



## Increasing levels of obesity are too big to ignore: new Swiss Re study analyses potential impact for life insurers

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**Zurich, 6 April 2004 - The increasing prevalence of obesity is too significant for the life insurance industry to ignore, according to a Swiss Re study published today. The report analyses the impact of obesity on mortality trends, and identifies the implications of this escalating global epidemic on the pricing and underwriting of life insurance products.**

With links to cardiovascular disease, hypertension, diabetes and many types of cancer, obesity is now a major public health concern world wide. Recent estimates put the prevalence of obesity in the developed world at around 10% to 20% for men and 10% to 25% for women. In the United States and United Kingdom, obesity has increased two to threefold in the last 20 years and other developed countries show similar patterns of increase. Obesity is not, however, confined to these countries. In the developing world, the prevalence of obesity is around 5% and is expected to rise in the future.

The problem is particularly acute amongst the younger generation, where the overweight child population is on the rise. In the United States, the number and prevalence of obese children aged six to 11 has doubled over the past two decades.

### **Life insurers must address the growing epidemic**

The rising levels of obesity run counter to the overall decline in mortality rates seen in most developed nations in recent decades. Mortality improvements have been driven by progress in medical treatment, a reduction in heart disease and declining tobacco use. It is highly probable, according to the study, that mortality improvements could have been greater if obesity levels had remained stable.

Looking ahead, the life insurance industry must tackle issues associated with increases in obesity by ensuring that the related risks are accurately assessed and rated, and that consumers are charged an appropriate premium to reflect the risk they present. This will present challenges for underwriters and actuaries in an increasingly competitive environment. For existing life insurance cover, the

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detrimental effect of increasing obesity is expected to be offset by continued overall mortality improvements.

### **Obesity must be tackled by society at large**

The increasing prevalence of obesity has financial implications for consumers of life insurance products and society as a whole. Ronald Klein, Global Head of Pricing at Swiss Re's Life & Health Business Group, explained: "Obesity usually stems from a lifestyle choice. Society has dealt with smoking through a variety of measures including education and persuasion. Confronting obesity is now an equally pressing task, calling for a combined and determined effort from all parties. Governments, the medical profession, food manufacturers and consumers - particularly parents - need to be alert to this emerging risk and to play a role in confronting it.

"Unless the prevalence of obesity is brought under control, consumers will bear the ultimate cost. As consumers' Body Mass Index goes up, so too will their premiums," he warned.

### **Notes to editors**

#### **Calculating Body Mass Index**

Obesity is defined by the World Health Organisation (WHO) as a Body Mass Index (BMI) greater than 30. BMI is calculated by dividing a person's weight in kilograms by the square of their height in metres. BMI is a measure of a person's 'build'. Life insurers typically use 'build ratings' to assess the risks relating to high levels of BMI before accepting applications for cover.

$$\text{BMI} = \frac{\text{weight (kg)}}{\text{height}^2 \text{ (m)}}$$

1 kg = 2.2 lb

1 m = 3.28 feet

#### **Copies of the report**

Media review copies of *Too big to ignore: the impact of obesity on mortality trends* (hard copy or PDF) are available from the contacts provided at the front of this release. The report is not available to the general public.

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**Swiss Re**

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