

HEALTH PROTECTION GAPS IN EMERGING MARKETS: AN OPPORTUNITY FOR HEALTH INSURERS TO SERVE THE MOST VULNERABLE

ZURICH, 18 March 2019 – People in emerging markets have great difficulty funding their healthcare needs, as overall expenditure in healthcare is growing faster than gross domestic product, according to a research report published by The Geneva Association, the leading international think tank of the insurance industry.

The share of healthcare expenditure has risen globally over the last two decades from about 8% to almost 10% of aggregate gross domestic product. In emerging markets, higher healthcare costs are driven both by communicable diseases and by lifestyle-related diseases. However, in these markets, the global trend of higher healthcare expenditure has not led to increased penetration of private health insurance, which remains insignificant with a 2% share of total healthcare expenditure.

The report 'Healthcare in Emerging Markets: Exploring the Protection Gaps' analyses the health protection gap as out-of-pocket spending that is financially stressful for households. Based on assumptions on the relationship between stressful out-of-pocket spending and per capita income, The Geneva Association estimates the annual health protection gap in emerging markets at about USD 310 billion or approximately 1% of these countries' aggregate gross domestic product.

Jad Ariss, Secretary General of The Geneva Association, said: "Healthcare funding is one of the biggest societal challenges of our time and the insurance industry can play a major role in offering sustainable solutions. Health protection gaps in emerging markets require flexible and creative approaches that address the needs of vulnerable people who have so far been denied suitable and affordable access to healthcare."

Kai-Uwe Schanz, Director of the Protection Gap research programme at The Geneva Association, said: "There is a broad consensus that private health insurance is preferable to out-of-pocket spending which can be financially catastrophic for households. With the right regulatory framework, private health insurance can have an important and beneficial effect on the sustainability of health schemes to which individuals, governments and employers contribute."

From a public policy point of view, private health insurance can help governments in emerging countries to mitigate their population's vulnerability to catastrophic out-of-pocket spending.

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