



From Critical Illness to Holistic Wellness

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Critical illness insurance has come a long way since it was first introduced. But now it may be time to take it to another level.

Critical illness (CI) insurance broke the insurance mold when it was first launched 35 years ago in South Africa. Originally conceived by the pioneering heart surgeon Dr. Marius Barnard, CI products have continuously evolved since then, with changes in structure, size and attributes being made in response to the perceived needs of customers around the world.

Today, the valuable protection and financial support that a well-designed CI product brings to customers when it is most needed has cemented its place in many life and health insurers' portfolios.

That is not to say that the CI market has yet reached full maturity. Indeed, there is plenty of room for innovation, and it is possible that the benefits available to consumers in the years to come are simply unimaginable today.

We have already seen a growing number of medical conditions covered, increased benefit payout, shorter waiting periods and simplified underwriting among the tangible developments.

Other interesting examples include: ease of sale process; tier structure of benefits; accelerated or additional benefits; fixed term or whole life; women-specific illness coverage; and children specific illness. All of these have been seen in various markets over several years.

But has there truly been a disruption in the critical illness insurance segment? It is debatable.

Disruption on the horizon

It is common knowledge that the traditional health insurance sales proposition is, generally speaking, quite challenging - irrespective of the benefits offered by the product itself. Perception is a problem. Any explanation of the health protection benefits available invariably involves a description or narration of morbid events that is intended to support the argument for protecting oneself financially against adverse health.

Contents

Disruption on the horizon	1
A holistic approach	2
Negativity risk factor	2
Introducing wellness benefits	3
A positive prognosis	3

About This Newsletter

Risk Insights is a technical publication produced by Gen Re for life and health insurance executives worldwide. Articles focus on actuarial, underwriting, claims, medical and risk management issues. Products receiving emphasis include life, health, disability income, long term care and critical illness insurance.

Often those who enjoy good health and are physically fit are not always psychologically receptive to the possibility or probability that morbid events may impact their lives in some way, at some time, in the near or distant future. People have a sense of invincibility or indestructibility, especially if they have never experienced any major adverse health issues at a personal level.

Another fact of life is that the entire proposition of the insurer revolves around payment for treatment and/or cure of defined morbid events subject to fulfilling certain conditions in the contract. The irony is that insurers may not even be aware that the value proposition offered by such a transaction does not necessarily resonate with many prospective customers.

There must be a better way of communicating to a potential customer so that he or she is more receptive and the conversation is more pleasant, as well as positive in outlook. Such a dialogue can only enhance the perception of the insurer.

A holistic approach

Let us step backward for a moment and dive into the macro world of health. The World Health Organization states, “Health is a state of complete, physical and psychological well-being and not simply the absence of disease or infirmity. Health is a matter of holistic wellness, i.e., physical and mental.”.

Yet CI insurance only takes care of the treatment and/or curative aspect of physical health. What about the other significant component of health? Can we afford to keep ignoring the role of mental wellness on overall health?

Moreover, if we accept that “prevention is better than cure”, then an element of prevention must be brought into the equation.

It has already happened to some extent, and there are a number of health insurance products across the world that offer “wellness” features and benefits. But, most of the products still focus primarily on physical wellness.

The striking fact is that the prevention element is incomplete, despite physical wellness elements being included. Physical wellness features include assessing an individual’s physiological conditions, the monitoring of physical health parameters,

providing advice on diet and nutrition, and encouraging regular physical exercise, like walking 10,000 steps.

The insurance industry has made reasonably good progress in terms of promoting the importance of physical wellness. Several apps and devices are now available to assess, monitor, control and incentivize individuals to maintain an optimum, if not an ideal level of fitness for physical good health.

But is this good enough for an individual? How important is the role of mental wellness in the overall well-being of an individual?

Let us take a step back and consider whether a critical illness is always caused by physiological conditions. The list of physiological conditions or physical ailments is long and many of them are considered to be key risk factors of critical illnesses.

But it does not end there: There are other complex risk factors that trigger such illnesses. Stress is widely believed to play a significant role in triggering a number of critical illnesses. Also poorly managed or repressed anger is also related to a number of conditions, including hypertension, cardio vascular diseases, digestive disorders and infection.

Negativity risk factor

Negative thoughts and emotions also adversely affect a person’s health. Negative attitudes and feelings of helplessness and hopelessness can create chronic stress that upsets the body’s hormonal balance and depletes the brain chemicals required for happiness.

In an interesting research article citing various sources, academics argued that psychological language on Twitter could predict heart disease mortality at the county level.¹

A study conducted by the American Heart Association in 2014 found that higher levels of stress, hostility and depressive symptoms were associated with significant increased risk of incidents of stroke, or transient ischaemic attack among middle-aged and older adults. Such associations are not explained by known stroke risk factors.²

Acknowledging that high levels of stress are a major risk factor, it’s even more important to manage stress well. In the absence of taking any positive steps to manage it, a key element

of prevention would have been ignored. So, is there not a strong case for including benefits that encourage mental wellness in CI cover?

Introducing wellness benefits

Since prevention is the main focus area for wellness benefits, a starting point could be to make a number of self-help options available to the critical illness prospect. This could include encouraging the customer to seek support from a source with whom they are comfortable.

If the preference is for a digital source, then they can be directed accordingly. If the preference is to talk to a person, a different process would need to be followed. The emphasis at all times should be to provide relief from stress on a sustainable basis.

There are many self-healing and mindfulness techniques such as yoga, tai chi and Zen meditation. In addition, there could be an option of hiring a life coach, wellness coach or counsellor, all who could be useful in providing relief, improving self-confidence and minimizing the occurrence of serious mental illness.

Such a provision could be done directly by the insurer or through a reinsurer. The tie-up with wellness service providers would be based on various parameters. An important consideration would be the quality of the mindfulness program and the extent of geographical coverage of such programs.

A positive prognosis

A balanced approach to overall health would have a positive effect on any individual's mental and physical well-being. Over time, an increased emotional quotient would not only improve one's ability to deal with stress and adversities in life, but also enhance the quality of life and relationships.

The happiness quotient factor would also grow, leading to better self-management of health.

Admittedly, from an insurer's point of view this unorthodox approach is clearly outside the conventional norms and is more in the nature of disruption. But, at a time when insurers really need to differentiate themselves, it is also a great opportunity to demonstrate customer "centricity" in action.

Instead of being a provider of insurance that is simply a financial safety net for various "dread" medical conditions, the insurers can position themselves as "caring for the overall well-being of its customer". By offering something that's unique in the market place the insurer can alter the customer's perception of the product and transform their own brand image.

If a mental wellness programme is actively adopted by the customer, it should result in improved overall health for that customer. It follows that the tangible benefits for the insurer is in the form of a lower claims ratio, better persistency and improved bottom line.

All of the above are powerful value propositions that could cause a paradigm shift, taking the health insurance industry to the next stage of its evolution. By re-designing and enhancing CI insurance to include a mental wellness component (assuming that it's implemented effectively), any insurer with an appetite for innovation has the potential to write its own success story.

Endnotes

- 1 Department of Psychology, University of Pennsylvania; Department of Computer and Information Science, University of Pennsylvania; Graduate School of Education, University of Melbourne; School of Medicine, Northwestern University; and Department of Emergency Medicine, University of Pennsylvania.
- 2 American Heart Association Inc. 2014.

About the Author

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The difference is...the quality of the promise.



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