

Life & Health Trend Spotlight

The diabetes triple threat: What does it mean for insurers?

The prevalence of type 2 diabetes, pre-diabetes and obesity among adults and children has steadily risen over the last 50 years. Costs to treat and manage these debilitating diseases are out of control. Can changing nutritional strategies turn the tide? If so, what are the risks and opportunities for insurers?



Focus on improvement

New scientific evidence shows the powerful benefit of nutritional strategies that not only improve quality of life but are capable of moving the disease into remission. These include carbohydrate restriction, intermittent fasting, and severe calorie restriction.



Focus on maintenance

Traditionally, we've managed diabetes by focusing on lifestyle changes and managing blood glucose, blood pressure and lipids through medication and measurement to ensure compliance. This may help someone live with the disease, but does nothing to truly engage with that person and alter the underlying condition.

Risk considerations

Mortality and morbidity impacts

Mortality and morbidity is significantly increased among diabetics. Adding the increased prevalence of type 2 diabetes and obesity, the impact on mortality for life insurance pricing is significant and will continue to get worse.

Managing improvement

Wellness programs, often combined with wearables and other tech solutions, can improve engagement and reduce lapses but offer little in the way of active disease management. We see great potential in new targeted approaches that use nutritional strategies to significantly improve type 2 diabetes and decrease the number and dosage of medications, particularly insulin. There is evidence that for some, it is possible to put the disease into remission or even reverse it. These same strategies for the pre-diabetic adult population, can significantly reduce progression and slow the current epidemic. They offer an opportunity to differentiate and improve policyholder health and insurers' bottom line.

Maintaining engagement

A significant challenge with both traditional maintenance and newer improvement strategies is how to maintain long-term engagement. Technology and medical solutions alone may not be enough to instill permanent changes in habits and lifestyle. We see an increasing role for education, coaching and peer/social networks and applying research and greater understanding of what drives – and sustains – behaviour modification.



Key Facts

- An estimated 425 million adults are living with diabetes.
- 46% of people with diabetes are undiagnosed.
- Annually, 5–10% of pre-diabetics develop full diabetes.
- Despite better risk management, diabetics on average have more than a 50% increased risk of dying or being hospitalized for stroke and heart attacks.
- Long-term disability includes blindness, kidney failure and amputations.
- New drug classes have come to market but side effects and cost remain an issue.
- Over 90 new drugs to treat type 2 diabetes are currently in clinical trials or undergoing FDA review.
- Newer studies show reversal or remission is not uncommon for patients who restrict carbohydrates or practice intermittent fasting.

All three problems are linked by a common inability to regulate levels of sugar in the blood and all lead to other dangerous medical complications. Today, estimates show approximately 1 in 11 adults has diabetes. The global cost to treat and manage diabetes and its complications is approaching USD 1.3 trillion per year. A study in China indicates that in urban areas the prevalence of type 2 diabetes is almost 11%, and that pre-diabetes affects more than 35% of the adult population.¹

Public health policy hasn't changed to reflect the growing debate around the impact of these new nutritional strategies. Given the increasing prevalence of diabetes and its impact on longevity and healthcare systems, it's essential to 1) deliver credible scientific analysis of nutritional and other strategies that address type 2 diabetes and its root causes, 2) enable a balanced debate and 3) ultimately, if appropriate, revise dietary advice.

¹ A 2013 nationally representative cross-sectional survey in mainland China with 170,287 participants

Applying what we know in new solutions

A number of insurers have tried launching products targeted at diabetics, but these efforts have met with limited sales. New products typically still require heavy underwriting and include only minor enhancements over a traditional healthy life product. Some may include a monitoring component and possibly even a mechanism to adjust price, but the diabetes management aspects are often not well integrated and do little to address the big challenge of long-term behavioural modification.

Swiss Re has developed a suite of solutions to address this missing gap. Capturing the attention of consumers with diabetes and metabolic syndrome will require significant changes to our traditional approaches. Wellness propositions need to be more integrated into insurance

offerings, incorporate technology solutions and tap into proven methods to motivate customers to improve health.

We are engaged with world experts to explore how L&H insurers can leverage the new developments to manage and improve diabetes. We are also partnering with top academic institutions and medical journals to drive credible scientific evidence in nutritional health, particularly related to diabetes. At the same time, we are introducing new technology, nutrition and lifestyle solutions that will make a positive difference in the life and health of current and prospective policyholders and improve financial results for the companies who insure them.

Overview of the insurance risks

New Risk Assessment Models

Underwriting prediction

We continue to use the usual underwriting parameters; however, with the growing prevalence of pre-diabetes, new and alternative data sources that can better predict who will become diabetic may become more widespread and utilised.

Dynamic underwriting

New nutritional programs can make significant positive changes in BMI, HbA1c, lipid profile, blood pressure, and other key markers. As health and health risk improve, underwriting loadings and premiums can be adjusted.

“Post” diabetes pricing

Insurers will need to adapt to the challenge of how to assess the risk of someone who was a type 2 diabetic, but after successfully following a nutritional program, is off all medications and has normal blood glucose measures.

Portfolio Impact

Mortality and morbidity

Mortality and morbidity assumptions need to be monitored carefully considering the significant prevalence and increase of type 2 diabetes. Better lifestyle and nutrition management could dramatically improve mortality for diabetic, pre-diabetic, overweight and obese people.

Better control shows improved outcomes, up to a point. However, programs based on nutrition plus increased engagement through coaching, peer groups, and technology can significantly improve the long-term outcome and course of the disease.

Products

Critical illness

There is an increased incidence in cancer and heart attacks for people suffering from obesity or type 2 diabetes. These are the top two CI claims, so better control and management could positively influence the ability to cover this risk.

Income protection / Disability cover

Successful management and weight loss will reduce the risk for complications and cardiovascular events like stroke, but also reduce psychiatric disease burden leading to shorter and fewer claims.

Medical reimbursement

The costs of medication and hospitalisation for diabetic complications is draining health systems everywhere. Savings due to proactive management would be significant, and an opportunity to add real policyholder value.

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