

Managing the rise of Diabetes: Are we there yet?

Life Insurance Conference 2018

“Extending our Borders, Enabling our Industry”



PACIFIC LIFE RE

Diabetic

calling...



Remind Me



Message



Decline



H...H...Hello?

Discussion Areas

- **Introduction**
- **Key success factors for diabetic propositions**
 - Customers and distribution
 - Affordability
 - Design
 - Rewarding the right behaviours
- **Product design examples**
- **Conclusion**

Introduction to diabetes

Diabetes type 2
represents 85%
of all diabetics



Leading causes:

- Blindness
- Kidney failure
- Amputation

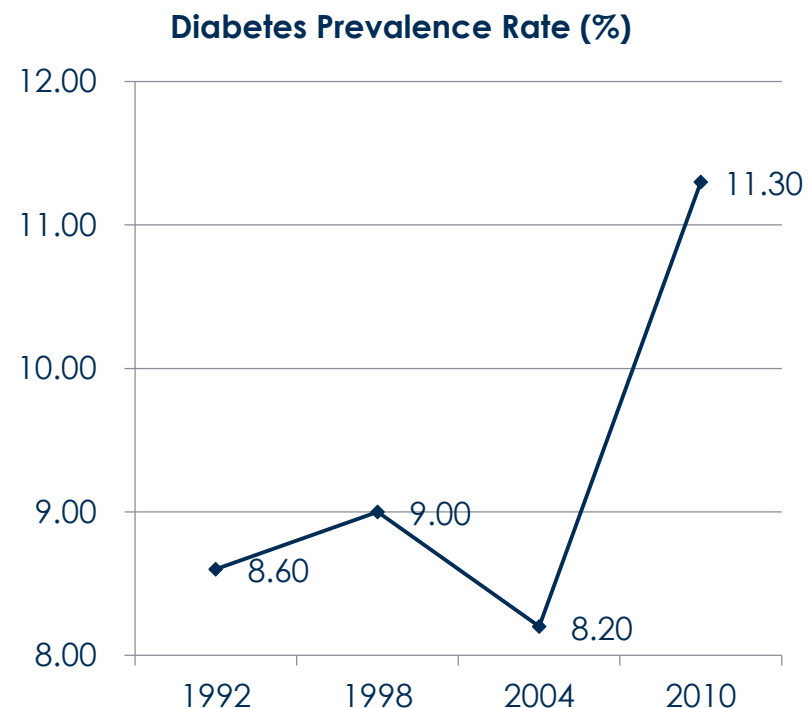
Increases risk

- Heart attack > 4x
- Stroke > 4x

There is no cure for diabetes

Fast Facts

	2014	2015	2016
Total No. of Deaths	19,393	19,862	20,017
Top 10 Causes of Death	89%	89%	89%
Top 10 Causes of Death (Diabetic Related)	33%	33%	33%
1. Cancer	29%	30%	30%
2. Pneumonia	19%	19%	19%
3. Ischaemic heart diseases	16%	17%	17%
4. Cerebrovascular diseases (including stroke)	8%	7%	7%
5. External causes of morbidity and mortality	5%	5%	4%
6. Hypertensive diseases (including hypertensive heart disease)	4%	4%	4%
7. Urinary tract infection	3%	2%	2%
8. Nephritis, nephrotic syndrome & nephrosis	2%	2%	2%
9. Other heart diseases	2%	2%	2%
10. Diabetes mellitus	1%	1%	2%



National Day Rally 2017



- Singapore has one of the highest incidences of diabetes among developed countries, second only to the U.S
- 11% of adults aged **18 to 69 are diabetics** with higher incidence rates in older people
- Today, an estimated **450,000** adults here have diabetes
- Further **12% to 15% suffer from pre-diabetes** within 1 in 3 to become diabetic within 8 years
- The number of diabetics **under 70** here could rise to 670,000 by 2030 and to **one million by 2050**
- Diabetes is expensive already costing Singapore about **\$1 billion a year** – likely to climb to **\$1.8 billion by 2050**

Diabetes product success factors



Life Insurance Industry approach

Medical expense products

- Costs associated with managing the condition
- Complications / hospitalization

Critical Illness products

- Lump sum coverage that extended to common diabetes complications; renal failure, blindness, stroke, HA, blindness

Mortality

- Lump sum for beneficiaries



Success factors – finding customers

Customer base

- Customers don't wear signs
- Corporate opportunities to partner with Diabetic associations & hospitals/clinics
- Agents will meet increasing number of potential customers with appropriate fact finding
- Medical claims portfolio data

Distribution education

- Partner with affinity groups with education required on the on the need for financial protection
- Agent / intermediaries must be educated to understand basic diabetic information including rating factors and complications that align to the product
- Agent must ask customers health pre-application to identify appropriate product

Success factors – affordability

Evidence based

- Lower risk rates
- HbA1C test & medical exams will objectify individual U/W ratings with pricing assumptions
- Offset by increased acquisition costs for medicals?
- Ask individuals to provide latest HbA1C test to remove cost
- Testing less attractive for agents to sell product

Disclosure based

- Higher risk rates
- Likely to attract increased proportion of diabetics with poor control
- Difficulty in validating health status may result in early experience issues
- Ease of process more attractive for agents & customers

Success factor - affordability

General

- Premium led marketing with sum assured / plans based on likely budgets
- Develop 'preferred' diabetic class with lower premiums for diabetics who effectively manage their condition
- Optional product features to meet budgets & risk appetite
 - Daily hospital income
 - Earlier stage coverage for less severe complications
 - Cancer coverage (improve overall product coverage)



Success factors – inclusive nature

Pragmatic eligibility criteria

- Acceptable level for HBa1C must result in a significant proportion of diabetes being eligible for the product
- Generation 1 products failed with decline rates approximately 50%

For 'non-standard' diabetics consider other options:

- Mortality only cover
- Diabetic management services
- Option to upgrade to living benefits if management of condition improves



Success factors – reward right behaviours

Product proposition

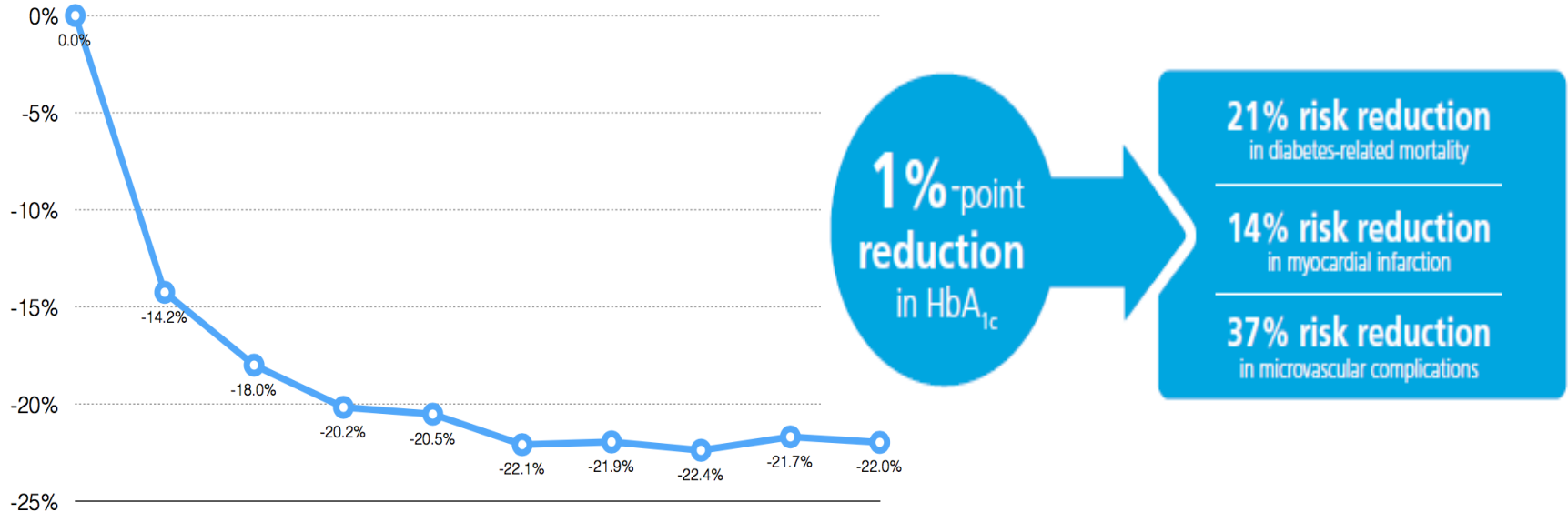
- Diabetics require more than financial protection
- Key ingredient is helping customers manage their condition to reduce the risk of complications
 - Brand recognition
 - Community benefits
 - Potential for improved claims experience

Integrated service offer options

Diabetes apps to support:

- Analysis of medical tests & behavioral data
- Reminders, tips & encouragement
- Access to:
 - Health coaches
 - Nutritionists
 - Counselling
 - Diabetic support groups

Reward right behaviours - benefits with active self monitoring



- Blood glucose - can decrease >20%*
- HbA1C results - Avg decrease of 1.71% from 8.6% → 6.89%

*n = 999. Baseline BG>180 mg/dL. At least 4 data/2 weeks

Diabetes Product Benefits



Death
Benefit



Diabetes
Related
Critical
Illnesses
(CI)



Limb
Amputatio
n due to
diabetic
complicati
ons



Medical
Expenses /
Hospital
Income for
hospitalizatio
n due to any
one of the CI



Cancer
Benefit
(Optional)

Product coverage examples and terms

Diabetes Complications (lump sum)

- Heart Attack
- Stroke
- Coronary Artery Bypass Graft (CABG)
- Kidney failure or transplant
- Blindness due to diabetes
- Limb amputation

Medical expenditure

- General or defined events as per above

Hospital income

- Defined events as above

Terms & Conditions

- Max sum assured: \$250,000
- Entry ages: 30 – 70
- Expiry age: 75
- Rates: YRT

Underwriting eligibility based on:

- Smoker status
- Duration of condition
- HbA1C results
- No existing diabetic complications
- BMI, blood pressure, cholesterol

Conclusion

Increasing prevalence of diabetes requires multiple industries to work together

Impaired risk requires an end to end proposition to ensure:

- Sufficient lives are eligible for coverage
- Product affordability
- Meaningful coverage
- Integration of services to assist customers manage their condition

Acquisition of customers may involve non traditional means

Opportunity to address an increasing social need



Contact

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