



Transforming life insurance to promote longevity

Derek Yach, Chief Health Officer, Vitality

September 29, 2016



Overview

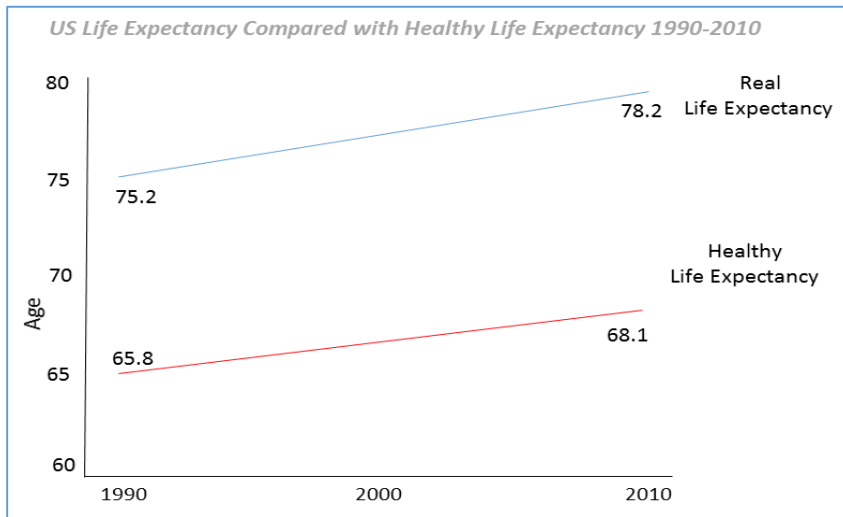
1. Emerging global trends
 1. Global population aging & longevity
 2. Innovative technological advances
 3. Public & political demand for health(care)
 4. Business driving profits & societal benefits

2. Vitality Shared-Value Insurance

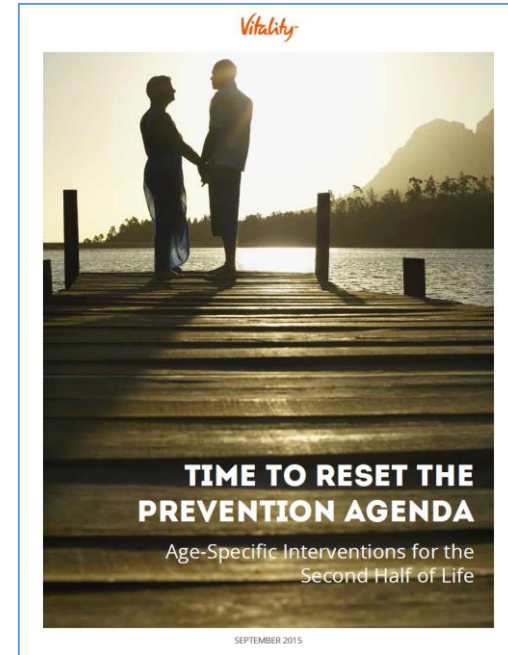
Emerging global trends

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1. Global population aging & longevity



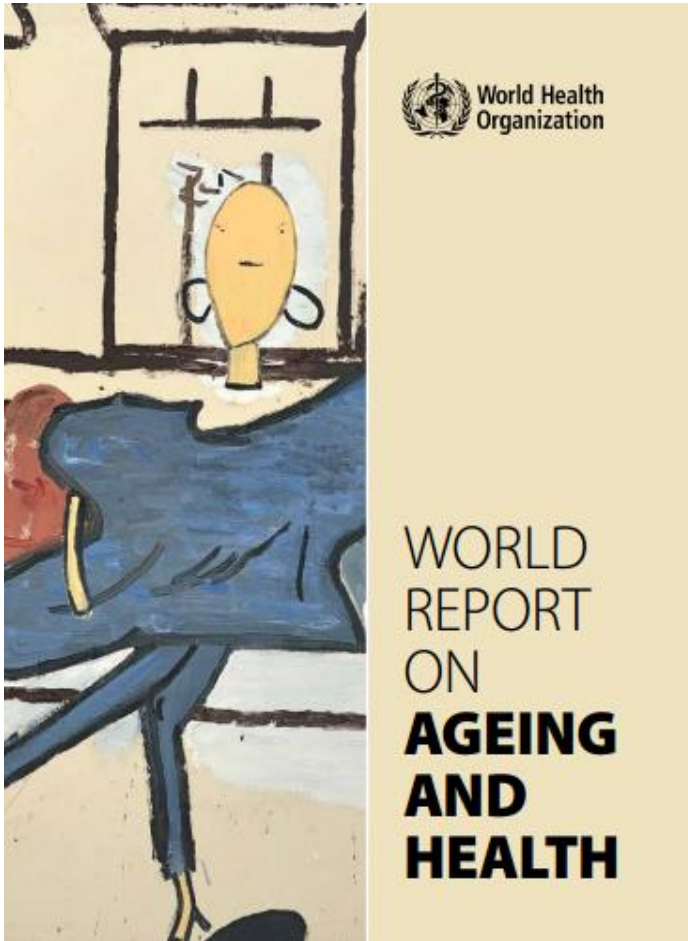
From 1990 to 2010, **life expectancy** in the United States increased from 75.2 to 78.2 years (3 years). **Healthy life expectancy** increased from 65.8 to 68.1 years (only 2.3 years).



Vitality's report on **age-specific interventions** for older adults based on a review of the evidence

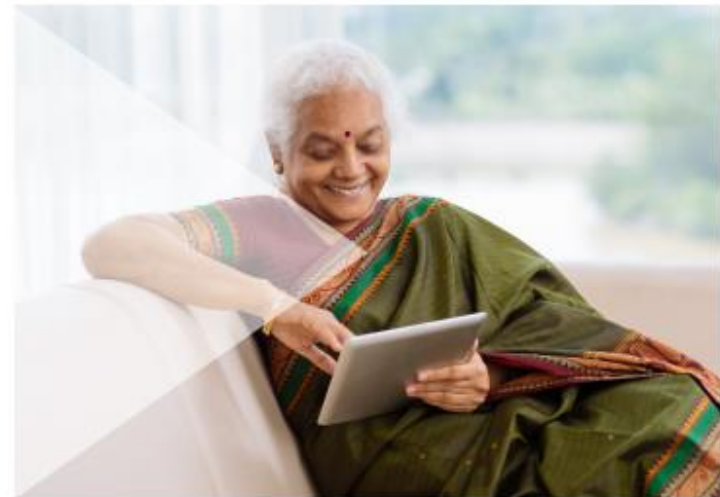
Life expectancy is increasing globally, but people are living a greater number of years in poorer health

“Longevity” gains traction at WHO, WEF and the G7



How 21st-Century Longevity Can Create Markets and Drive Economic Growth

5 October 2015



2. Innovative technological advances



The World Economic Forum's focus on the 4th Industrial Revolution, led by in technology and data



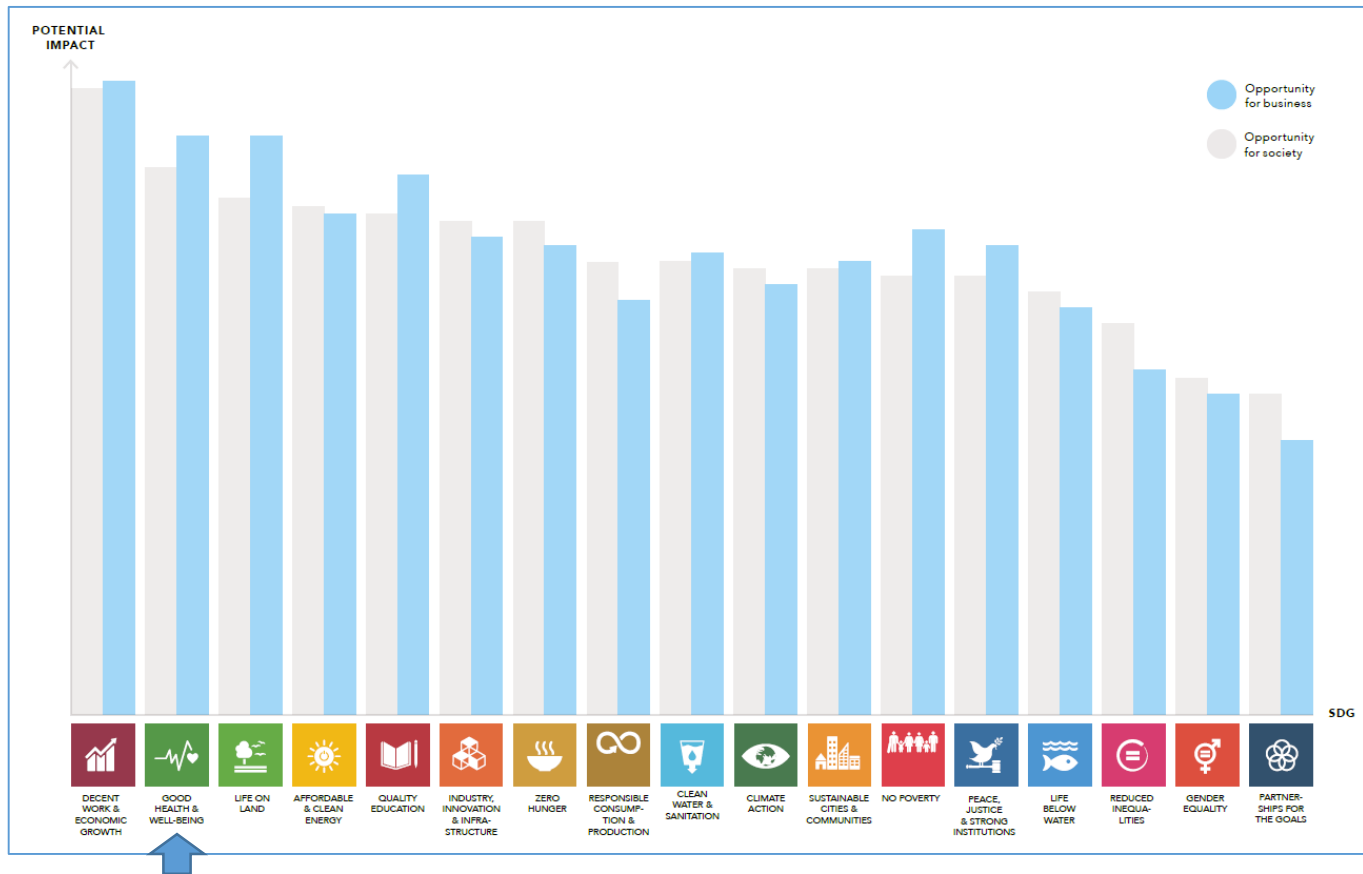
Launched Sept 9: World Economic Forum Report on Technological Innovations for Health & Wealth

Technology is becoming more embedded & personalized within our everyday lives across the age spectrum

Mapping the options for personalized health



3. Public & political demand for health(care)



SDG = Sustainable Development Goal

Bars indicate % of respondents who have selected the SDG

Health places second in how respondents find the SDGs to impact sustainable development and new business opportunities

4. Business driving profits & societal benefits

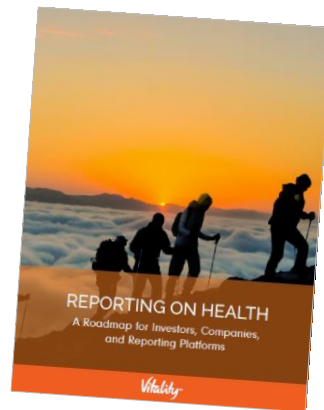
Lise Kingo, UNGC



"COMPANIES THAT DO BUSINESS RESPONSIBLY AND FIND OPPORTUNITIES TO INNOVATE AROUND THE SDGS WILL BE THE MARKET LEADERS OF TOMORROW."

LISE KINGO
EXECUTIVE DIRECTOR
UNITED NATIONS GLOBAL COMPACT

National Academies' shared value workshop summary (2016)



Vitality's health metrics report (2016)



Creating shared values in health for business and society is becoming the norm

Vitality Shared-Value Insurance

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Adding “life” to life insurance

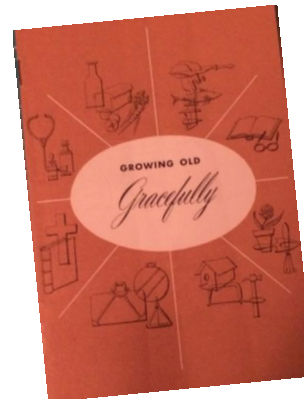
Life insurers in the **early 20th century** aspired to promote health and prevent disease to **extend life**.

“It is logical and entirely consistent that there should be blended with this business of life insurance the element of **health preservation, disease prevention and death postponement**, especially as the inclusion of these functions in the activities of the business would operate both to popularize and **financially strengthen** the institution.”

Prolonging Life as a Function of Life Insurance, 1919

Life Insurance: Then and Now

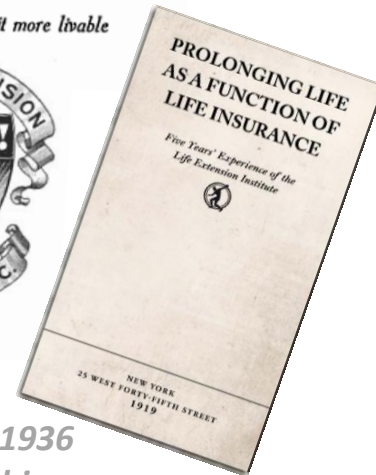
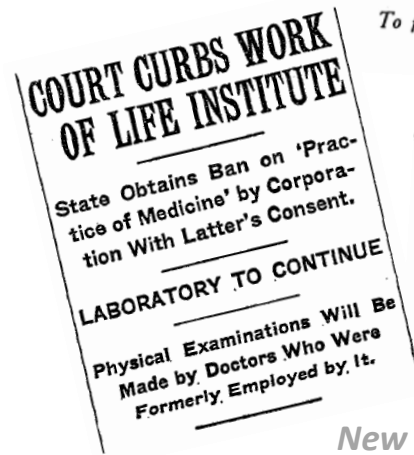
Early 20 th Century: Promotion of health and longevity	Today
Life Extension Institute conducted physical examinations to identify health “defects” and remedy them through hygiene teaching.	Creation of robust scientific evidence base has garnered support for public health among society and demand for health services.
Offering of home nursing services.	
Production and distribution of educational materials.	
Provision of “Preferred Risk Whole Life Policy”, offering a lower premium to applicants with characteristics predictive of longevity.	



John Hancock Nursing Services, 1928

The rise and fall of the Life Extension Institute

- In the early 1900s, life insurers employed the services of the **Life Extension Institute** to promote longevity.
- In 1936, the **US Supreme Court** ruled that the Life Extension Institute was **restrained** from its **activities** of “making physical examinations, diagnosing physical conditions, and from practicing medicine by any means or method.”



The Life Extension Institute operated for 20+ years and was “Interested in the preservation not only of the health of the individual but of the health of the general public, to the end that human life may be extended or prolonged.”

Vitality as the pioneer of “Vitality Shared-Value Insurance”



Vitality’s Shared-Value Insurance model

“Vitality Shared-Value Insurance” delivers insurer & member benefits

Sales

More clients join; take-up more rider benefits; and buy-up cover

Selection

Healthier lives join

Behavior

Consumers engage and change their behavior

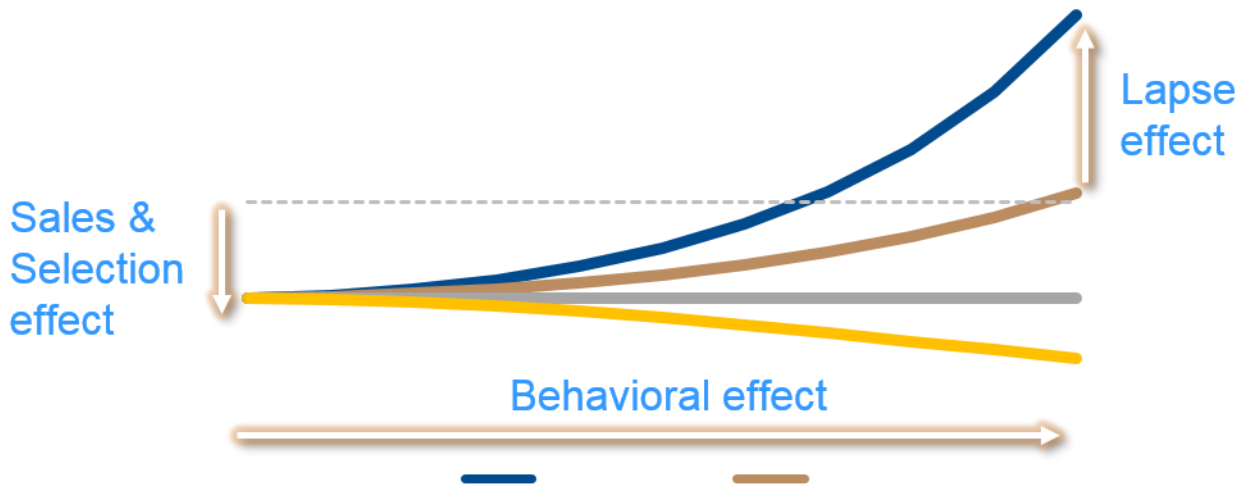
Lapses

Healthy lives stay
Unhealthy lives leave

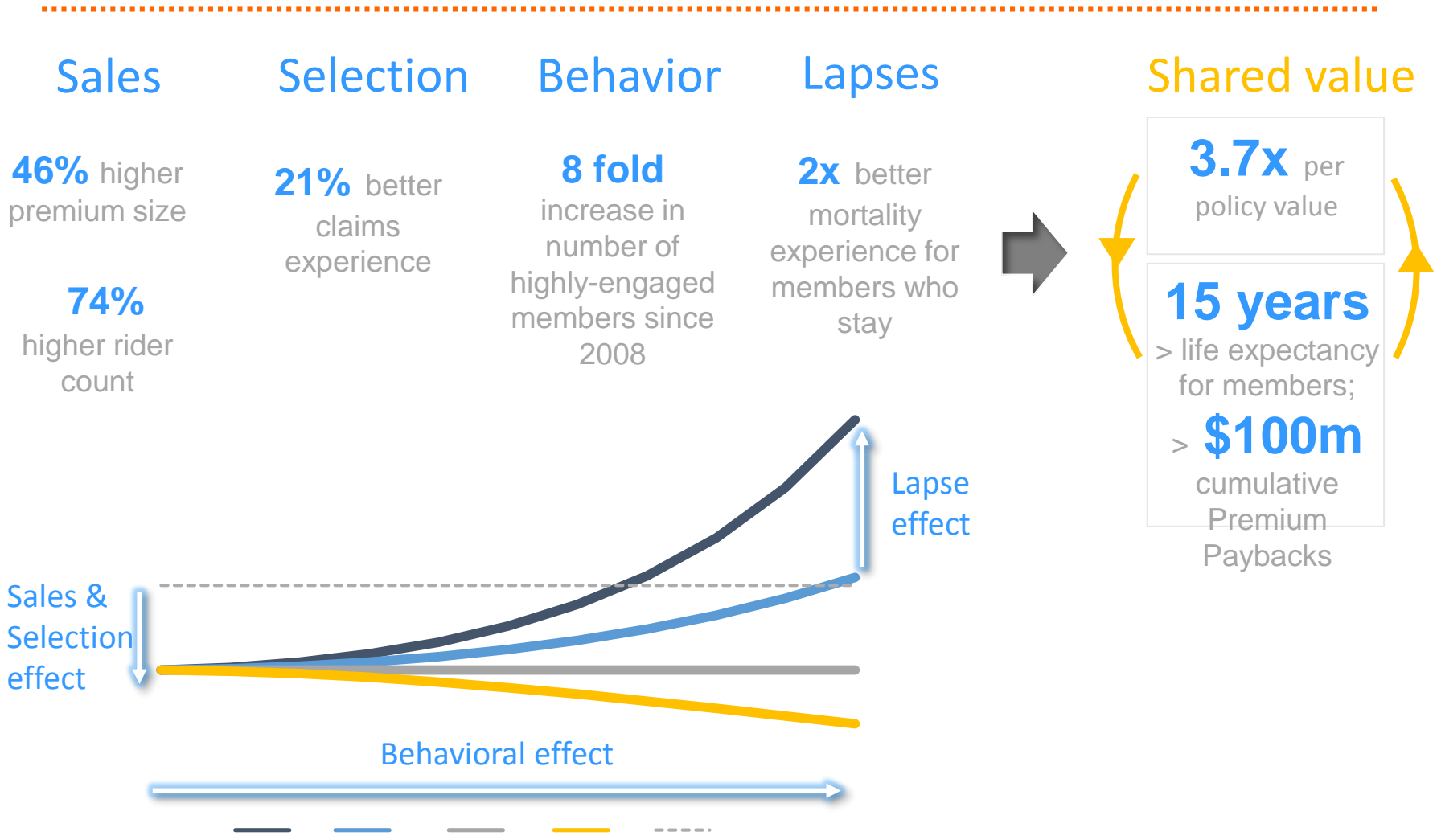
Shared value

Higher profits for insurers

Better health, longevity and significant financial incentives for members



“Vitality Shared-Value Insurance” delivers insurer & member benefits



Health, life, and corporate outcomes can be impacted by the right models and interventions

	Health	Life	Invest	Insure	Bank	Corporate
'Bent q(x)'	<p>Morbidity q(x)</p>	<p>Mortality q(x)</p>	<p>Longevity p(x) and lapse q(x)</p>	<p>Accident q(x)</p>	<p>Default q(x)</p>	<p>Mortality and morbidity q(x) Productivity f(q(x))</p>
Model	<p>Incentivised wellness</p>	<p>Dynamic pricing</p>	<p>Health related investment enhancements</p>	<p>Incentives driving behavior</p>	<p>?</p>	<p>Guaranteed improvement in medical inflation, healthcare costs and Vitality Age</p>

To get scale & achieve global benefit, Vitality is working with leading insurers around the world

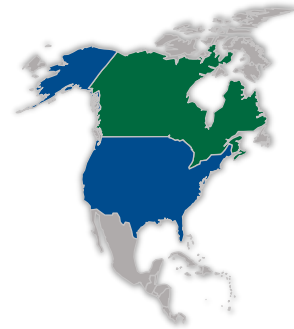
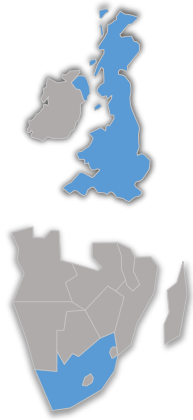
AIA Vitality

Discovery

Vitality

| Vitality
 Manulife | Vitality

PING AN **SUMITOMO LIFE**



Singapore (2013)
Australia (2014)
Hong Kong (2015)
Philippines (2015)

Malaysia (2016)
Thailand (tbd)

SA (1997)
UK (2004)

Germany (2016)
France (2017)
Austria (tbd)

US (2015)
Canada (2016)

China (2009)

Japan (2016)

Thank you

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