

Innovative Solutions for the Elderly

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Innovative solutions for the elderly

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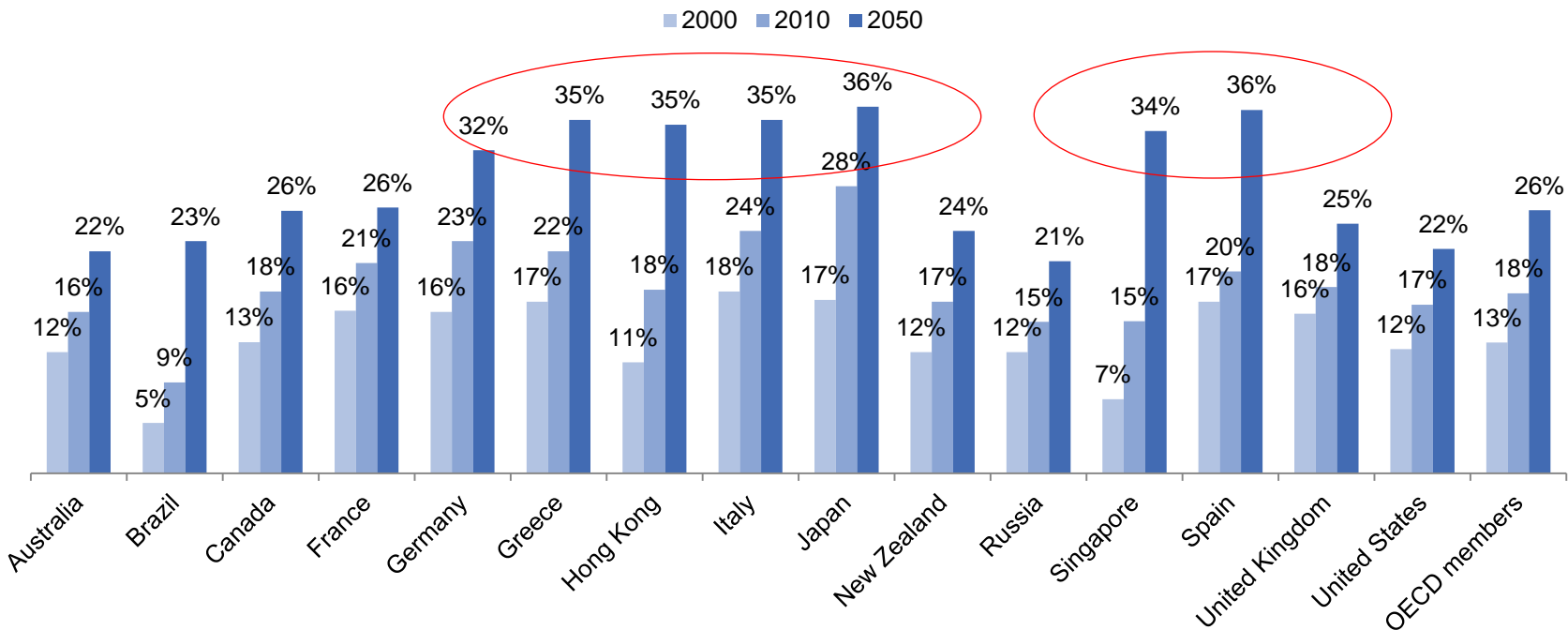


- Asia & the Elderly
- Health Insurance in Asia & Allianz
- Innovative Solutions

Asia and the elderly

Aging World Demographics

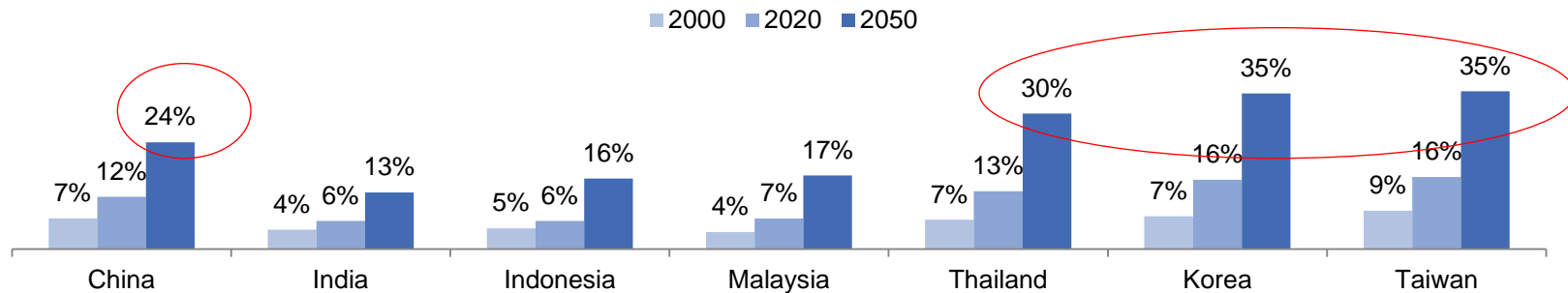
Percentage of population above 65 years



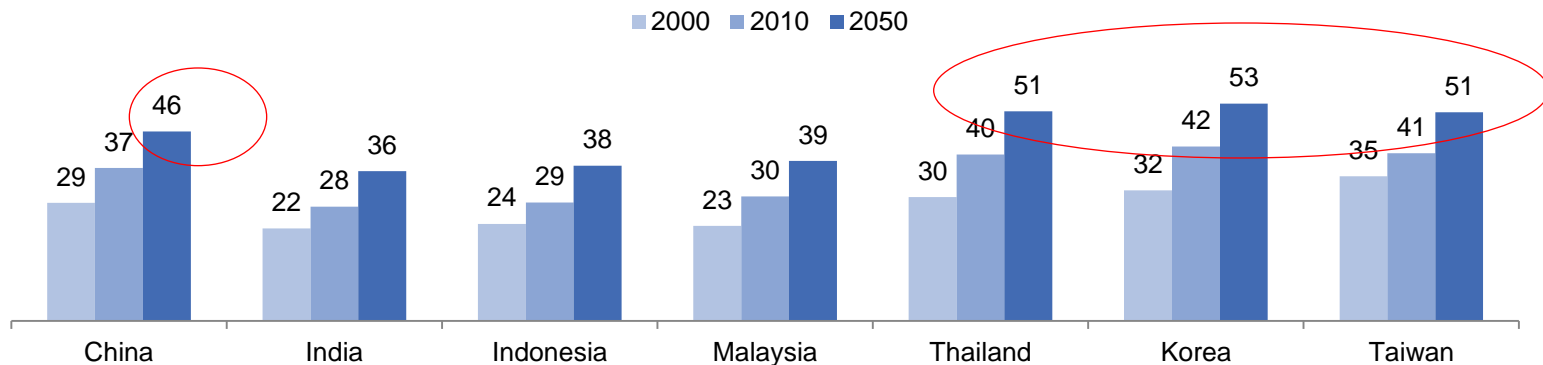
- Europe has the highest proportion of aging population in the world as a continent but Japan has worlds highest aging population

Aging Projections in Asia

Percentage of population above 65 years

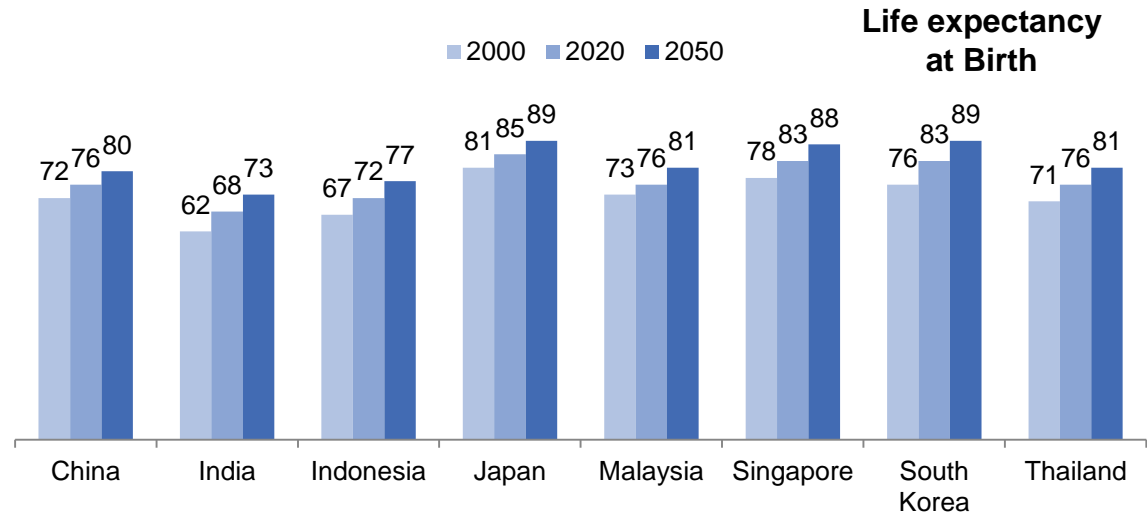


Median Age

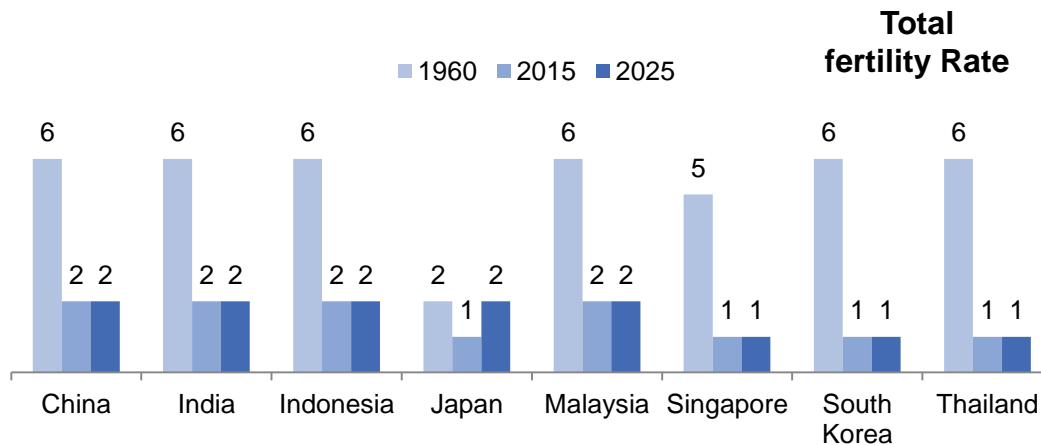


Issues we are dealing with

People are living longer in Asia...



..and having fewer children



Megatrends affecting the Asian Healthcare Systems

1

Life-Changing Medical Technologies



2

Demographics



3

Digitalization



4

Urbanization



5

Consumer Empowerment / Personalization



6

Regulation/ Government funding



7

Globalization / Mobility



... all of which trigger Medical Inflation.



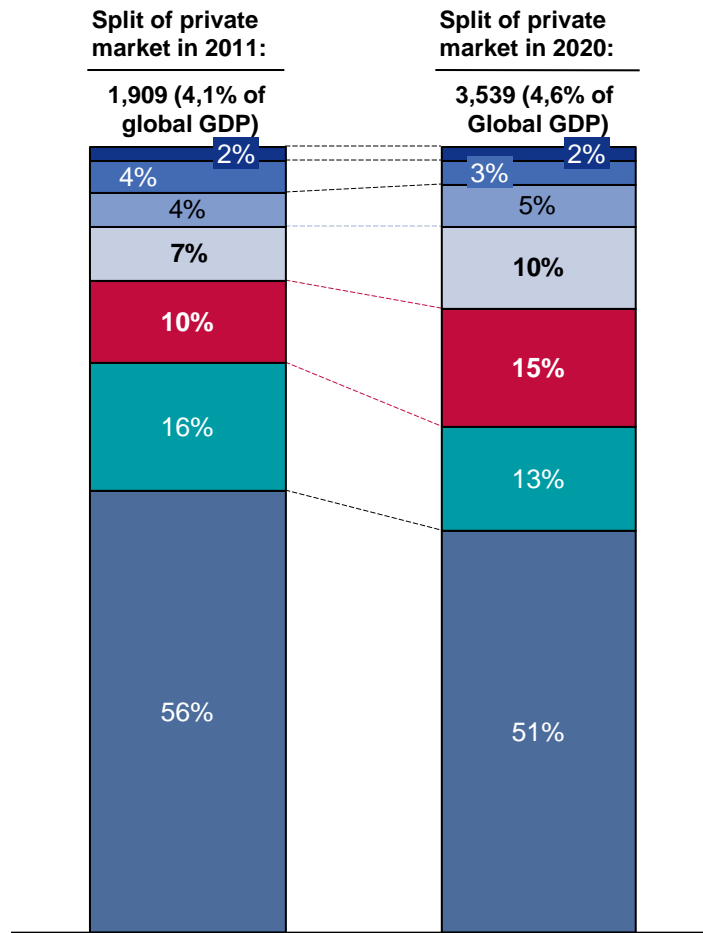
Key Issues

- World's Population is getting older
- Working Population is shrinking
- Insufficient healthcare facilities for elderly based on rising demand.
- Rising healthcare costs

Health insurance in Asia and Allianz

The Asian private Health market will have surpassed Western European private market by 2020

EUR bn



CAGR₂₀₁₁₋₂₀₂₀

Australia & NZ	7.2%
Japan	3.8%
CEEMA	9.5%
Latin America	11.7%
Asia excl. Japan	12%
Western Europe	4.7%
North America ¹	6.0%
CAGR	7.0%

Key takeaways

- All markets are growing, in particular Asia and Latin America.
- Private is substituting public expenditure, in an aggregated view.
- By 2020 the Asian (ex-Japan) private market will be larger than the European private market.

¹ excl. Canada.

Projections are based on constant expenditure split as of 2009.

Source: Allianz Group Economic Research & Corporate Development.

China Old Age Care

Current Situation

- Long term care of elderly has traditionally been the responsibility of Chinese extended family
- This is threatened by 1973 one child policy i.e. a couple looking after 4 parents and a child is impracticable

Products

- Fear of self care at old age has led to growth of savings products e.g. 25-year endowments. PICC Health offers Long-term Nursing policy, which pays monthly care costs if policyholder becomes incapacitated before 60years (1)

Governmental Efforts

- Chinese central government in 2003 launched the New Cooperative Medical Scheme (NCMS) to resolve the inequity problem of health in regions with inadequate infrastructure and relative poverty. The rural elderly are the main beneficiaries of this policy .This scheme has significantly improved the health of participants but it's effectiveness over time is dwindling (2)

India Old Age Care

Current Situation

- Indians over 60 years of age will represent almost 20% of the population (315 million) by 2050
- 90% of workforce have no formal pension facility in place & rely on earnings or family finances to survive.
- Long term care Insurance market is almost non existing due to average low income level of the population, lack of tax incentives and the culture of mutually supportive and self-reliant families.
- This also makes assisted homecare not very important (3)

Indonesia Old Age Care

Current Situation

- Over 10% of population is over 60% now & 25% will be by 2050
- Traditionally elderly Indonesians found both care and financial support with their families. This culture is now being eroded as family units are separated and younger members migrate to often distant urban centers or even other countries to find work. As of 2008, more than half the population live in urban areas
- National family planning program has succeeded in significantly reducing Indonesia's birth rate. For elderly Indonesians, this means fewer children to support them in old age.

Governmental Efforts

- Enacted the „Old Age Welfare Law of 1998“ and established a five-year „National Strategy to Improve the Welfare of the Elderly“ in 2003. Program was aimed at co-ordination of government institutions, community, private sector, civil society representing elderly Indonesians.

Product

Elderly Care Homes

- Some private sector services provide:
- Geriatric homes („panti wredha“ – generally for the healthy elderly and those able to pay for care)
- Community based LTC includes geriatric clubs (including a village geriatric group organized by local village health providers trained by a religious foundation)
- Home-based LTC including mainly home care for the elderly and care for people with chronic diseases, disabilities, mental disorders and others who are cared for by family members.
- Demand for elderly care homes have increased in the big cities due to increasing numbers of family members living and working in cities, especially women who were the traditional caregivers. As of 2011, there were no insured LTC available in the market, for cultural and cost reasons. (4)

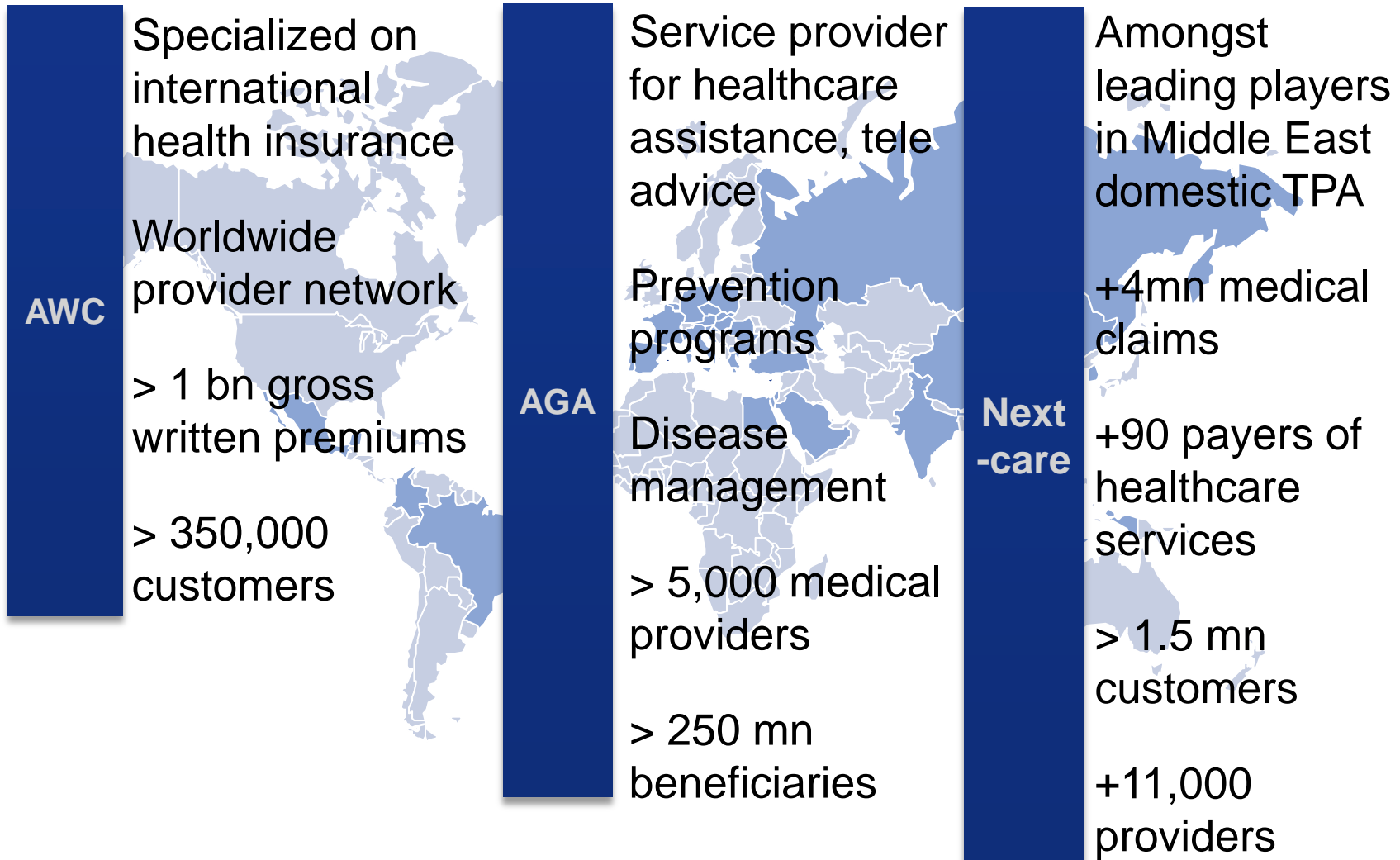
Allianz – Global Health Insurer



One of the **largest non-US health insurers**

32 countries offer Allianz health products,
of the 70

With global assets



Allianz Health in Asia



- Present in Asia since 1917. Regional Office in Singapore
- Serves the need of roughly 20million customers in the region
- Around 20,000 staff & 285,000 agents supporting Life & Health businesses in Asia.

Innovative Solutions

Funding Old age healthcare will become increasingly challenging and more creative solutions will be needed

- Sustainability of public systems for the elderly is becoming more challenging
- Need to encourage longer working lives (not just moving the retirement age) based on declining working populations



- Health insurance premiums will become increasingly expensive with age and medical inflation



Challenges

- Higher premiums due to increased longevity & medical inflation
- Strained public financing systems

Innovative Solutions

- Governmental policies to improve shrinking working population e.g. tax breaks
- Fiscal measures to increase medical facilities

What can insurers do?

- Incentivise younger consumers to buy
- Encourage healthy living, wellbeing (prevention) and disease management
- Set health insurance premiums such that reserves are established for aging at the time of purchase, making it affordable at later ages (if the insurance system allows e.g. Germany)
- Develop new innovative integrated insurance, health services and assistance products for the aging population.
- Extend the customer value chain towards certain types of health provision (not just insurance)



“Assisted Living Insurance” – Short Term Care insurance combined with Assistance / Health Services

- Financial benefits and Adaptations to home if the person is unable to perform certain activities of daily living to facilitate independent.
- Cover serious Elderly illness and acute traumas



- Help to arrange care and financial advice



Extending the customer value chain towards provision

Nursing homes or hospitals

For those who do not have health insurance, offer access to care at discounted rates.

Primary care facilities

Allianz owns 2 out-patient clinics in Colombia and maybe will expand similar care models to Asia.

Mobile Health clinics

In areas where care providers are limited, basic primary care and e-consultancy for tertiary could be offered through mobile/fixed clinics.



Therefore Allianz will not only be an insurer of the elderly but will increasingly embrace health services and prevention



Home care Services



Tele - assistance

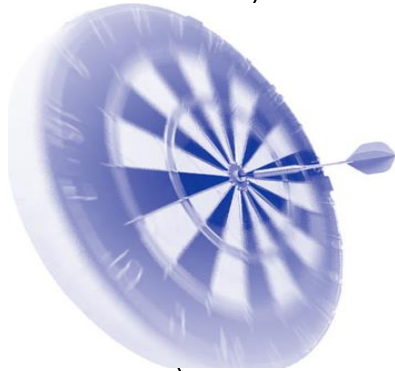


Tele-advice



Prevention/Well being

The global aging population challenge means we have to deliver creative innovative solutions



- Innovative products & Services
- Infrastructural Development
- Companies taking care of their employees health, ideally with government incentives
- Technological Innovation



Thank you for your attention!