

# CAPCO

## FUTURE OF HEALTH INSURANCE IN ASIA-PACIFIC

THE DIGITAL  
AND DATA  
REVOLUTION

a wipro company



**Paula Amunategui**

Digital Health Innovation Leader  
Roche Diagnostics

Paula has over 10 years of healthcare experience, with a specific focus on Digital strategy. With five years of experience in APAC, she has been driving digital health innovation and ecosystem shaping initiatives to transform healthcare delivery.



**Emma Yang**

APAC Insurance Lead  
Capco

Emma leads Capco's insurance practice across APAC, focusing on digital transformation and innovation, developing and executing strategies for insurance businesses, and improving customer value propositions and experience. She has previously worked as an actuary in various business functions and has over 14 years of international work experience in North America, UK and Asia.



**Jamie Leith**

Digital Director  
AIA Group

With experience across consultancy, banking and insurance, Jamie has a track record of building best in class and award winning digital experiences and apps. Based in Hong Kong for the last five years, Jamie's passion is in digital health tech & innovation, enabling customers to live healthier, longer and better lives.



**Roberto Figari**

Principal Consultant – APAC Insurance  
Capco

Roberto is part of Capco's APAC insurance practice, focusing on data strategy, data management and improving digital experience for insurance customers across the region. He has previously worked as Behavioral Science consultant in the financial services industry and has over 10 years of internal work experience in North America, Africa and Asia.

# FOREWORD

At Capco, we are committed to driving innovation and digital transformation in the insurance space to benefit both the industry and consumers. The potential scale and impact of transformation initiatives in the Asia-Pacific health insurance industry is particularly striking.

The region's health insurers are moving to adopt data-driven, digitally-enabled business models centered around risk prevention rather than risk mitigation. The new business model will not only improve insurers' core operations but also enhance customers' fundamental health outcomes in measurable and value-driven ways that will be crucial to addressing the wider healthcare capacity and cost management challenges facing Asia-Pacific societies in the coming decades.

We have taken the opportunity to sit down to share our thoughts with two industry leaders in this space – Roche and AIA – and to capture their key insights in relation to the changes that we are already seeing around the region. We are very pleased to share their knowledge and expertise with a view to illuminating the path ahead for health insurance in Asia-Pacific.

## **Emma Yang**

APAC Insurance Lead  
Capco



# FUTURE HEALTH INSURANCE IN ASIA-PACIFIC: THE DIGITAL AND DATA REVOLUTION

**Health insurers that used to sell traditional risk protection products are turning themselves into health enablers and service providers to deliver customer-centric and measurable outcomes. We explore this evolution and its implications with additional insights from AIA, one of Asia-Pacific's principal health insurance providers, and Roche, a global leader in healthcare/biotech.**

The private health insurance sector in the Asia-Pacific region will generate significant growth opportunities for insurance companies over the next few years, as three factors begin to transform the industry:

- **Low health insurance penetration rates in Asia-Pacific**, especially in developing Asian countries. Most customers have basic health insurance benefits provided by local government and employers, but there is still a wide protection gap. The opportunity lies in closing this gap at a cost that is affordable to larger segments of society.
- **The pandemic (Covid 19) has raised health and wellness awareness** among consumers, with increasing demand for health insurance products over the past 12 months and greater openness to remote care. This is leveraging a longer-term trend of rising expectations around wellness, longevity and access to healthcare.
- **The health care industry is transforming itself to cope with rising societal issues** such as aging populations, urbanization, chronic lifestyle-driven diseases, and climate change. This is presenting huge opportunities for collaboration between insurance and healthcare, as today's insurance industry begins to build health and wellness ecosystems and vertically integrate into the healthcare service.

To take advantage of the market opportunities, insurers are already shifting from selling and servicing traditional products to refocus on customers and the health outcomes they increasingly demand. This means using new technologies and data to work hand-in-hand with customers to implement preventive care, early-stage interventions, and provide personalized services to enhance customer engagement. It also means delivering data-driven care more efficiently and effectively throughout the lives of individuals, for example, to cut the effort and cost required to manage chronic diseases and mortality.

Wearables have grabbed much of the limelight in digital health so far, but the real touchstone is connectivity in a much wider sense: between consumers and insurers, patients and healthcare providers, different players in the healthcare chain, and between presently siloed sets of lifestyle, medical, environmental and research data.



The first steps towards the new connected model have already been taken by leading insurers in the region, who over the last decade have embraced wellness programs and more recently begun building ambitious health ecosystems to include AI-driven diagnostics, virtual clinics and other elements. However, a combination of rising health care demand and new enabling technologies is about to bring a much more profound shift towards:

- More frequent engagement with customers, as insurers take on the role of ‘health advisors’
- A value-based approach focusing on an individual’s holistic wellbeing including physical health, mental wellness, and financial protection and accumulation
- Connectivity and automation leading to integrated online/off line treatments
- Data-driven health interventions, often based on multi-dimensional data

Taken together, these could bring about huge changes in health insurer business and operating models, industry relationships, and technology and data infrastructures. Health insurers at the forefront of change are thinking deeply about where and how to invest and which avenues will prove most productive over time.

The transformation of Asia-Pacific health insurance is part of a global trend towards digital health, personalized and preventive healthcare, and ultimately lifestyle management as the lines between life, health and wealth blur and integrated solutions emerge in the market through digital platforms. Success in transforming health insurance and health care models is particularly critical in Asia-Pacific, however, where it may be the only way to address the region’s fundamental health challenges.

### **Asia-Pacific’s healthcare challenges**

Asia-Pacific’s health challenges are now being driven by a potent mix of developing and developed world factors including aging populations, urbanization, chronic lifestyle-driven diseases, rising expectations and climate change.

“Healthcare capacity and cost management are the key challenges,” says Paula Amunategui, Digital Innovation at Roche Diagnostics Asia Pacific. “Meanwhile the adoption of health insurance is still not very high. If we increase affordability, we can reach more people.”

Across the Asia-Pacific region, populations are living longer, and gaining all the health challenges of an aging demographic including, for example, significant projected increases in the numbers of people suffering from dementia. This will put healthcare systems under increasing strain.



Asia-Pacific populations are also increasingly urban populations with all the health risks associated with a more sedentary lifestyle. Many of the risk factors associated with the three major non-communicable diseases in the region (cardiovascular diseases, cancer and diabetes) are related to lifestyle factors including low levels of physical activity, diet, and tobacco and alcohol consumption. The only rational and economic way to address a potential tidal wave of non-communicable disease is to change people's lifestyles, while also predicting, diagnosing and intervening in these diseases at a much earlier stage.

The new model of health care can move beyond sickness to focus on health, says Amunategui: "It is about making predictions and very early interventions, for example for preventable conditions like Type 2 diabetes and hypertension,

which can lead to costly chronic conditions. Integrated screening and coaching could tell you exactly which meaningful behavioral, dietary or medical interventions you might need to stop progression in its tracks. We are still away from being able to do this fully digitally, today at least, so the most exciting advances may lie in the combined effectiveness of lifestyle/wellness programs and biomedical programs."

### **Health care and health insurance: Realigning around shared goals?**

The extent of Asia-Pacific's impending health care challenge is driving a realignment of key interests along a simple and very productive axis: prevent disease and intervene earlier with a greater focus on value, to keep populations healthier.

#### **A realignment of key interests: Can it be turned into shared action plans?**



##### **Individuals**

– keep healthy, live longer, personalized insurance product offering and services



##### **Healthcare providers**

– manage cost pressures and capacity risks, compete on value-based healthcare and health outcomes



##### **Governments**

– improve health access, manage chronic diseases, cap costs



##### **Insurers**

– new customer acquisitions through innovations, lapse management, financial and operational efficiencies

“Diagnostic technologies can be used for screening and for prevention, as well as disease diagnosis and monitoring at a later stage,” says Paula Amunategui. “For example, early biomarkers can indicate prediabetes or early signs of heart disease,” she says, “before they manifest themselves symptomatically, allowing much more affordable interventions compared to costly chronic management that could come later on.” The power of digitalization in diagnostics is already becoming apparent, for example with the AI-supported interpretation of biopsies, but there is much more to come as data from diagnostics technologies and lifestyle information converge to provide a more accurate picture of an individual’s healthcare needs.

For insurers, many of the same fundamental imperatives are driving them to provide additional value-added services and tailor-made solutions to meet evolving customer demands at different stages of their lives. Recognizing the potential value generated through digital ecosystems, Asia-Pacific’s leading insurers are leveraging digital-led models and new data sources to transition from their traditional risk transfer business model to risk mitigation, with the aim of achieving more sophisticated pricing and proactive customer management.

The emerging AI-powered customer super apps aim to make health care more personalized and accessible so that individuals can manage their own care. For example, a digital biomarker platform incorporated in the super app can measure a person’s heart rate variability and correlate this with his/her stress level and mental wellness. Through advanced biomarker technology and data analytics, a modern customer super app can then set out the actions that the customer needs to improve their health.

This profound shift in the insurer relationship with customers is about to accelerate the transformation of health insurer business models away from traditional products and administrative services and towards delivering personalized health and lifestyle recommendations to influence health outcomes.

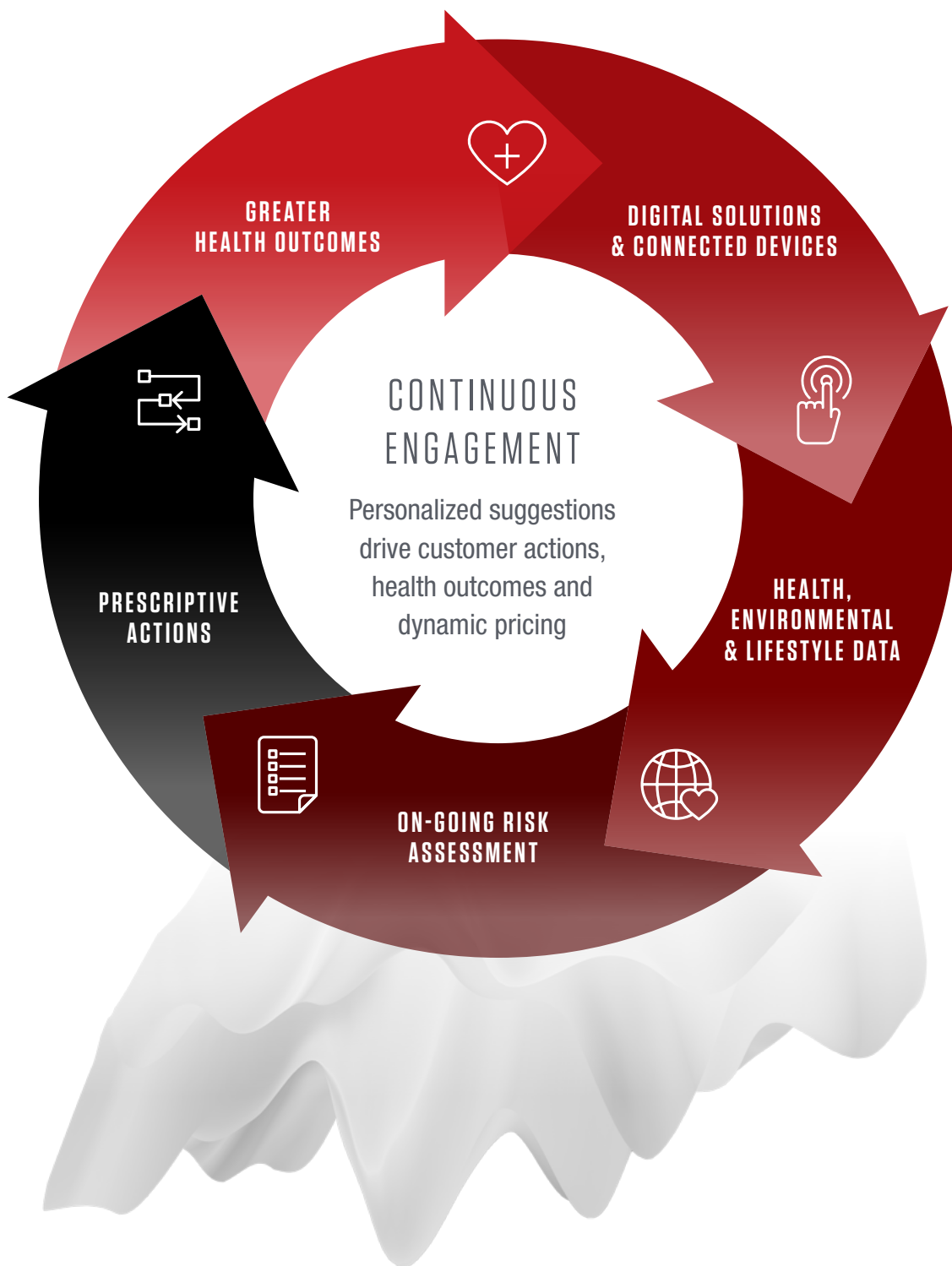
For insurers themselves, measurable outcomes will include:

- stronger engagement
- healthier customers through prevention and early intervention
- enhanced profitability through continuous underwriting – the use of real-time or near real-time data incorporating customer lifestyle changes to monitor underwriting risks and improve risk assessment – that improves pricing and reduces claims.

As Jamie Leith, Group Digital Director – Customer and Agency at AIA, the largest pan-Asian life and health insurer, observes: “We are really just at the beginning of tackling the multiple life-style related epidemics that are crippling society, but they can all be influenced through education and incentivization to live healthier lives, and that in the end means really good engagement and digital tools.”



*Health insurance transformation through continuous underwriting*





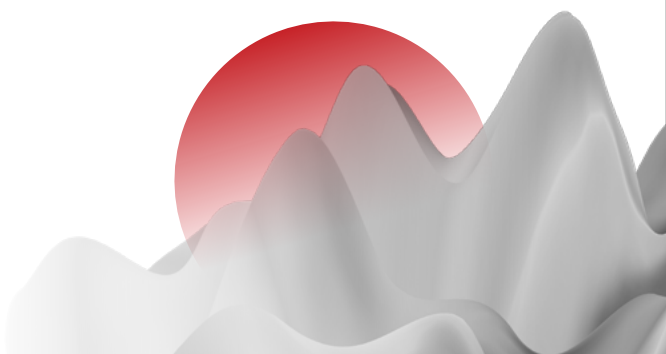
## Realignment implications – healthcare ecosystems

The challenge of this realignment is that it has both huge scale and depth:

- **Scale** – the transformation of insurers into health enablers and service providers will potentially affect the entire life journeys of billions of people over the next 10-20 years.
- **Depth** – it will mean reaching inside the lives of each individual to understand their risks and motivate them to change lifestyles. However, many people in Asia-Pacific today do not understand the health risks they are facing or know what their insurance needs are.

Despite impressive take up of health and wellness apps, Roche's Paula Amunategui notes "we're still at the stage where we are trying to get people into a prevention mindset. We need a concerted exercise to mobilize people to be more active participants in their health."

For the transformation to succeed, insurers must leverage new digital technologies and connectivity to build an entirely new relationship with customers that aims for daily engagement across a range of services, with the help of multiple partners operating within connected health ecosystems.



## Beyond wellness and wearables

The emerging digital ecosystem models look set to extend far beyond the 'wellness and wearables' focus of the programs that have fueled the first stage of the wellness boom of the last ten years.

Vitality, the wellness-based life insurance model that AIA introduced to the Asia-Pacific region in 2014 and built to over 1.3 million customers by the end of 2021, "has been a huge success for us and a big milestone," says AIA's Jamie Leith. "It really influenced what we were doing as an organization as we strive to help customers live healthier, longer, better lives. But how do we drive that forward? Engagement is key."

There is a great potential for insurers to move beyond the traditional industry boundaries. AIA for example have created and launched a lifestyle super app in Thailand and China that has changed the way they engage with customers and, for the first time, non-AIA customers.

The new breed of super apps will mean engaging across a much broader range of activities than today. "Vitality is a key part of it but our new super app should offer our customers more," says Leith. "I see it as more of a Lifestyle super app that reaches into financial well-being and mental health, as well as physical activity, enabling you to partner with your customers as they go through life."

Many insurers have already started expanding beyond traditional insurance product offerings and services, providing basic health care services such as telemedicine and online symptom checking services. However, to innovate and execute at scale, they will need to build partnerships from a much broader universe.

The availability of data through digital platforms has skyrocketed in the past decade. However, the expanding health insurance ecosystems will generate vast new pools of lifestyle, health, medical and research data. Through progress in advanced analytics and AI, insurers will be able to work with ecosystem partners to empower their customers to make the right decisions in life by providing them with insights and the right information at the right time.

Paula Amunategui says that the healthcare revolution now on its way is all about patient-centricity and a key point is bringing healthcare closer to the home – outside hospitals. She agrees that new models of health need to include wellness indicators and indicators that today can seem more abstract such as mental health.

However, the information that's required can't be gathered through wearables and other digital technologies alone: "We need to ask how we can bring together all the data sets we need – my biology and biomarkers, my genetics, my environment such as the air quality in my neighborhood, my behaviors – to generate unique insights into the health of each individual," she adds.

### **Data-driven interventions**

The promise of combining many different types of data, not only from wearables and lifestyle information but from sensors, genetics and medical biomarkers alongside demographic and other more conventional data, is perhaps the most exciting future industry development.

Combining and analyzing this multi-dimensional data using machine learning and artificial intelligence will potentially give insurers an enormous insight into individual and population-level health risks. Over time, this will point up how to mitigate

these risks early on, using a data-driven combination of both lifestyle changes and targeted – often remotely managed – monitoring, screening, advice and medical interventions.

### **Continuous underwriting**

Roche's Paula Amunategui believes that increasingly "we'll see the beauty of combining a Vitality-style approach – incentivizing and rewarding behaviors – with the ability of biomedical companies to determine if the outcome of that behavior is actually making a difference. For example, can we measure biologically whether it makes a difference to drink more glasses of water?"

A big advantage of this approach is that it could shorten the feedback loop for insurers, further automating underwriting processes and enabling continuous underwriting with outcome-based health recommendations.



*We need to ask how we can bring together all the data sets we need – my biology and biomarkers, my genetics, my environment such as the air quality in my neighborhood, my behaviors – to generate unique insights into the health of each individual.*

**Paula Amunategui**, Digital Health  
Innovation Leader, Roche Diagnostics



*New digital data sources will reveal more about an individual's risk*



But first insurers and their health industry partners will need to work out ways to share data and develop analytical capabilities that can transform raw data and data from many different sources into insights, for both their partners and customers. This and the development of other kinds of digital health technologies will demand significant investment, and leading insurers in the region are setting up investment vehicles to direct capital towards the firms that will provide services to health ecosystems.

“The key thing is data,” says AIA’s Jamie Leith. “The more access to customer data we have the more we understand our customers and enable hyper personalization of the customer experience. We’ve never had better access to data from an insurance perspective, but we need to understand that data and use it correctly.”

## **Path forward – rethinking the business model for Asia-Pacific's health insurers**

COVID-19 has accelerated many aspects of the transformation. Insurers have invested in both traditional and digital ways to respond to customers' needs. Governments are now far more aware of the issues of healthcare capacity and healthcare accessibility, while individuals have been embracing remote consultations and telemedicine.

However, there will be many new challenges as industry partnerships and ecosystems, hybrid data-driven technologies, and new customer journeys all begin to emerge. These challenges will include how to:

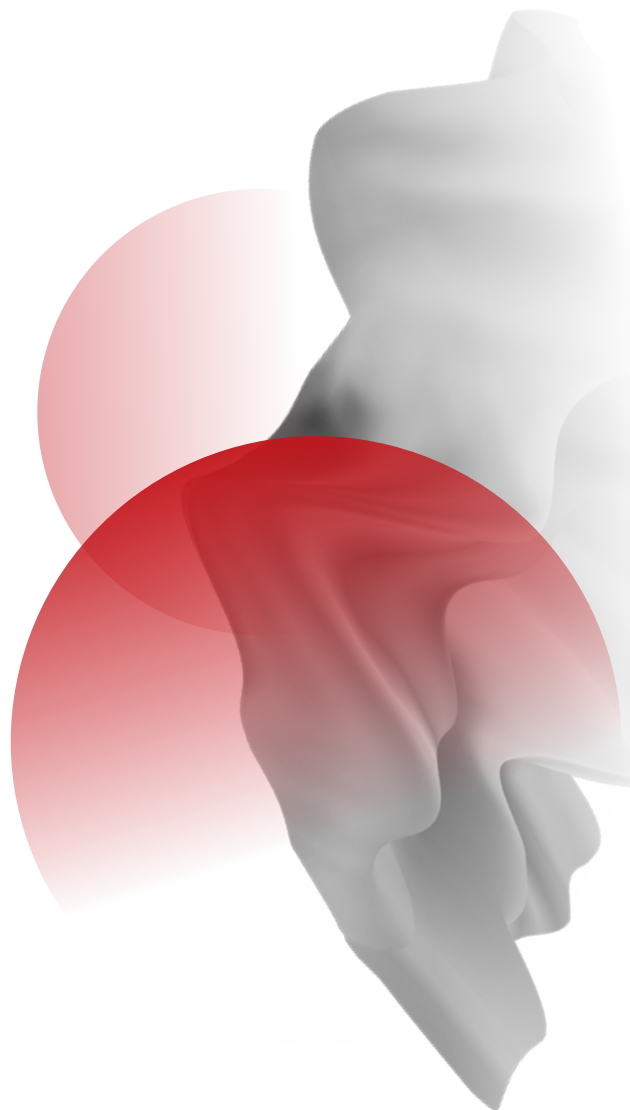
- think through and build a credible, scalable strategy
- turn the alignment of interest between customers, healthcare players, and insurers into robust partnerships and on-the-ground strategies
- solve the challenge of sharing data in a fair and ethical manner that strengthens the interest alignment of customers, health care providers, and insurers.

Achieving these goals will not be easy. For Asia-Pacific's health insurers to seize the growth opportunities in the decade ahead, they must fundamentally reimagine their value propositions and transform themselves from a provider of traditional risk protection products to health enablers that can deliver customer-centric outcomes.



*The more access to customer data we have the more we understand our customers and enable hyper personalization of the customer experience.*

**Jamie Leith**, Digital Director,  
AIA Group



## CONTACTS

**Emma Yang,**

APAC Insurance Lead, Capco,  
[emma.yang@capco.com](mailto:emma.yang@capco.com)

**Roberto Figari,**

Principal Consultant - APAC Insurance Capco,  
[roberto.figaribasagoitia@capco.com](mailto:roberto.figaribasagoitia@capco.com)

## ABOUT CAPCO

Capco, a Wipro company, is a global technology and management consultancy focused in the financial services industry. Capco operates at the intersection of business and technology by combining innovative thinking with unrivalled industry knowledge to fast-track digital initiatives for banking and payments, capital markets, wealth and asset management, insurance, and the energy sector. Capco's cutting-edge ingenuity is brought to life through its award-winning Be Yourself At Work culture and diverse talent.

To learn more, visit [www.capco.com](http://www.capco.com) or follow us on Twitter, Facebook, YouTube, LinkedIn and Instagram.

## WORLDWIDE OFFICES

### APAC

Bangalore  
Bangkok  
Dubai  
Gurgaon  
Hong Kong  
Kuala Lumpur  
Mumbai  
Pune  
Singapore

### EUROPE

Berlin  
Bratislava  
Brussels  
Dusseldorf  
Edinburgh  
Frankfurt  
Geneva  
London  
Munich  
Paris  
Vienna  
Warsaw  
Zurich

### NORTH AMERICA

Charlotte  
Chicago  
Dallas  
Hartford  
Houston  
New York  
Orlando  
Toronto  
Tysons Corner  
Washington, DC

### SOUTH AMERICA

São Paulo

[WWW.CAPCO.COM](http://WWW.CAPCO.COM)



© 2023 The Capital Markets Company (UK) Limited. All rights reserved.

JN\_4650

**CAPCO**  
a wipro company