

Asia readies for a 'silver' tsunami



As Asia's elderly population grows at an unprecedented rate, (re)insurers in Asia address the healthcare needs of their 'silver' customers by providing innovative insurance solutions to resolve their pain points, either on their own or by strategic collaborations. *Asia Insurance Review* speaks with a few (re)insurers in Asia about how the industry plays a critical role in 'healthy ageing'.

By Anoop Khanna



Age is but just a number and as this number increases, it challenges the various national healthcare systems. This is nowhere more evident than in Asia where the demographic landscape is rapidly shifting towards an aging society.

Aging Asia

Thanks to policies like one-child per couple in China and overall social changes, birth rates have also been declining. Fewer births and improved healthcare in the last few decades have led to longer lives. In China the number of persons over 65 years is expected to jump from the present 8% to 24% in the next three decades.

The data published by the Singapore's department of statistics indicates that from a total population of 5.6m people, the ratio of residents aged 65 years and above compared to those between the ages of 20-64 years is 1:5.

Hong Kong population projections speak of the elderly portion of society likely to grow drastically from 19% in 2017 to an estimated 34% by 2030.

According to the government of India during 2000-2050, the overall population is expected to grow by 56% while the 60 plus population will increase by 326%.

A United Nations report published in 2016 says more than a quarter of Asia's

population would be over age 60 by 2050. The pace of this change in Asia exceeds the world average. It is expected that by 2055 one in every five persons in Asia will be a senior person.

The impact the rapidly greying Asian population has on healthcare resources is very revealing. Already one-quarter of outpatient services and nearly 33% of all in-patient health services are used by individuals over the age of 65 years.

In the bigger and much more complex markets of China, India, Malaysia and Indonesia the challenges of providing adequate and long-term care to this 'vulnerable' part of the population are amplified due to the sheer number of the elderly in these countries. This is proving to be one of the most daunting healthcare challenge of present times.

(Re)insurers' perspective

SCOR Global Life's deputy head of Hong Kong Clement Fung said, "As societies age, there will be an increased demand for healthcare services and increasing cost and also need to adapt the services provided to best meet the healthcare needs of the elderly."

"Today's healthcare systems that are typically focused on hospitalisation and short-term care will need to adjust to provide prevention and support for cognitive diseases, chronic illnesses and

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Mr Clement Fung



Mr Tomoatsu Noguchi



Mr Bhaskar Nerurkar



Mr Steven Conway



Mr Randy Lianggara



Ms Jyoti Punja

injuries and long-term health services needed by the elderly,” he said.

Toa Re president and chief executive Tomoatsu Noguchi said, “The public healthcare system in Japan consists of the employee health insurance system that covers employees and their dependents, the advanced elderly medical care service system that covers people over 74 years, and the national health insurance system that is available to all Japanese citizens other than people covered under the first two components.

“The declining birth-rate and aging population in Japan are pressuring the finances of the public healthcare system. This, in turn, will affect private medical insurance and the related reinsurance coverage,” Mr Noguchi said.

Medical and sociological problem

Bajaj Allianz General Insurance head health administration team Bhaskar Nerurkar said, “The aging Asian population is very often dependent on others due to change in social and family structures. Earlier there was a traditional family structure with joint families taking care of the elders and today more families are moving towards nuclear family structure where the elders are left out to fend on their own.”

Mr Fung said, “The rapid change

in population aging is a societal issue that has a widespread impact including on the younger generation. With limited professional long-term healthcare providers and typically high costs, younger generations are often expected to take care of their parents. With fewer siblings than previous generations and balancing the need to take care of their own future, the strain can be daunting with serious implications.

“However, despite significant changes that are likely to happen in the days ahead and related rising costs, aging societies will create significant business opportunities to provide infrastructure, financial support and comprehensive well-rounded solutions to consumers,” he said.

Exciting growth opportunities

Allianz Asia Pacific head of health Steven Conway said, “People are not only living longer but living longer with medical issues. This is a reality not only in Asia but also globally. Whilst a challenge, this presents insurers with a terrific opportunity to redefine their role within healthcare system.”

“This major demographic challenge for Asia despite possible implications on its economic growth, shrinking workforce and talent pool, also presents an exciting growth opportunity for insurers particu-

larly in the areas of retirement and healthcare,” said Aviva Vietnam CEO and Aviva China and Indonesia regional CEO Randy Lianggara.

Mr Fung said, “In order to have sustainable solutions to aging health issues, enhanced preventive care, health promotion and rehabilitation from acute illnesses are some of the areas that provide great opportunities to private sector to expand business while assisting these societies to achieve ‘healthy aging.’”

‘One-size-fits-all’ not for Asia

With the exception of perhaps Japan, Singapore, Taiwan and South Korea, most Asian countries are emerging economies, where the problem of aging population is compounded by economic dependency and the lack of infrastructure.

Cigna TTK Health Insurance chief operating and customer officer Jyoti Punja said, “With established and emerging economies aging at variable rates, different healthcare challenges are bound to arise.

“Established Asia, with its already flourished elderly population, will continue to sustain healthcare privileges. On the other hand, emerging Asia is ‘growing old before getting rich’ and hence its basic healthcare provision is in question due to fragmented healthcare infrastructure and limited public expenditure.”

“The inevitable increase in healthcare demands will result in cost cut backs and tightening of access, requiring greater financial burden be pushed back to the patient,” Ms Punja added.

Mr Lianggara said, “An aging demography and adoption of second child policy in China have sparked excitement among the private insurers to rethink possibilities and ignite transformation in existing retirement and health care offerings.

“There can be a shift in the focus from issuing policies for individuals to developing comprehensive retirement, insurance and protection propositions that cater to the needs of larger families,” he added.

Ms Punja said though the opportunities are opening up for health insurers due to the changes in the demographic profile of Asia, “there can’t be a one-size-fits-all strategy when it comes to take on

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this opportunity."

"Moreover, our global Cigna 360 Well Being Survey 2018 has revealed that 50% of the respondents are prepared for old age through active aging and financial readiness," she added.

Mr Lianggara said, "In developing Asian markets such as China, Indonesia and Vietnam, while the pace of development in the insurance industry varies among them, all three share common characteristics such as having low insurance penetration rates and large geographically dispersed populations."

Strategic collaborations for technological innovations

Aviva has been collaborating with partners and tapping technological innovations to address consumers' needs. "We have invested in mobile technology to make it possible for customers to receive real time medical advice remotely without having to travel to the hospital," said Mr Lianggara.

Strategies to address health issues of the elderly increasingly are relying on prevention by adapting technological innovations and early stage detection.

Mr Noguchi said, "In recent times product development has been energetic in the private medical insurance market and this includes improving the availability of products for elderly people with chronic illnesses, improving benefits on dementia and nursing care products that are more common among the elderly."

"In the Netherlands, five insurers now reimburse users for high-tech sensors which are able to track the activities of the elderly within their homes. The aim is to prevent or cure small things before they become big and as a consequence reduce further potential risk, pain, discomfort and of course treatment cost," Mr Fung said.

"Due to our constant contact with

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Three-point strategy

The rapid greying of Asia is causing significant pressure on healthcare infrastructure in the most populous continent, bringing it to a point where it may simply not be sustainable.

Medix vice president global business development and strategic partnerships Jonathan Sternberg said, "Healthcare models require restructuring with a focused shift towards more sustainable and efficient solutions. There is much that can be done, and following are three intrinsic components to address in order to achieve more efficient, well-grounded and sustainable healthcare systems."

1 Prevention and early detection – Providing services to the healthcare industry that help to deliver integrated and cost-effective care plans through preventative measures in order to improve patient outcomes and all-round medical experience. Focus on nutrition, exercise, healthy living and personalised screening will have a direct effect on the management of NCD's, lowering costs and improving medical outcomes.

2 Patient centric personalised care – focusing on the patient and not the disease while also looking at the individual and not the population. Consider risk profiles, genetic information and other personal data points to tailor evidence-based care programs to meet the desired health outcomes while avoiding overuse and misuse.

3 Digital continuity of care – Wearables and various clinical monitoring devices can be given to patients and also deployed across home care settings. These enable continuous remote monitoring and real-time intervention as needed. From avoiding hospitalization to early discharge and avoidance of readmissions, continuous care will make for more efficient use of healthcare resources.

Medix was the recipient of the AIA award for Best Service Provider of the Year in 2017.

customers and rich knowledge of their medical circumstances, Allianz is able to leverage services and counselling that provide customers ongoing support, understanding and reassurance and ideally treatment options that allow them to remain at home rather than use public healthcare. Insurers' costs are reduced, patient outcomes are improved and pressure on public health system is decreased, a win-win situation for all," said Mr Conway.

Specific and exclusive pure insurance products for senior citizens in Asia are far and few between. To deal with this problem, Mr Nerurkar said, "Bajaj Allianz has come up with a very specific product to cater exclusively to the special needs of the aging population. It has reduced

waiting periods and also has features that include pre-hospitalisation, in-patient, post-hospitalisation, ambulance expenses and also day care procedures.

Risk assessment will be important

Mr Noguchi had a final word of caution for the private medical insurance in view of the pressures that are working on the public healthcare systems. He said, "Risk assessment is difficult for these new products (by private medical insurance) because historical data is limited."

He said, "The Japanese market traditionally prefers long-term coverage, so direct insurers sell long term coverage for risk, which further complicates the risk assessment.

"Given these circumstances, reinsurers will need to assess and forecast new risks based on the results of their own investigation and research to provide reinsurance solutions for these risks. Therefore, the reinsurers that do not have such capabilities or have not had appetite for long term risk coverage face very high barriers to entering the medical reinsurance in a market like Japan." **A**