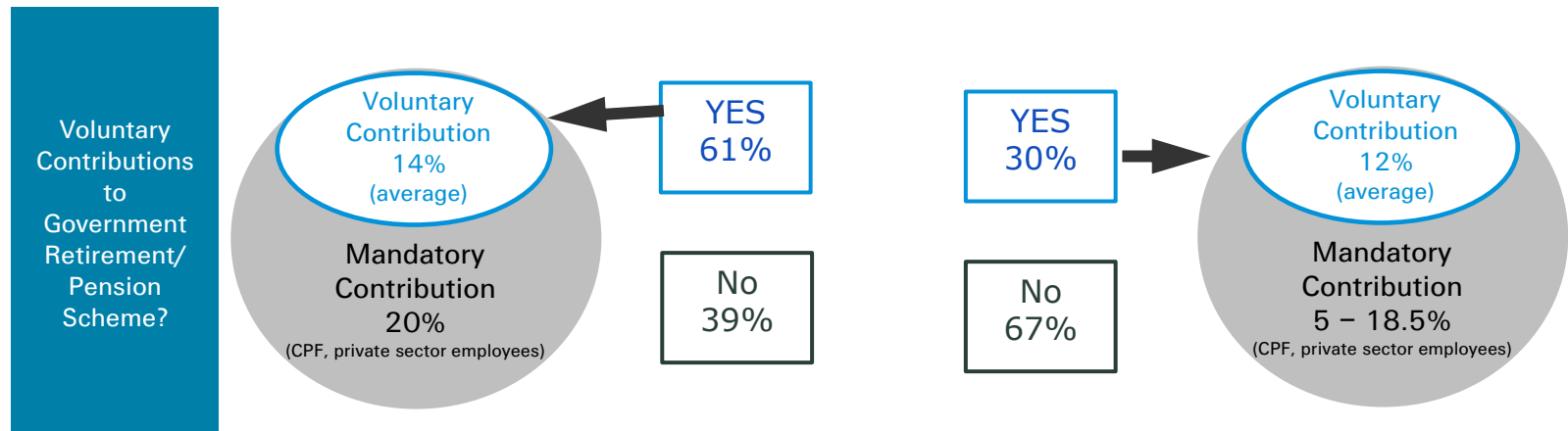
Pre-retirees



Retiree



How much of the monthly personal income is contributed voluntarily?*



*among working individuals

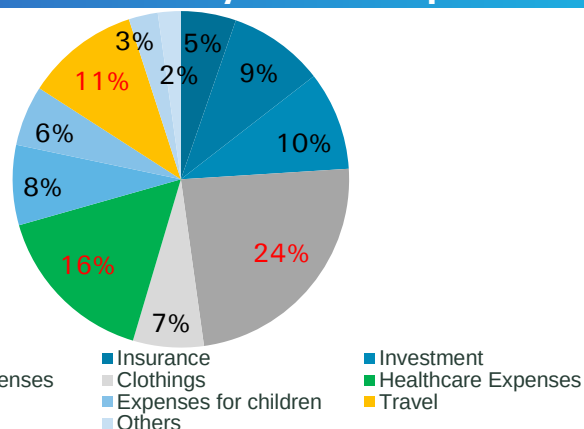


Where are the Retirement Income Gaps?

Allocation of Monthly health expenditure

Reliance on family during retirement

Pre-retiree
(Age 40-59)

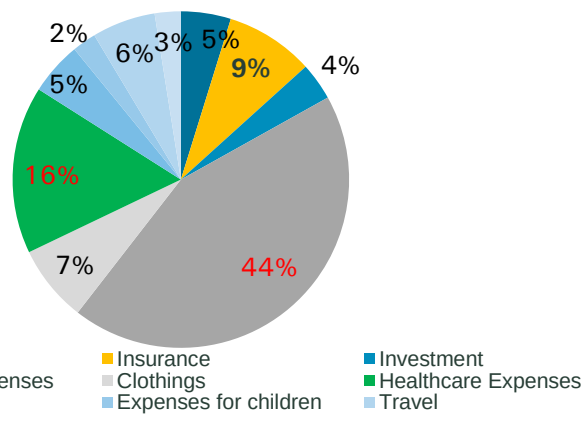
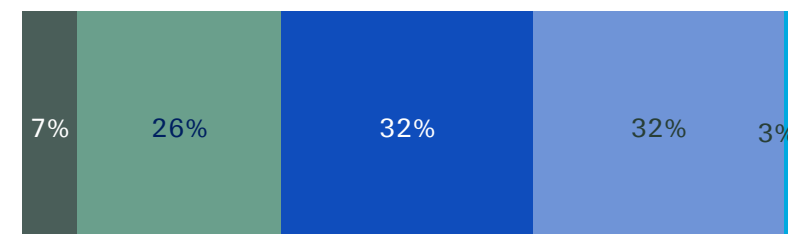


■ Definitely would not ■ Probably would not ■ Not sure
■ Probably would ■ Definitely would

Allocation of Monthly health expenditure

Reliance on family during retirement

Retiree
(Age 60+)



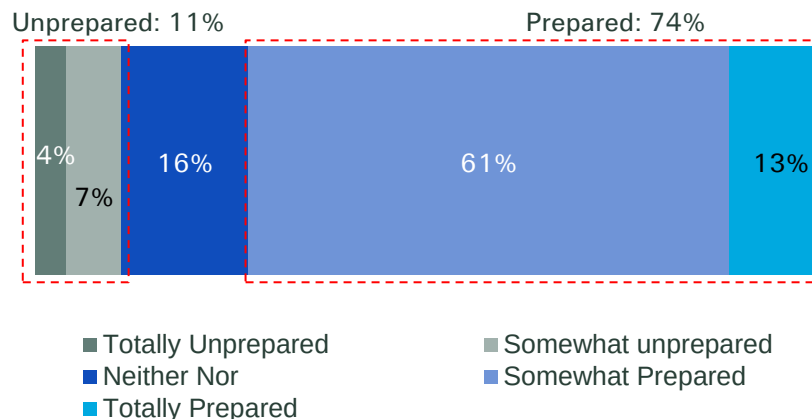
■ Definitely would not ■ Probably would not
■ Not sure ■ Probably would
■ Definitely would



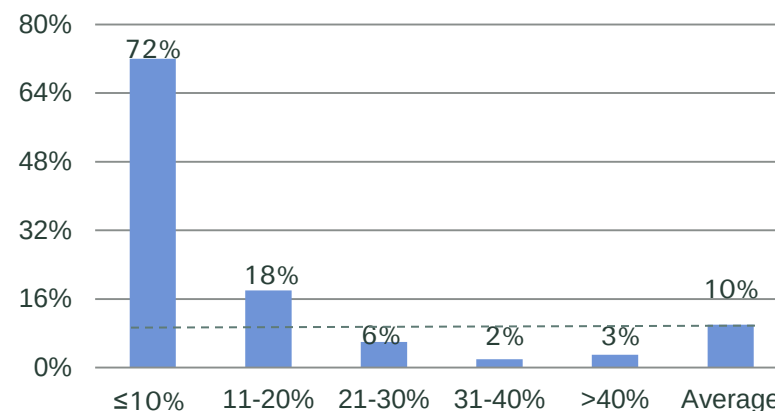
Health Protection

Level of preparedness: Pre-retirees

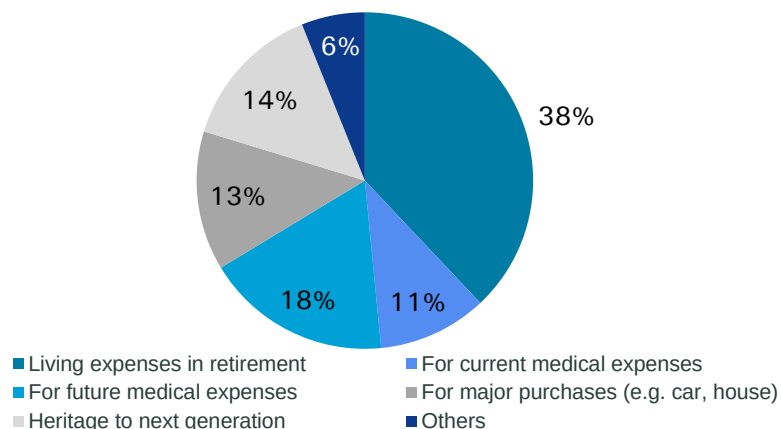
Perceived level of preparedness*



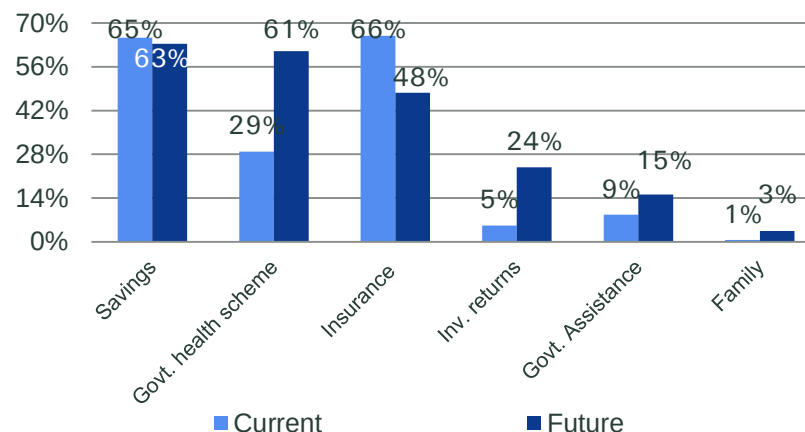
Health/Medical exp. (% personal income)



Liquid assets allocated to medical expenses



Ways to fund current / future medical exp.



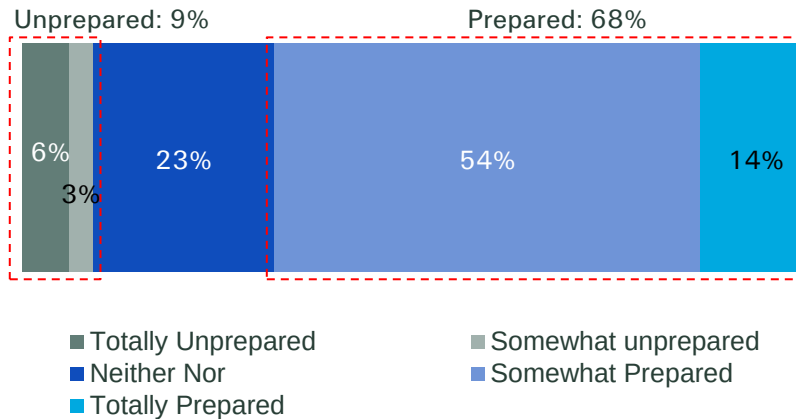
*for future healthcare costs



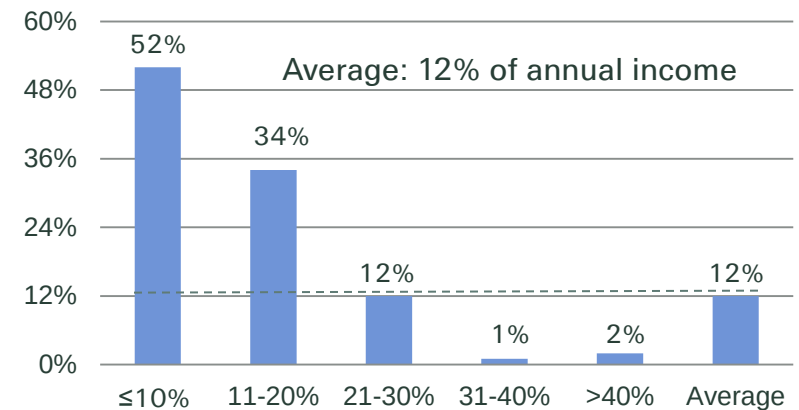
Health Protection

Level of preparedness: Retirees

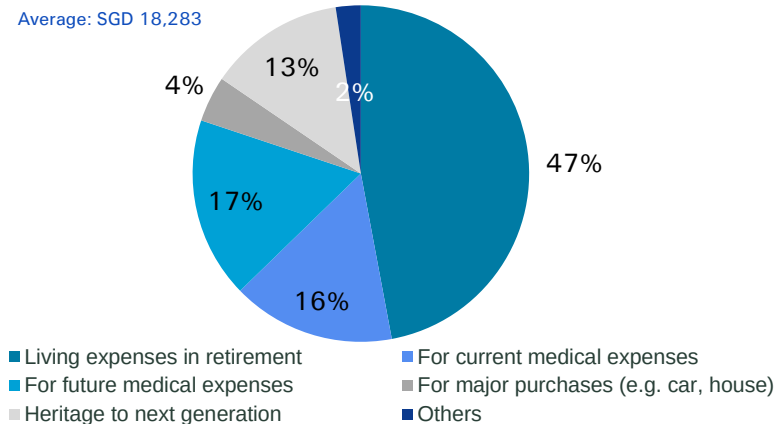
Perceived level of preparedness*



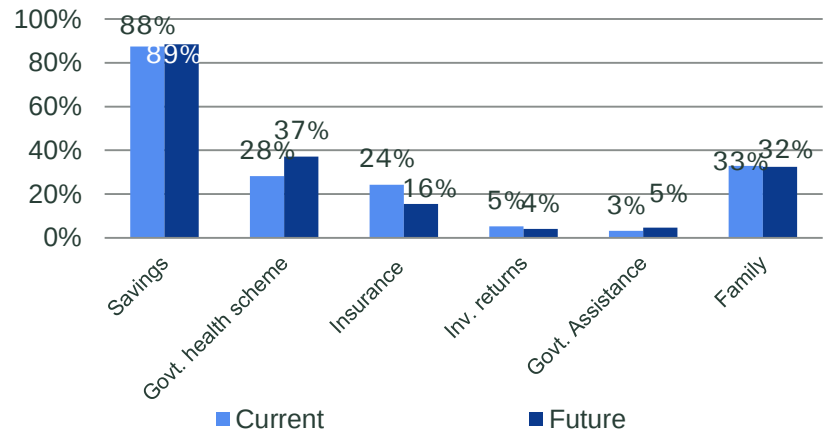
Medical expenses (% of personal income)



Liquid assets allocated to medical expenses



Ways to fund current / future medical exp.

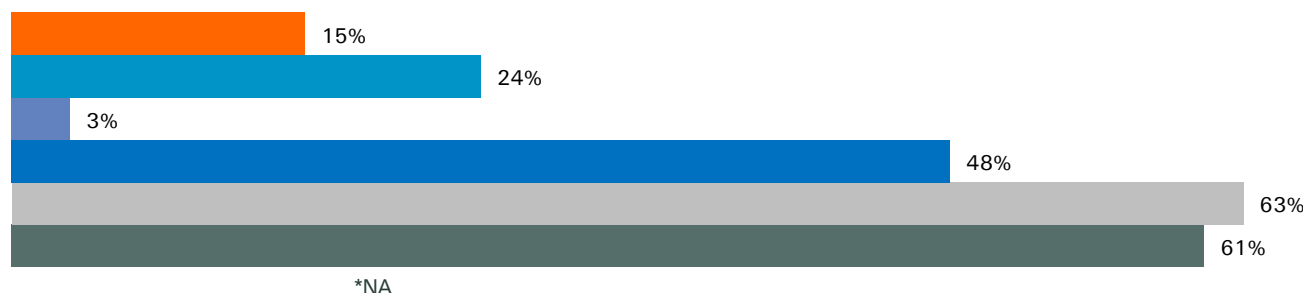


*for future healthcare costs



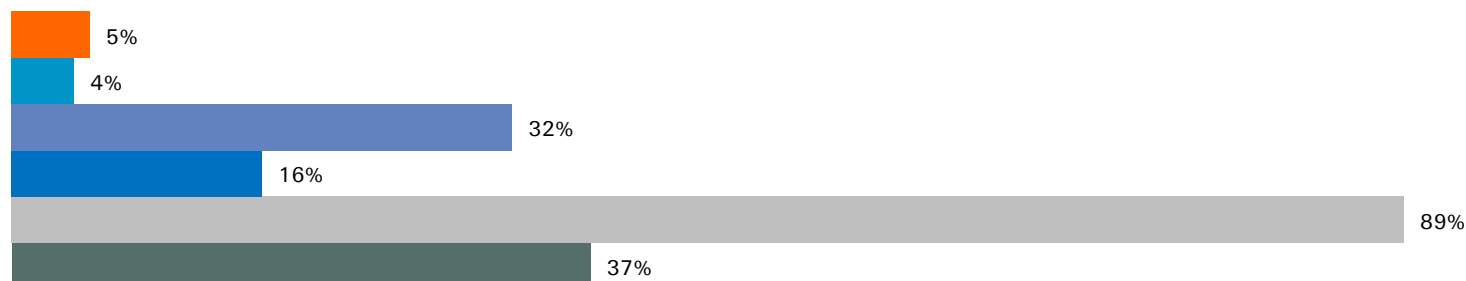
How do people plan to fund their future health expenses

Pre-Retirees



*NA

Retirees



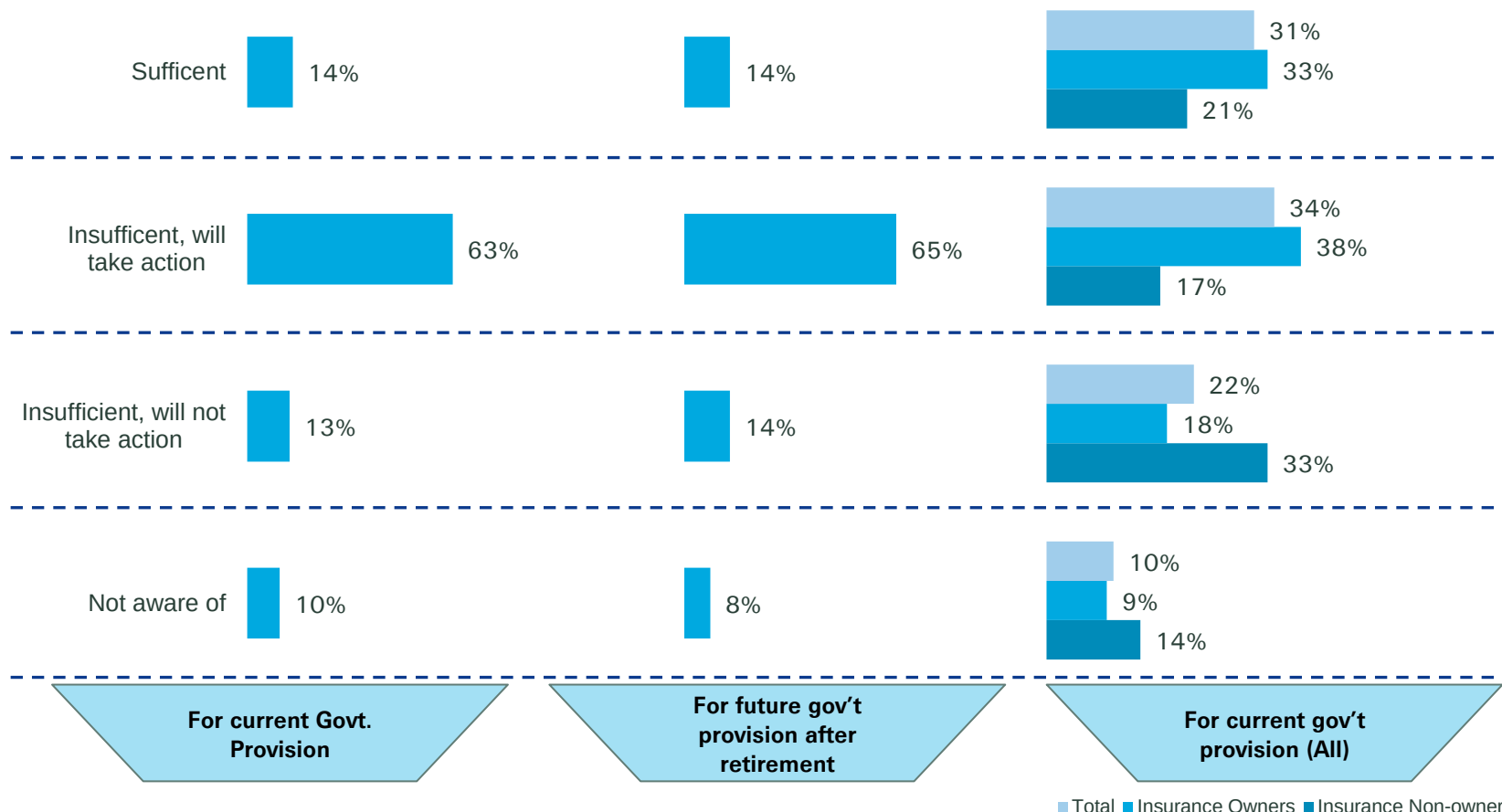
■ Government assistance ■ Investment returns ■ Family ■ Insurance coverage ■ Savings ■ Government healthcare scheme



Government healthcare provisions (Medisave)

Pre-Retirees

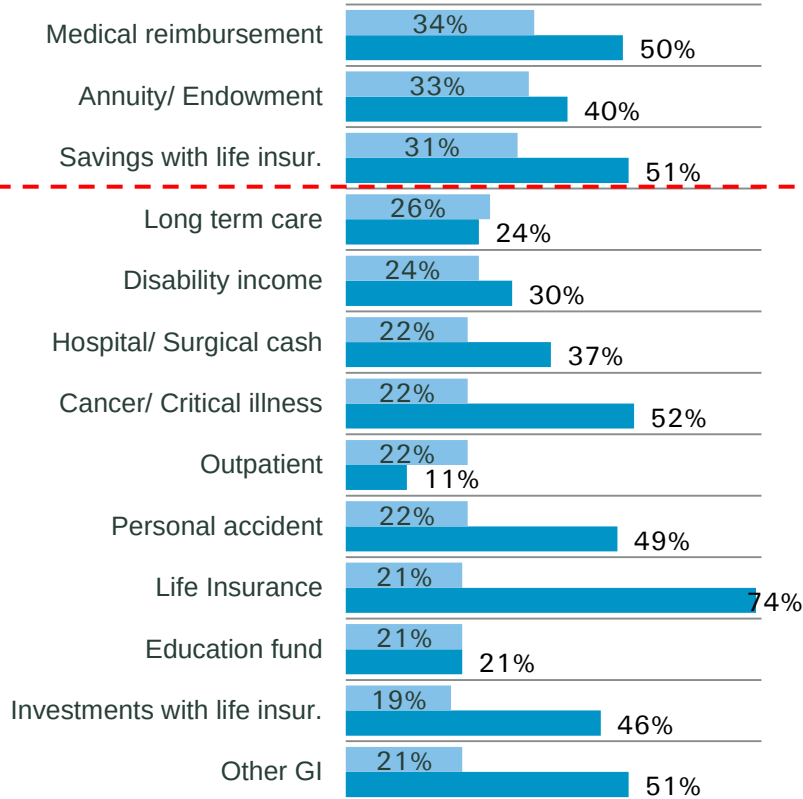
Retirees





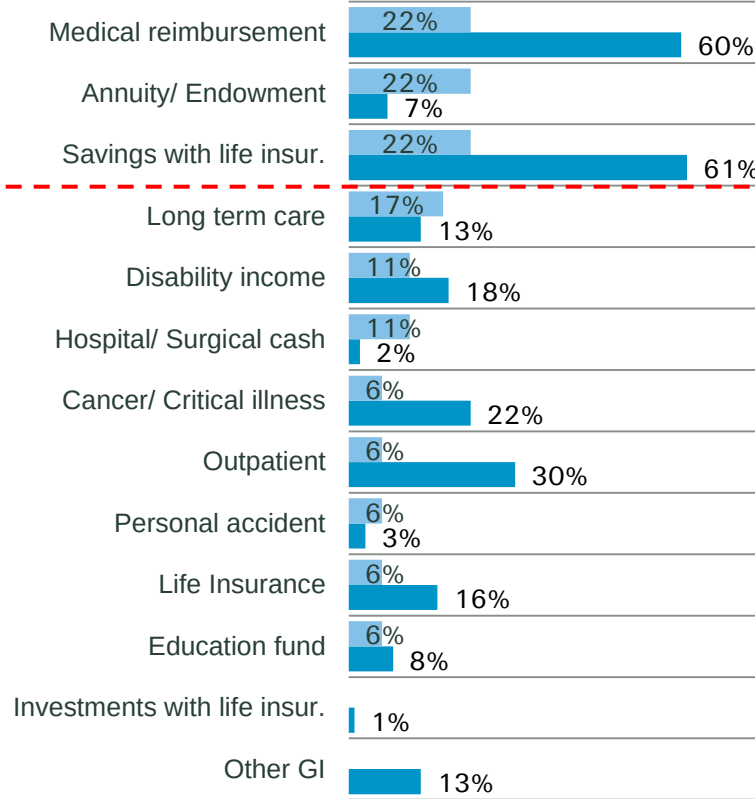
Types of insurance products that people consider to purchase in N12M?

Pre-Retirees



■ Future Preference ■ Ownership

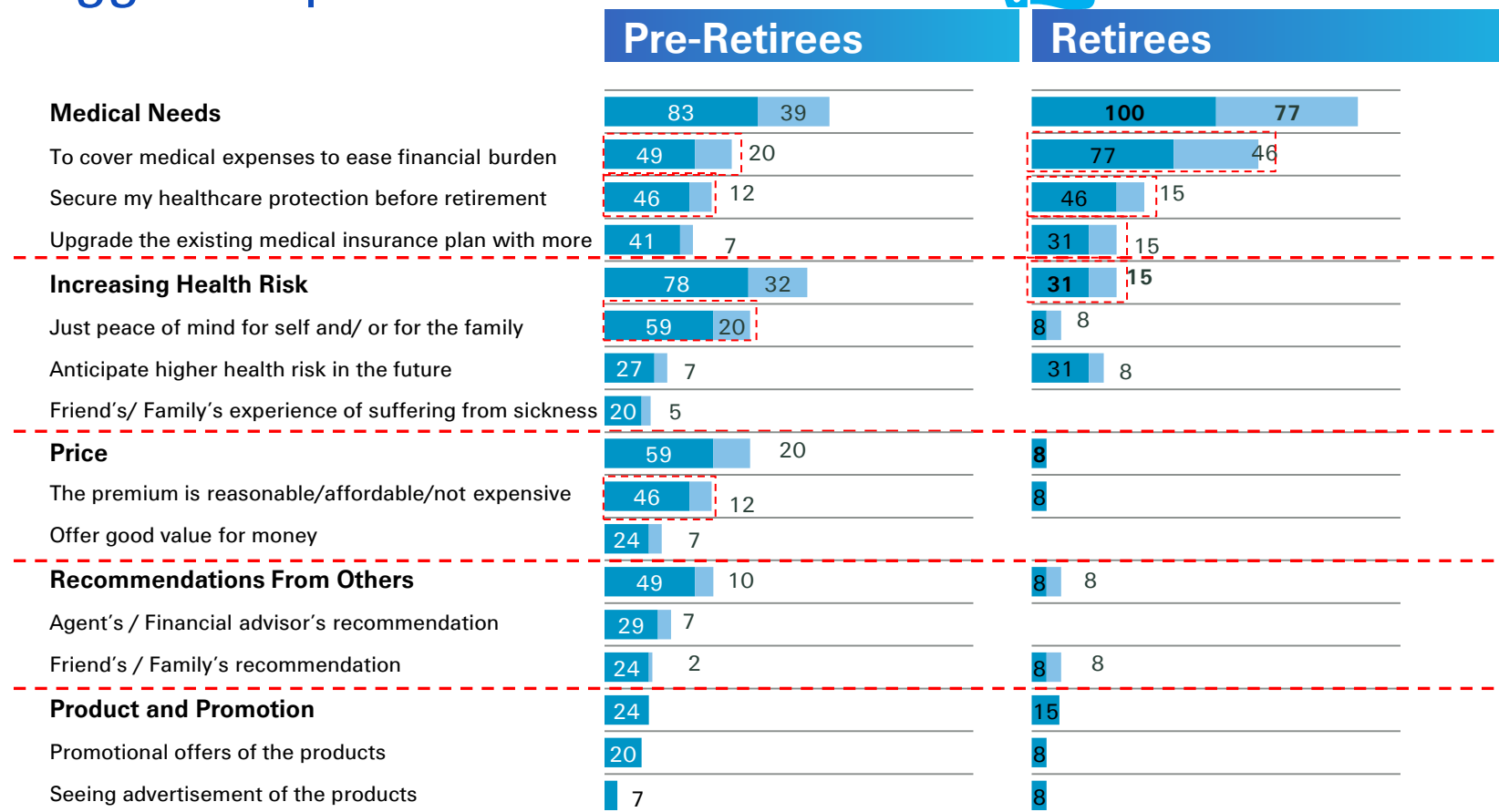
Retirees



■ Future Preference ■ Ownership



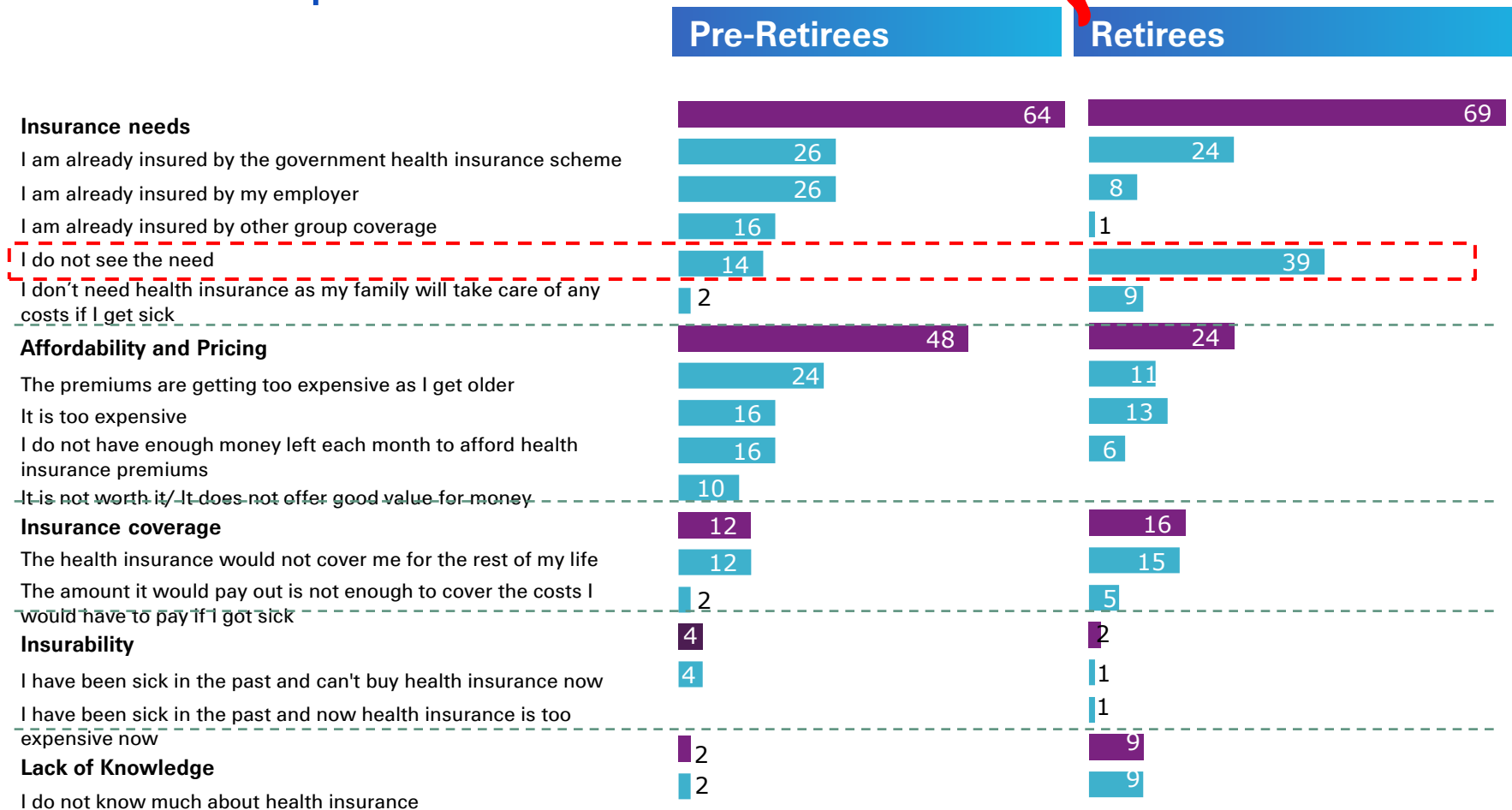
Triggers to purchase health Insurance



■ All mentions ■ Most influential reasons



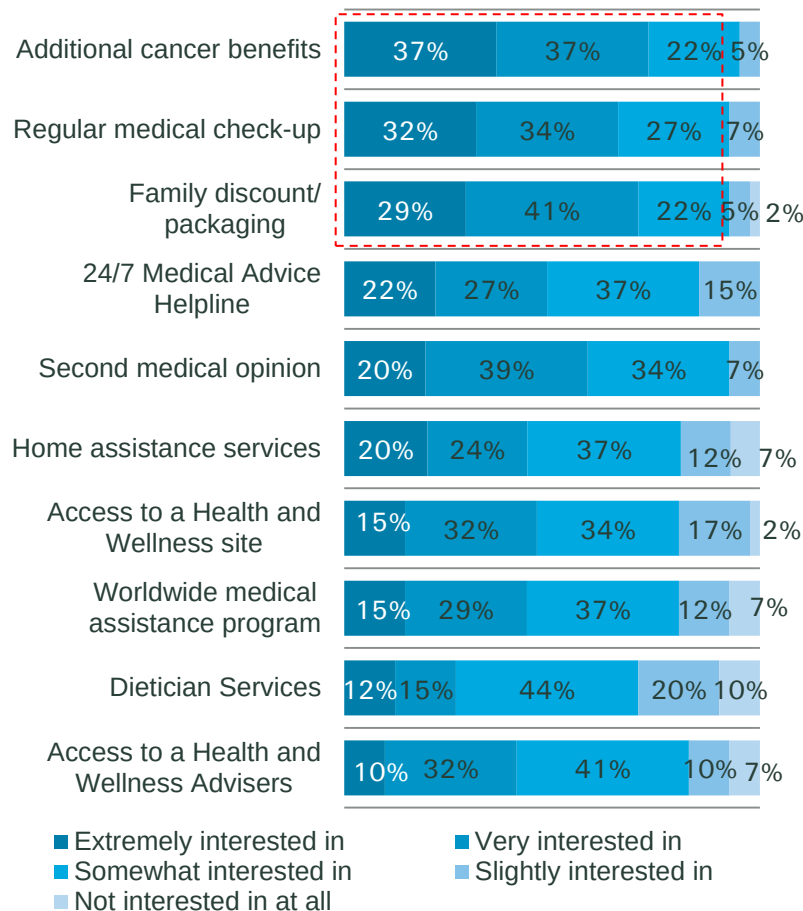
Barriers to purchase of health Insurance



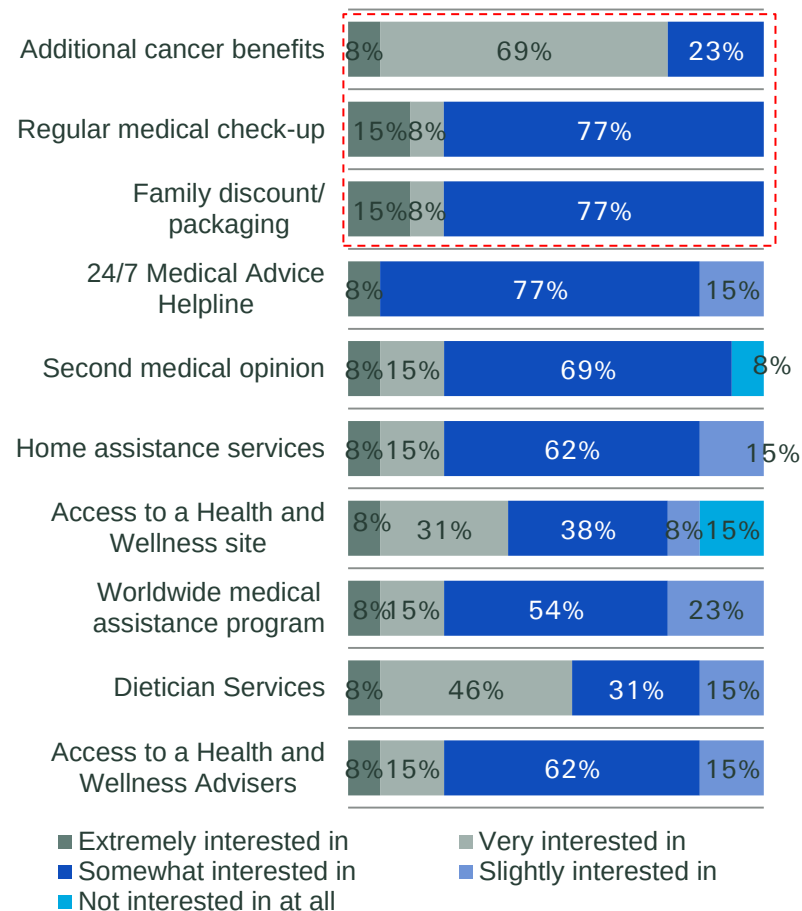


Preference of the Value-Added Features

Pre-Retirees



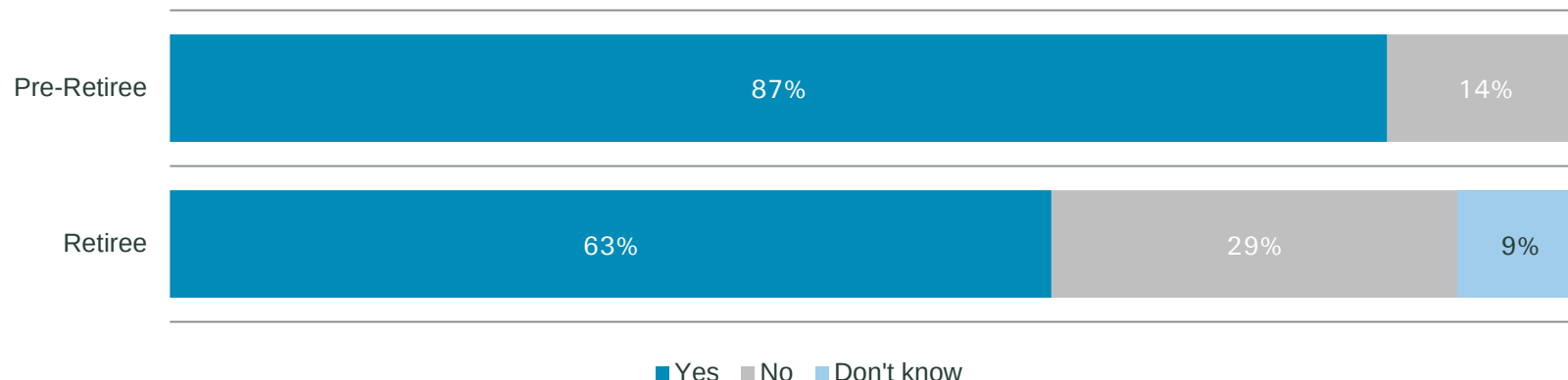
Retirees



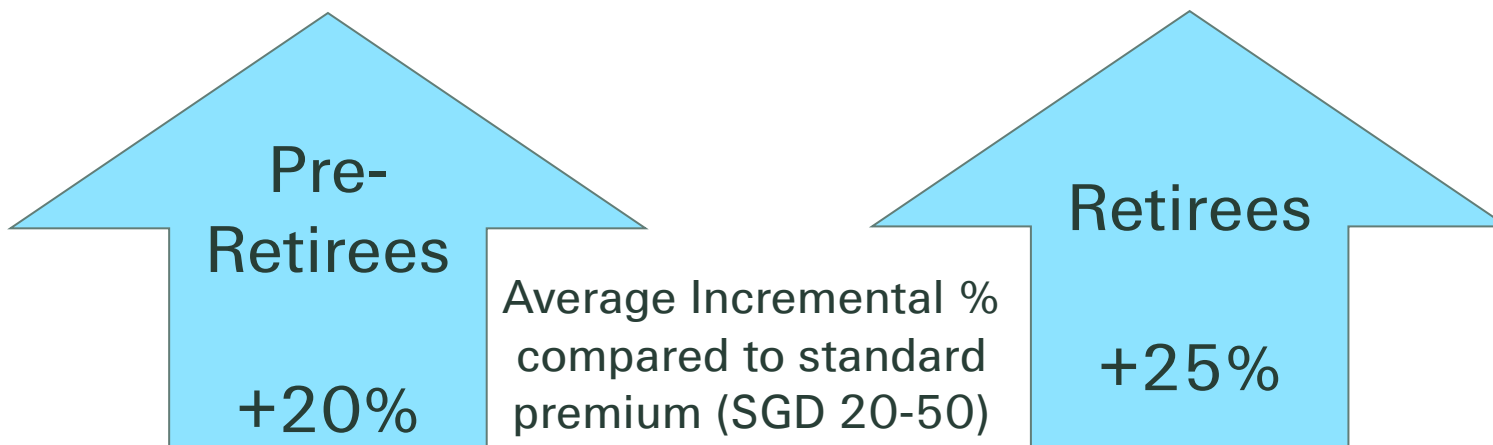


Do they want to answer health related questions?

It is reasonable to be asked medical or health related questions...



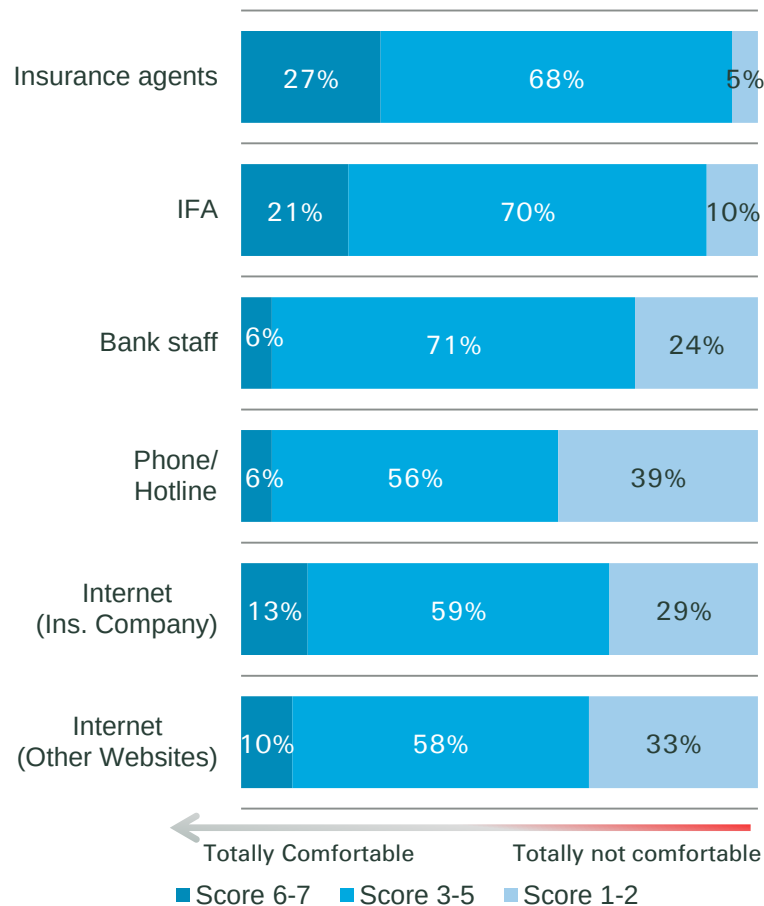
How much more are they willing to pay for not answering medical questions?



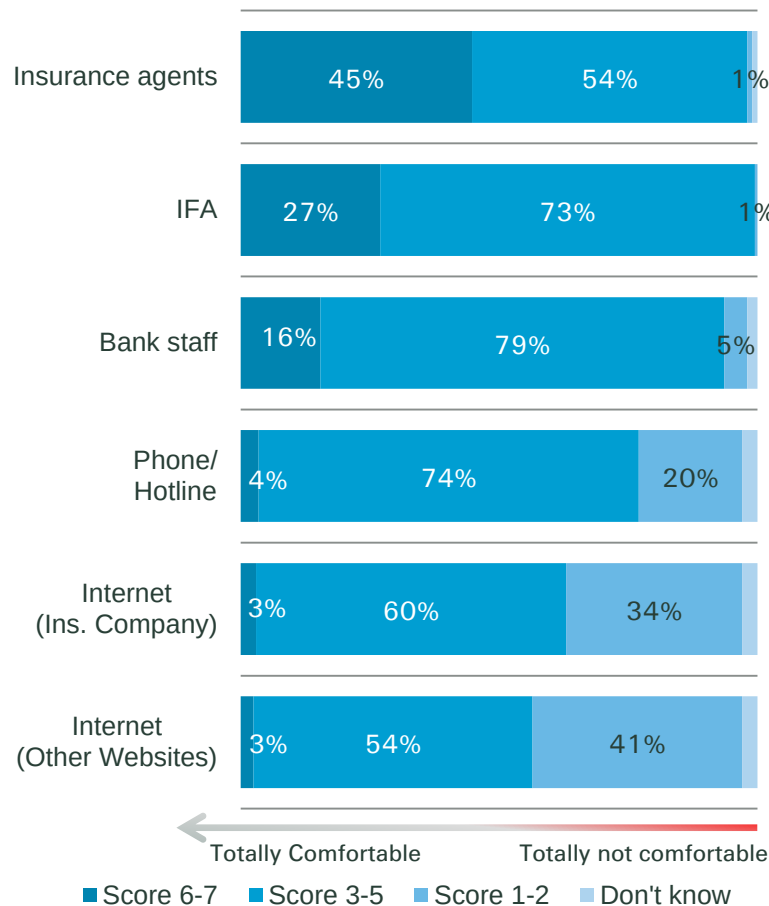


Which channel would they prefer to answer health-related questions?

Pre-Retirees



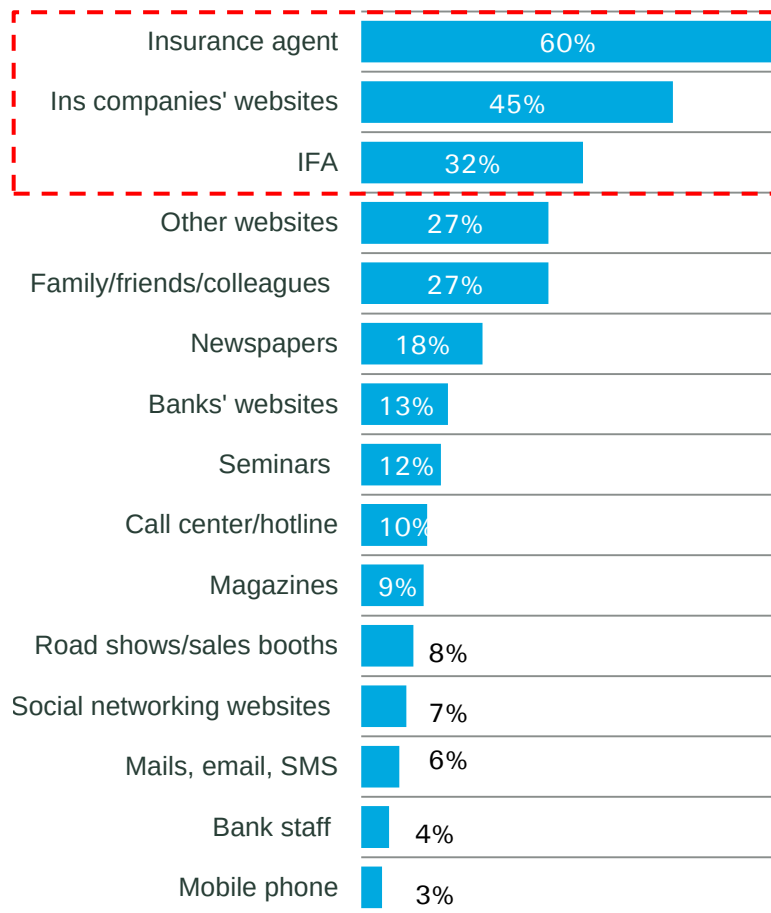
Retirees



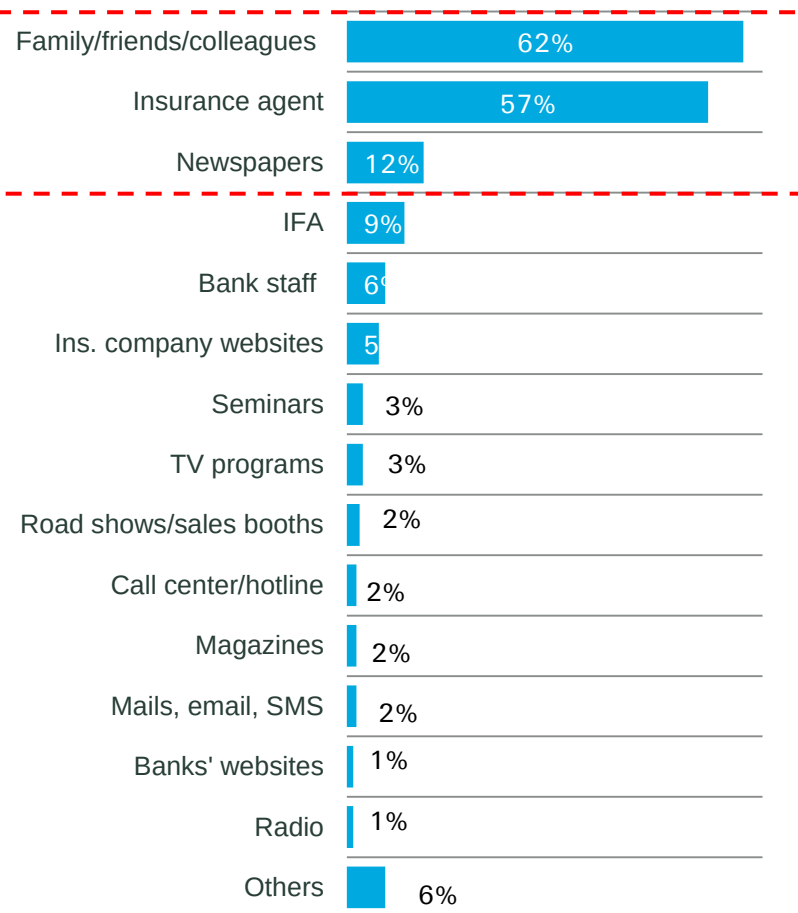


Top Sources of Information for Insurance

Pre-Retirees



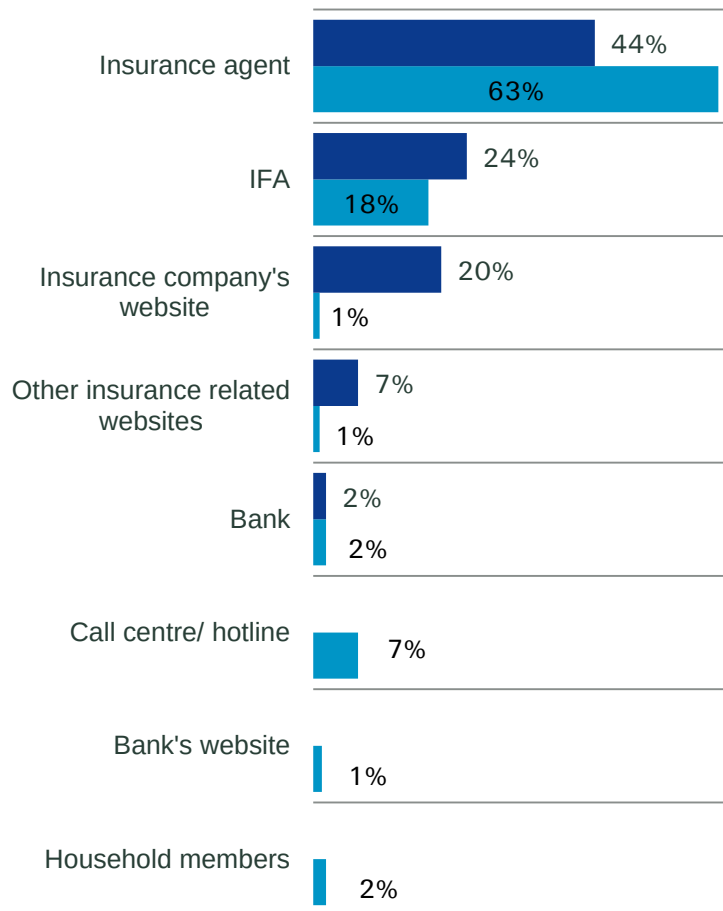
Pre-Retirees



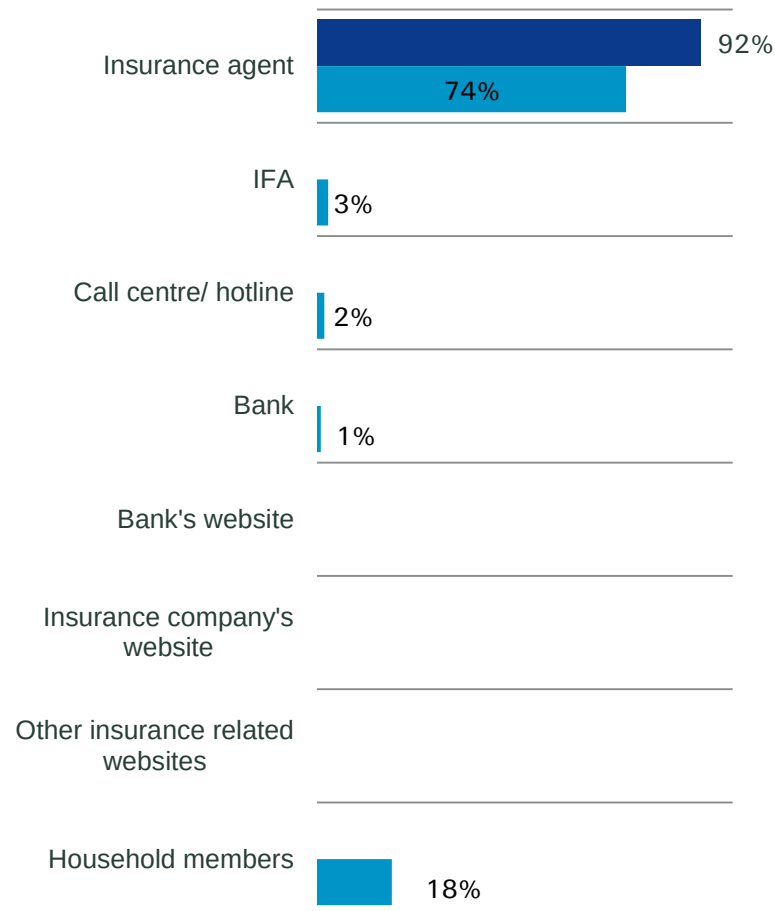


Preference of channel for insurance purchase in future?

Pre-retirees



Retirees





Summary

Key Takeouts

- Penetration high but demand exists
- Pre-retirees:
 - Know government scheme provision insufficient
 - Do not plan to depend on their families
- Retirees:
 - Less inclined to take action
 - Plan to depend on their families, cash in the bank
- Agency remains key, Bank and Internet prime for growth

Swiss Re



Time to RE-Think

The insurance industry needs to change the way it protects the world, starting with us.



Conclusions

RE-Think: Health strategy

Understand consumer needs ... and wants:

Tap into fears about higher healthcare costs in retirement and the value of health insurance, leverage purchase intent among pre-retirees

RE-Think: Product strategy

Clear, differentiated and affordable offerings at all stages of life:

Develop affordable health insurance products for retirement; family plans to cover generational needs; bridging products for retirement health needs; offer 'fast track' options at an appropriate price; allow flexibility in benefit payment options, provide additional cancer benefits

RE-Think: Distribution strategy

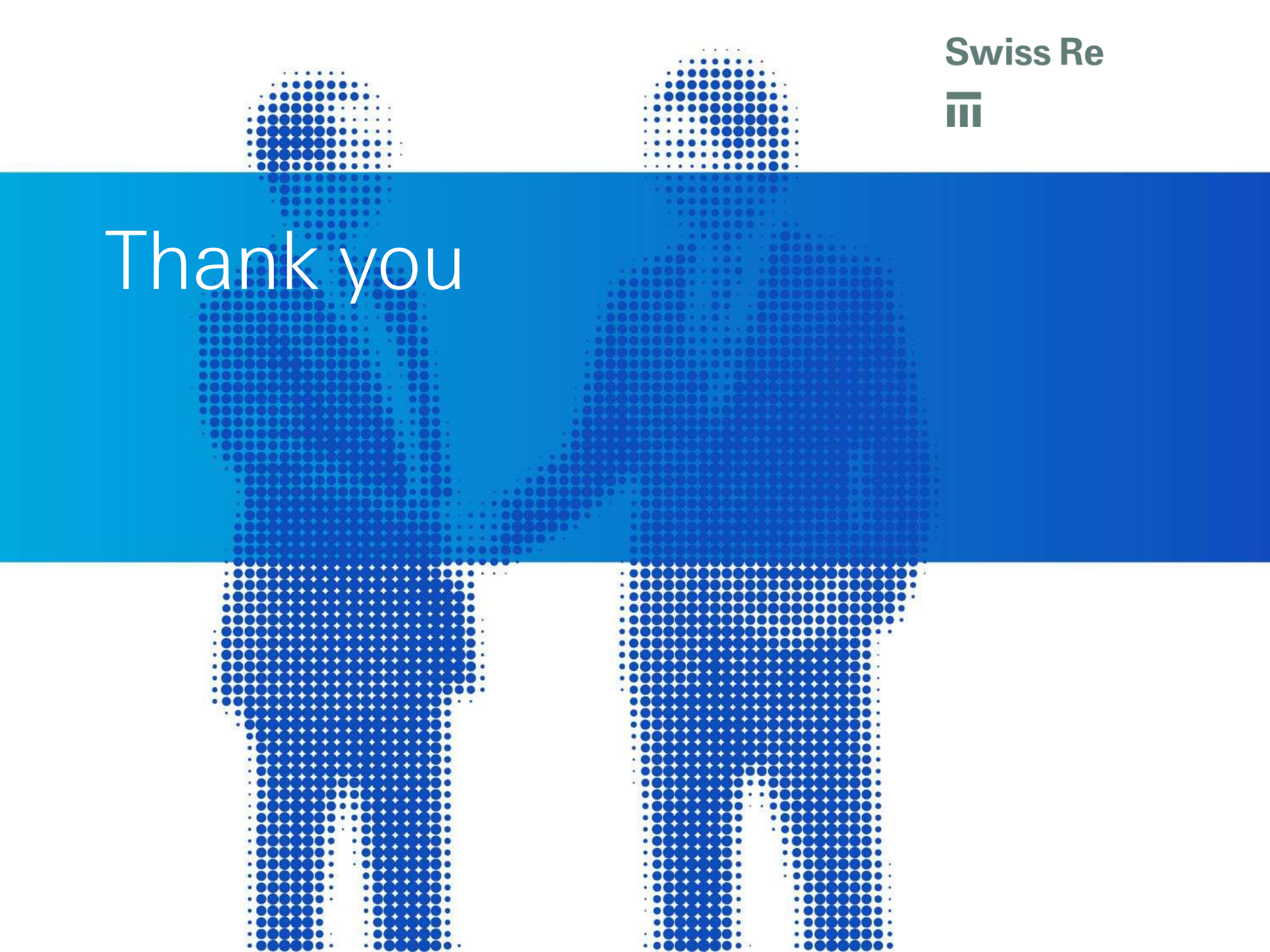
Make products available through preferred and appropriate channels:

Leverage comfort levels in answering health questions, ensure frequent reviews of coverage levels to ensure adequacy, meet growing needs for both traditional & online information and purchase

RE-Think: Communication strategy

Inform consumers about healthcare spend needs, affordability and availability:

Generate higher purchase levels by showing the need as a hedge against future ill-health, its value for money vs using up saving pot for health expenses, to protect savings, to reduce family burden



Thank you



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