

5th webinar in Health care Insurance

21 01 2021

Emerging risks in Health Insurance

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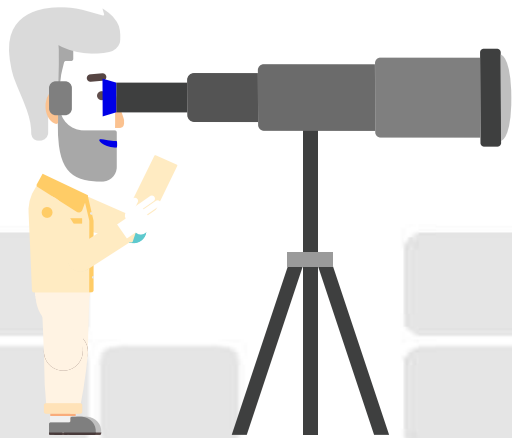


* These are the personal views of the speaker

Embracing Emerging Insurance Risks



- Lenin is supposed to have said , *'There are decades when nothing happens and weeks when decades happen'*.
- Outbreak of COVID-19 is one of those times
- Significant impact on technological and economies and consequences may take years to unfold



Emerging Risks
presents both
Opportunities and
Threats

Risks (Contd)

Opportunities and Threats can be leveraged/mitigated by Assessment , Action and monitoring the Outcomes

Assessment

“
Risk comes from not knowing what you are doing
Never test the depth of river with both the feet
Warren Buffet
”

Action

“
Should you find yourself in a chronically leaking boat, energy devoted to changing vessels is likely to be more productive than energy devoted to patching leaks
Warren Buffet
”

Outcomes

“
Someone is sitting in the shade today because someone planted a tree a long time ago
Warren Buffet
”

Emerging Risks & Implications



1*

Risk of sustaining customer loyalty and retention due to changing customer preferences and demographics may result in low persistency

2

Risk of cyber threats that can significantly disrupt core operations and may impact brand

3

Risk of requirement of significant resources to protect Information security and privacy/identity management

Emerging Risks (Contd)

4

Risk of rapid changes in Regulatory Requirements may have an impact in the way products or services are delivered

5

Rapid speed of technological disruptions led by new and emerging technologies (Artificial Learning, Machine Learning, mega platforms, robotics etc) may render current processes obsolete

6

Legacy IT Infrastructure may not adequately allow in embracing the new-age digital thinking and developing capabilities

Emerging Risks (Contd)

7

Possibility of change in competitive landscape or market concentration may increase due to merger/acquisitions activities

8

Change in environmental, social and governance (ESG) framework may lead to rise in stakeholders expectations

9

Acceleration in events such as natural calamities, climate change , severe heat wave, storms and floods may lead to disruption in operations / loss of lives

Emerging Risks (Contd)

10

Risk of deterioration in mental wellness of employees, family members, friends may result in increase in stress levels and faster burn out

11

Risk of increase in fraudulent claims and/or higher number of claims due to conditions such as mental illness or possibility of hardening of reinsurance costs/conditions

12

Risk of dis-engaged Distributors / Intermediaries due to remote working / virtual communications can lead to lower sales / customer connect

Emerging Risks (Contd)

13

Social media, mobile phone applications may frequently impact our operating processes / brand

14

Uncertainty surrounding the consistency in the delivery of service providers / vendors may lead customer dissonance

15

Risk of resistance to rapid changes and ever evolving ecosystem may lead to slow adoption of new digital technologies

Key Opportunities

Employees

- Flexible working framework – Work from Home / Office
- Engagement through digital trainings/sessions on health & safety
- Adoption of technology for mass participation and frequent awareness sessions
- Frequent inclusion of family members to engage more

Distributors

- Train partners to engage with customers through digital means for sales/service
- Enhance / Build digital environment for onboarding and engagement
- Increase in frequency of engagement with distributors

Customers

- Engage more with customers through email, SMS and customer related applications
- Use Social Media to create awareness amongst customers on products / health / services
- Regular engagement can positively impact persistency
- Enable adoption of self-servicing digital options (Portal/Applications – including mobile based)

Industry / Regulator

- Digital based engagement with Industry Council, Bodies & Regulator
- Sharing and discussion of new technological changes / on ever evolving eco-system

Opportunities (Contd)

Operational Processes

- Identify manual processes and increase automation of processes
- Motivate uptake on digital mode of transactions such as online payments
- Focus on acquiring customers through digital means
- Engage with service providers to optimize costs
- Review of dynamic environment

Manage risks by further strengthening the Three Lines of Defence

- Automation of Processes
- Increase usage of analytics / Big Data / Artificial Intelligence
- Automated real-time reports on lead indicators
- Awareness on the importance of identifying, assessing of emerging risks and the criticality of effective controls

Process Owners
Risk
Audit

RISKS

Poll question 1

What is the most likely shape of recovery from Covid in India

- 1. V shaped recovery**
- 2. U shaped recovery**
- 3. W shaped recovery**
- 4. Any other**

Emerging Actuarial uncertainties and opportunities

Claim unpredictability

- Emerging Incidence rate experience for Covid and Non-covid claims
- Increasing ACS for non-Covid claims
- Higher than portfolio ACS for Covid claims
- Medical inflation

Emerging disease patterns

- Emerging risk pools - post covid and post vaccine morbidity
- Implication for chronic patients
- Emerging mental health burden
- Current and Future pandemic patterns

Emerging health insurance ecosystem

- Economic scenario impacting affordability requiring premium financing options
- Shift towards standard tariff structures to make insurance more affordable
- Higher FWA due to economic uncertainty
- Shift to wellness plus protection to manage morbidity costs
- Unpredictable business scenarios

Business planning

- Capital scarcity due to general economic challenges
- Non-availability of pandemic reinsurance cover

Poll question 2

By when will India recover from the Pandemic

- 1. 2021**
- 2. 2022**
- 3. 2023**
- 4. Will become part of our disease burden**

Questions / Discussion Points

Thanks



Institute of Actuaries of India