

Advancing the Vitality Shared-value model

Adrian Gore



Global Vitality
Conference
2024

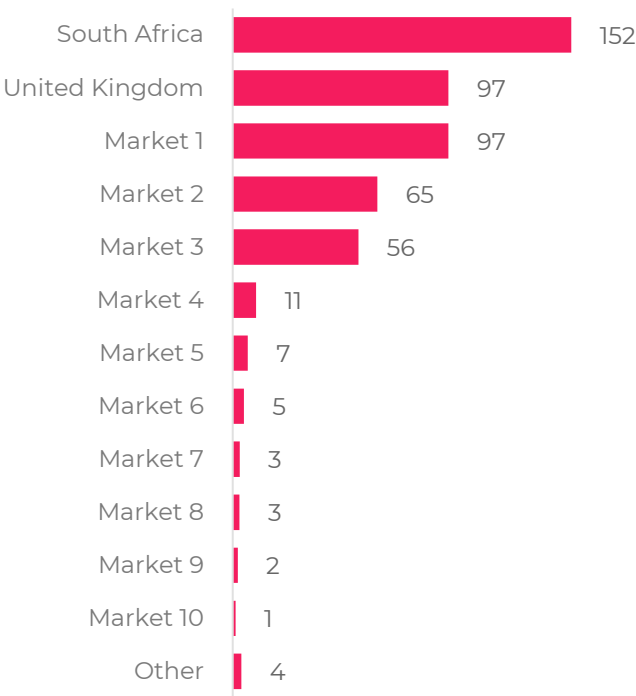
The Vitality Shared-value model has been adopted globally and the Vitality dataset is rich and comprehensive

The Vitality model has been successful globally



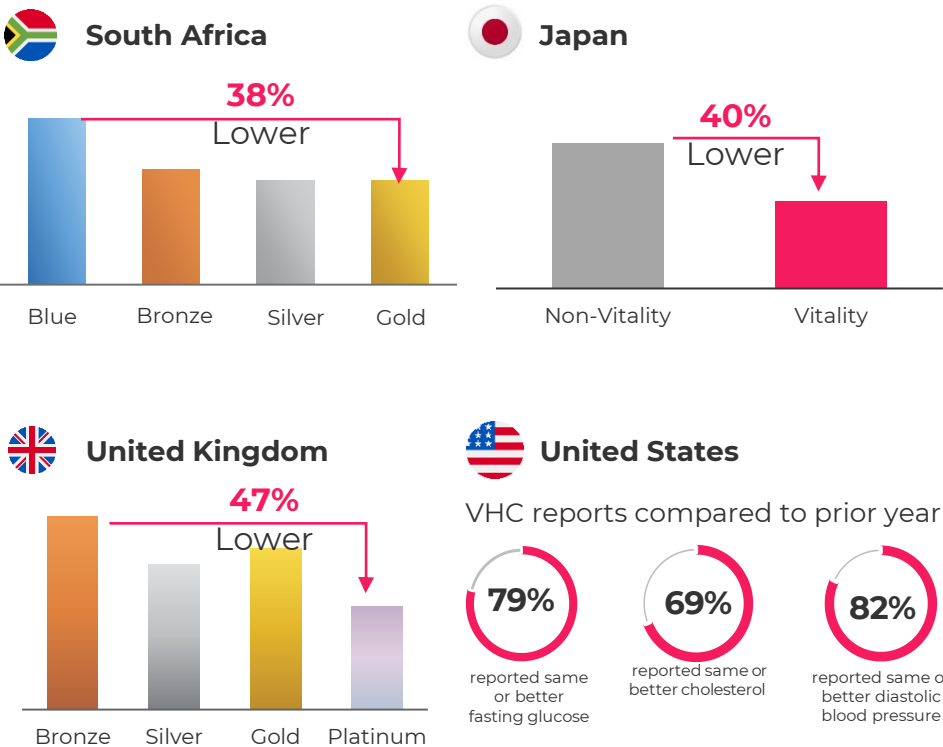
>500 million healthy activities in FY 2023

FY 2023 healthy activities



Significant mortality improvements across markets

Claims improvements by market



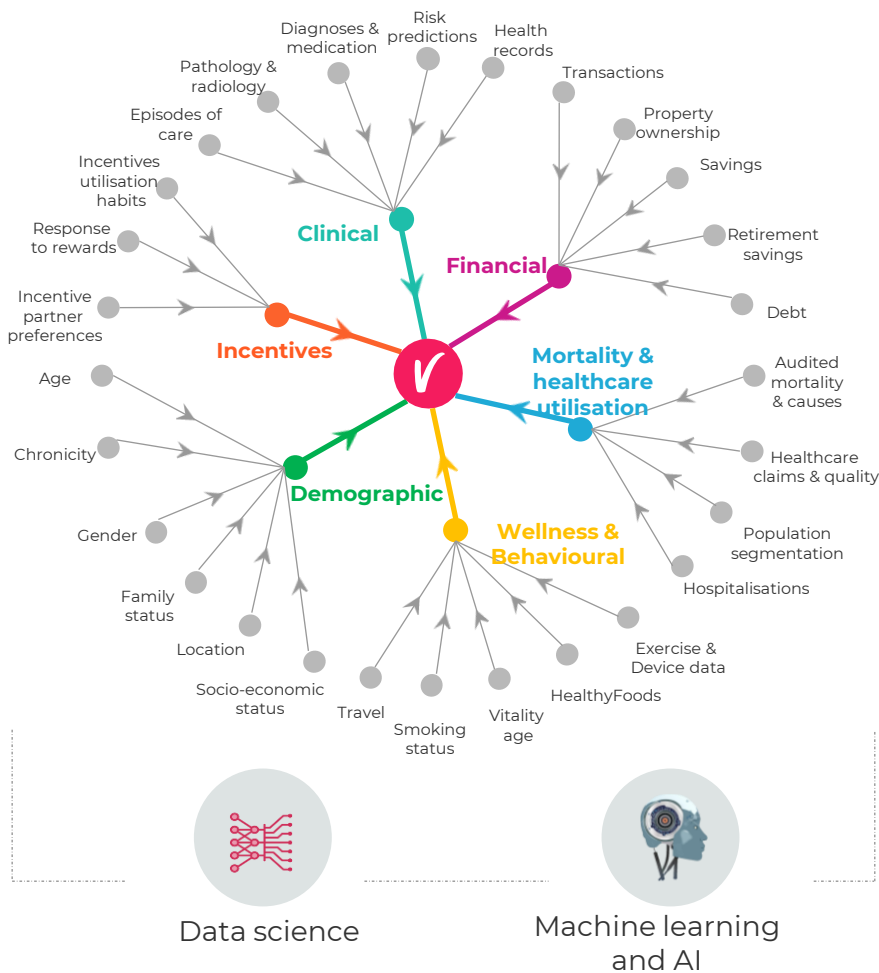
Growing footprint globally

Vitality Network global partners



Rich and comprehensive dataset allows Vitality to extract unique insights

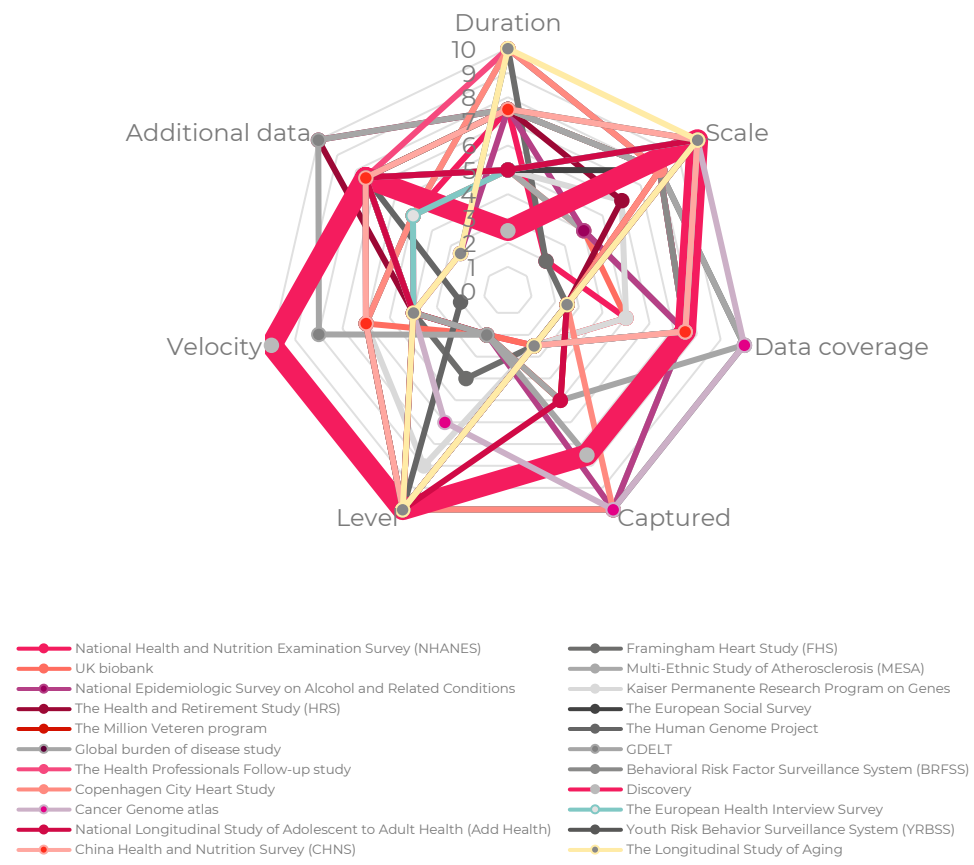
Comprehensive dataset with 60 million life years



Drivers of utility of data sources

Duration	How long the dataset has been in existence
Scale	How large the dataset is
Coverage	How broad the coverage of the dataset is
Verifiability	Are the sources of the data verifiable
Velocity	How quickly does the data get updated
Level	At what level is the data collected e.g. individual or population
Context	What additional data is collected

Discovery has a high-quality dataset by global standards

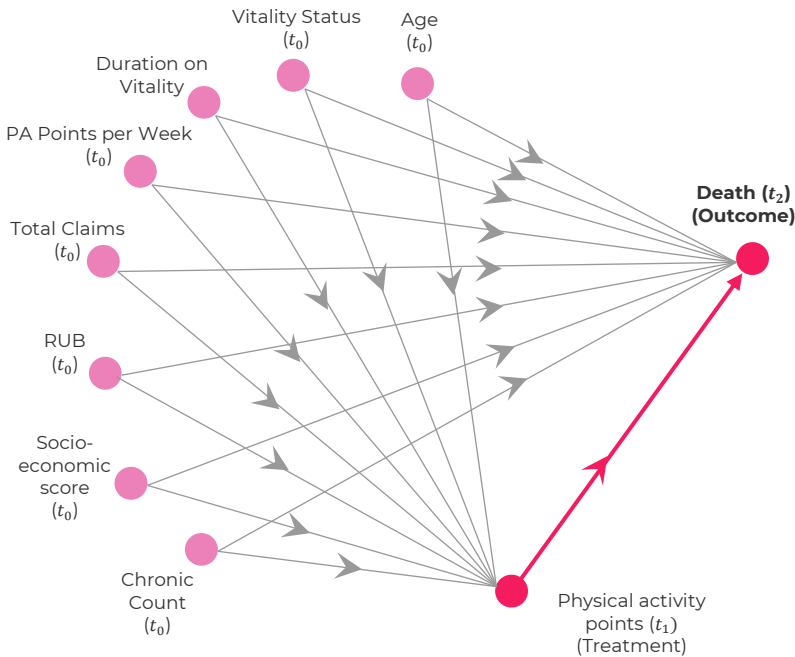


The causal nature of behaviour change is significant

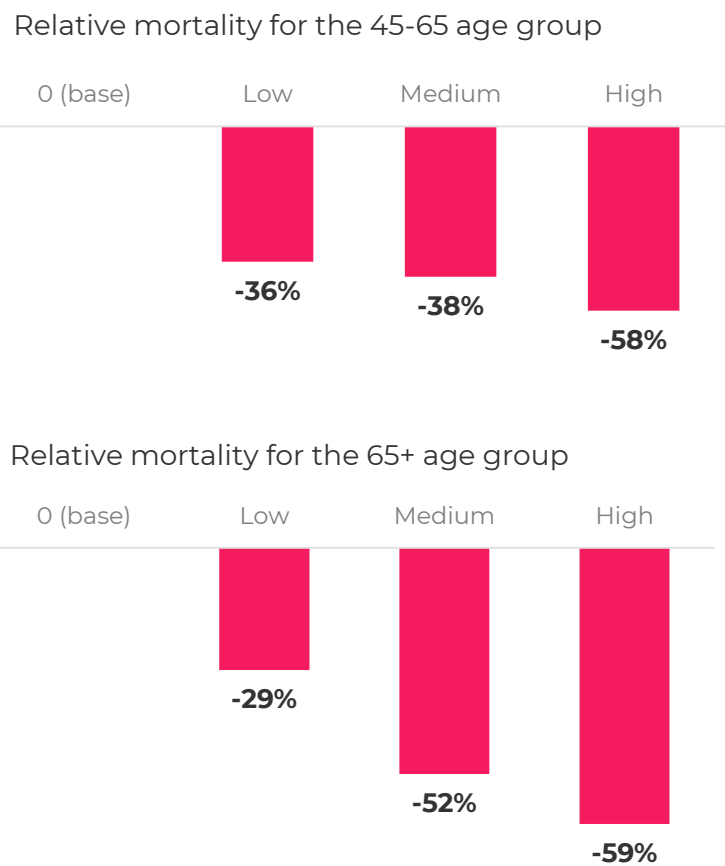
Behaviour change has a causal impact on health and mortality and the impact increases with age



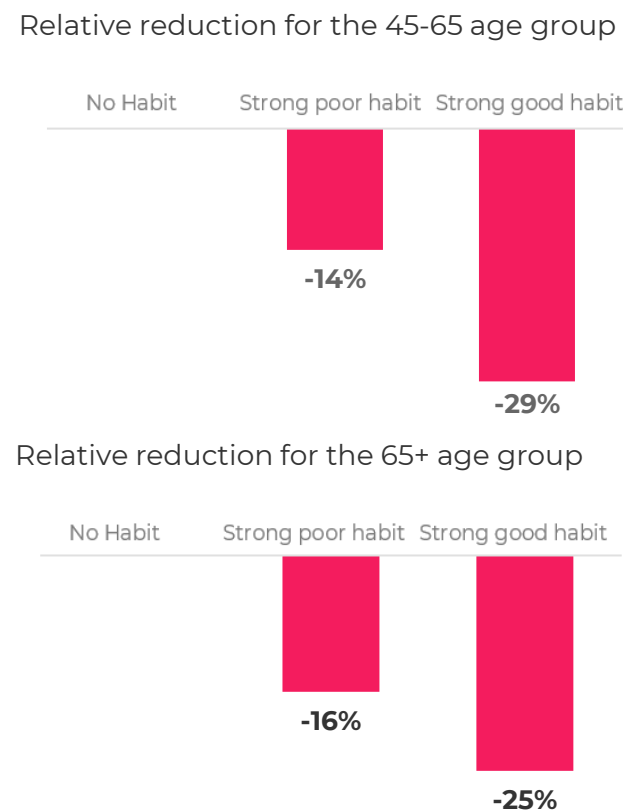
Understanding the impact of physical activity on mortality after adjusting for confounding factors



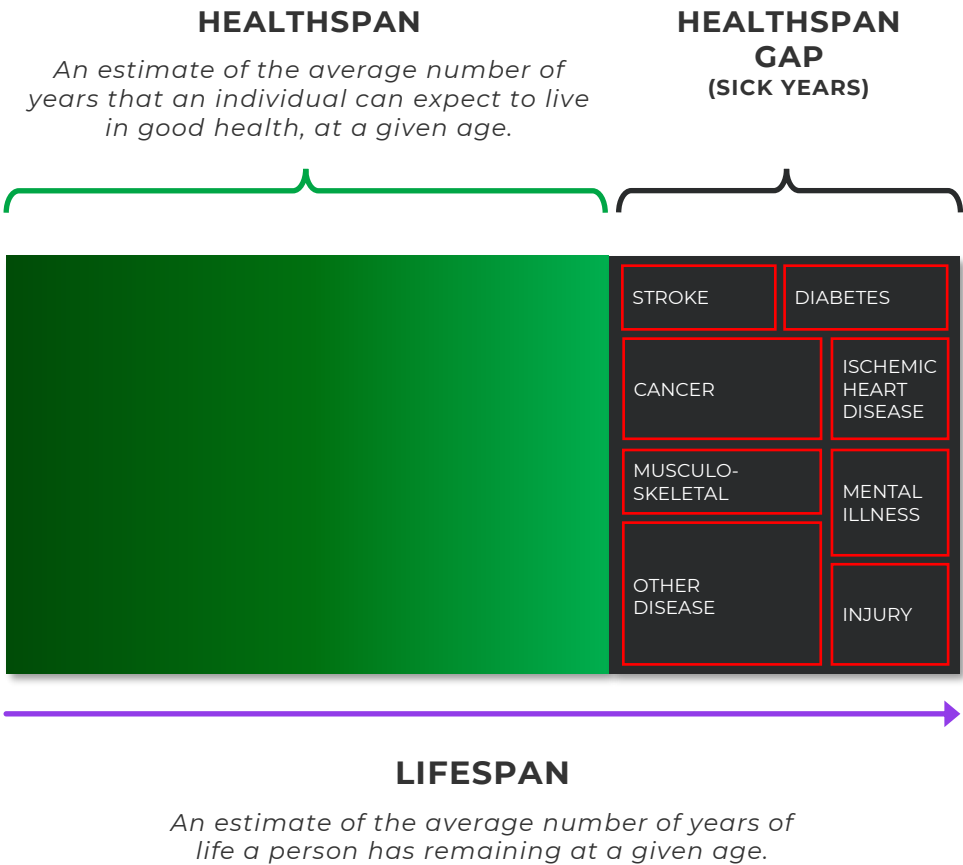
Physical activity has a significant impact on mortality and it increases by age



Physical impact has a significant impact on healthcare costs

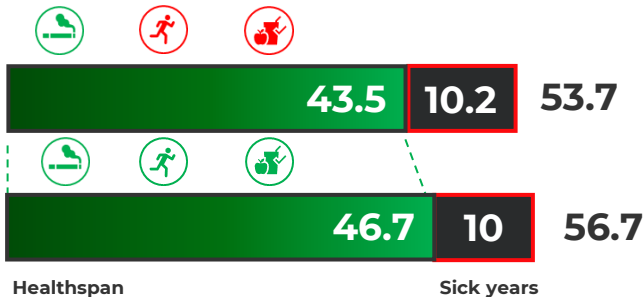


The effects of behaviour change increase with age and chronicity



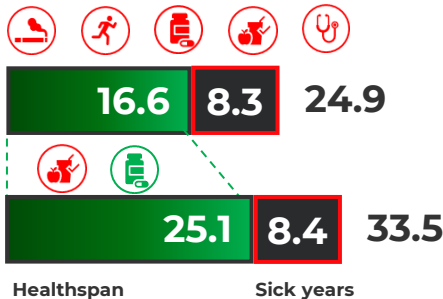
Young moderately healthy 30-year-old

+7%
increase in healthspan



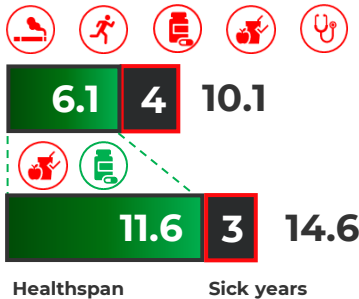
Middle age unhealthy 50-year-old

+51%
increase in healthspan



Advanced age unhealthy 70-year-old

+90%
increase in healthspan

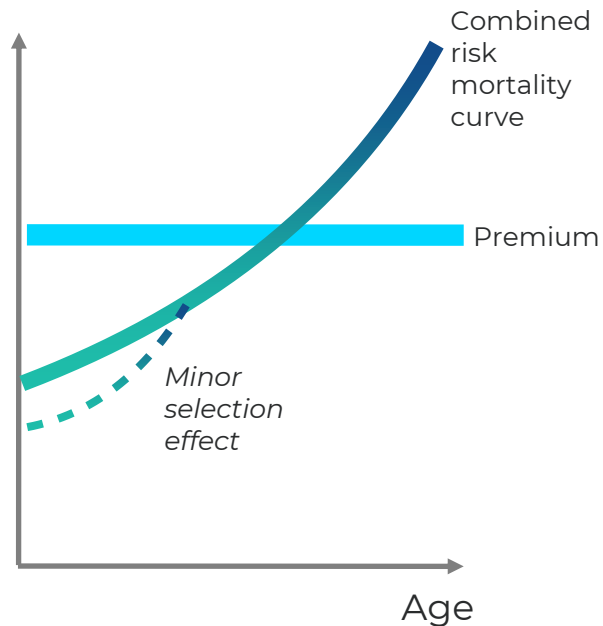


Traditional Life models are inefficient



Static pricing of risk at inception

Premium remains flat over policy duration



Portfolio development over time

Healthy members lapse, risk status of book deteriorates



Rationale for a Shared-Value model

- 1) A flat premium based on once-off u/w effectively **pools controllable risks** which is **ineffective and inequitable** and leads to **price and risk diversion** as well as adverse selective lapsation over time
- 2) This is accentuated by the fact that **behaviour has profound causal impacts** on risk, along with the nature of risk changing to non-communicable diseases

As a consequence:

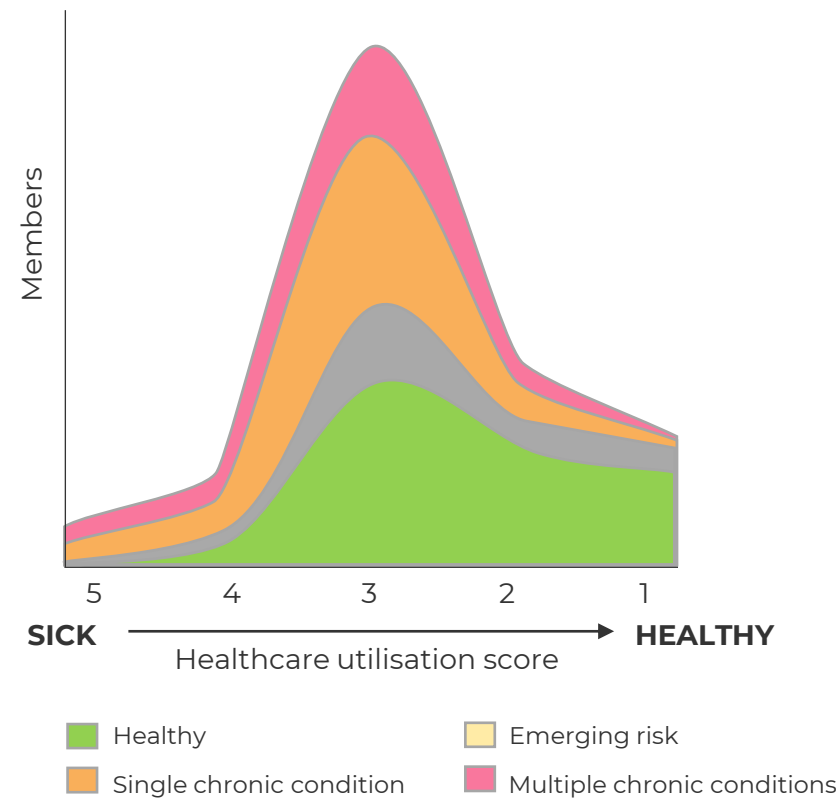
- The cost of cover for the portfolio is higher
- Fewer people are covered
- The book is in worse health with low social impact
- VoNB that is not optimised

Traditional Health models are inefficient

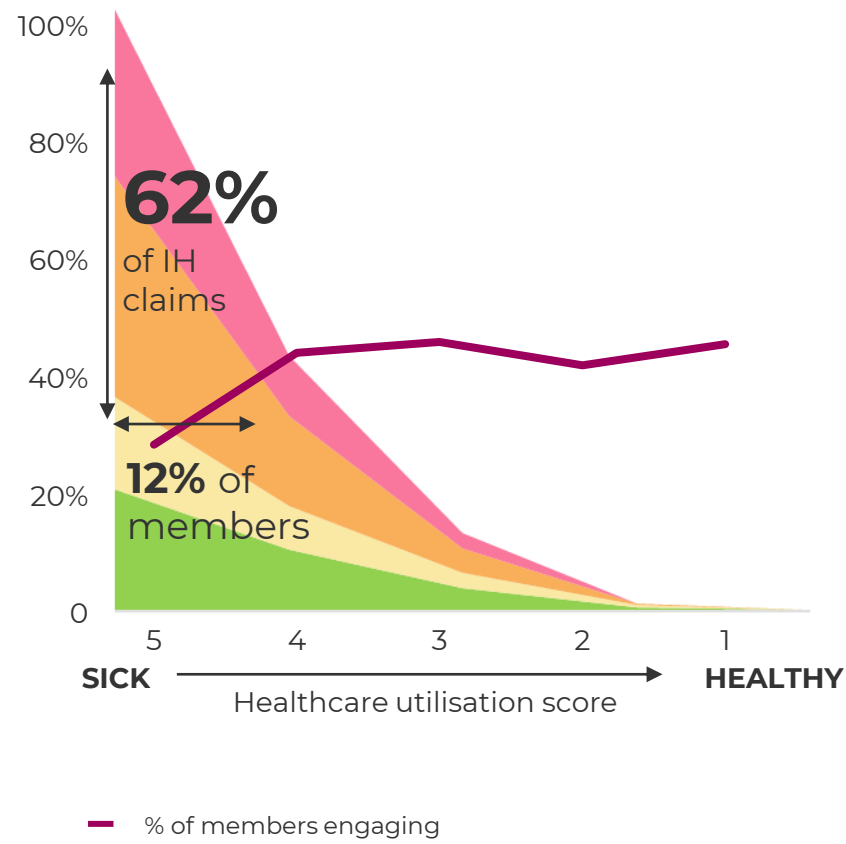
Traditional health models are inefficient

- 1) Modifiable behaviours have a causal impact
- 2) Disease management programs are a “one-size-fits-all” approach
- 3) There is low take-up and engagement
- 4) Wellness and disease management are bifurcated industries
- 5) Pricing is inequitable and inefficient

Health status and engagement by healthcare utilisation



Cumulative IH healthcare cost by healthcare utilisation

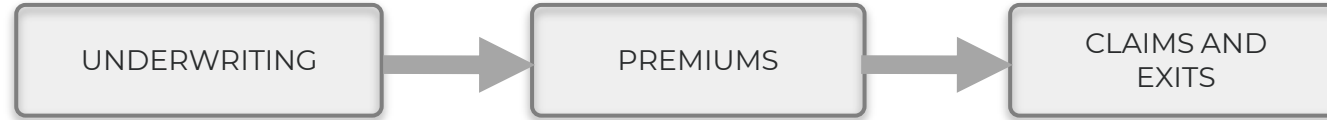


**Using our understanding of behaviour
change to personalise the value chain**

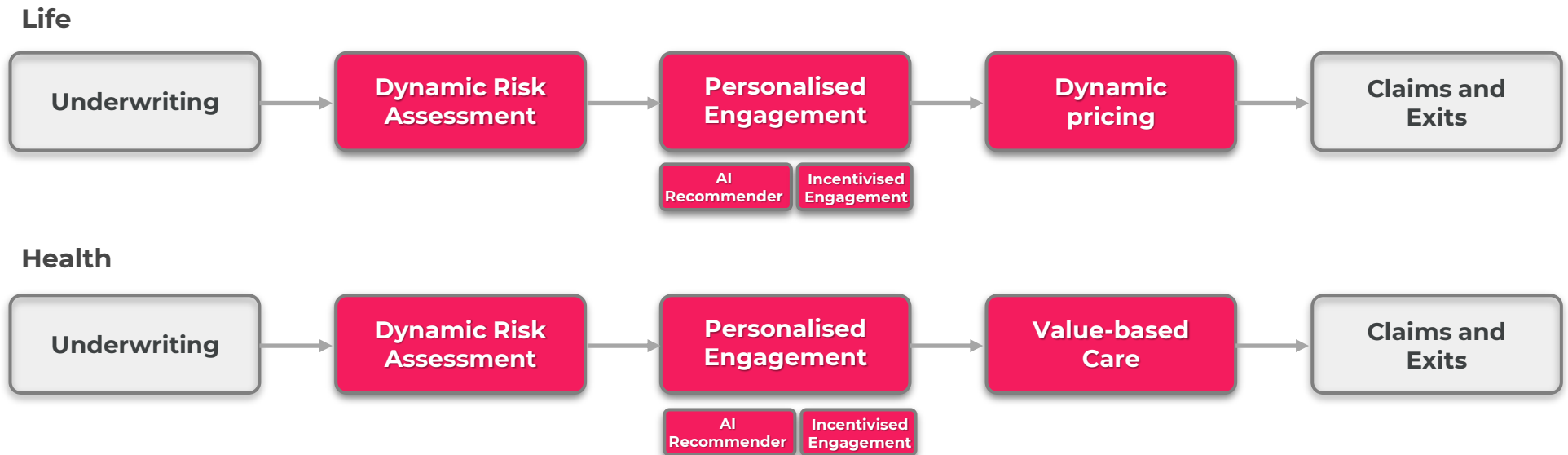
Vitality challenges the traditional value chain



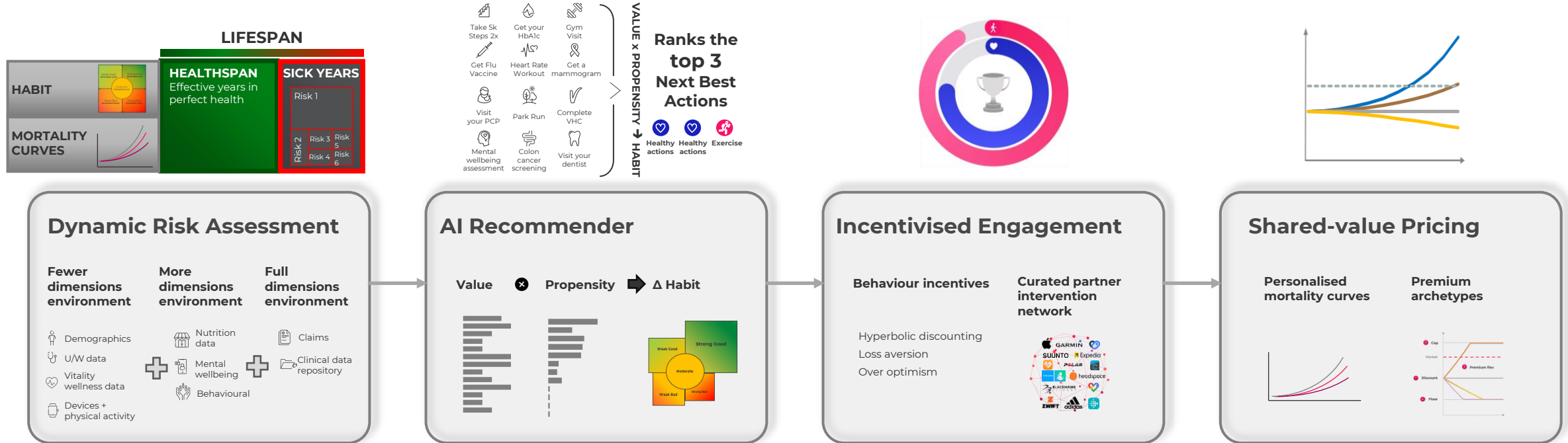
TRADITIONAL VALUE CHAIN



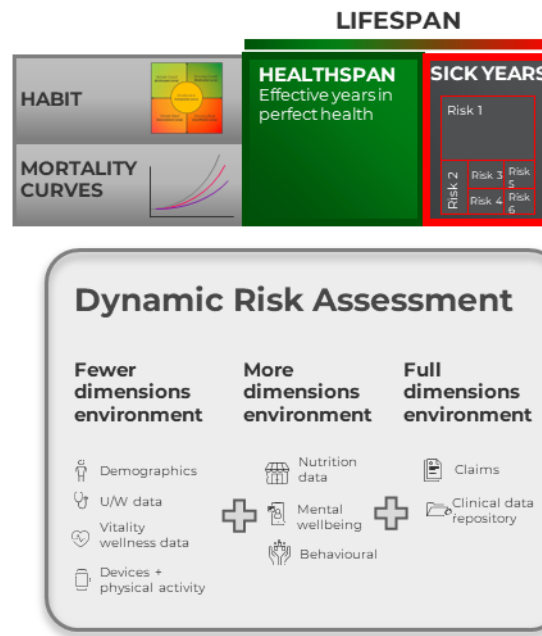
SHARED-VALUE VALUE CHAIN



Hyper-personalised shared-value capabilities



Dynamic Risk Assessment



Personalised risk vector leveraging the power of the Discovery dataset, regardless of the data environment

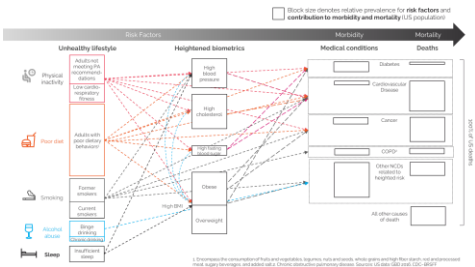
Data required from different data environments

Fewer, More, Fuller data dimensions



Feed data into Discovery's risk algorithms

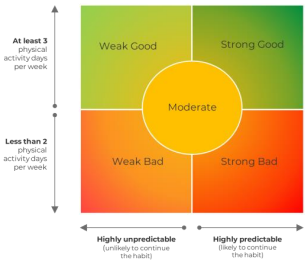
Personalised risk algorithm underpinned by Global Burden of Disease and Vitality data



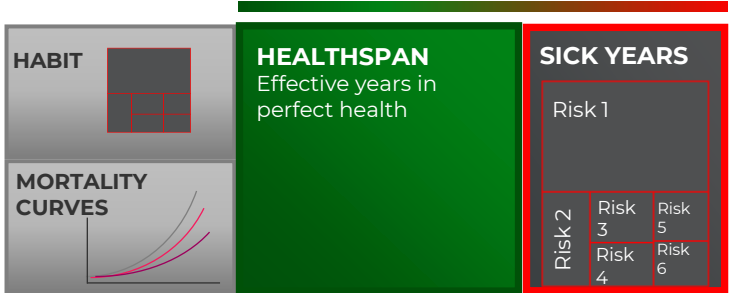
Morbidity risk models



Discovery's habit index

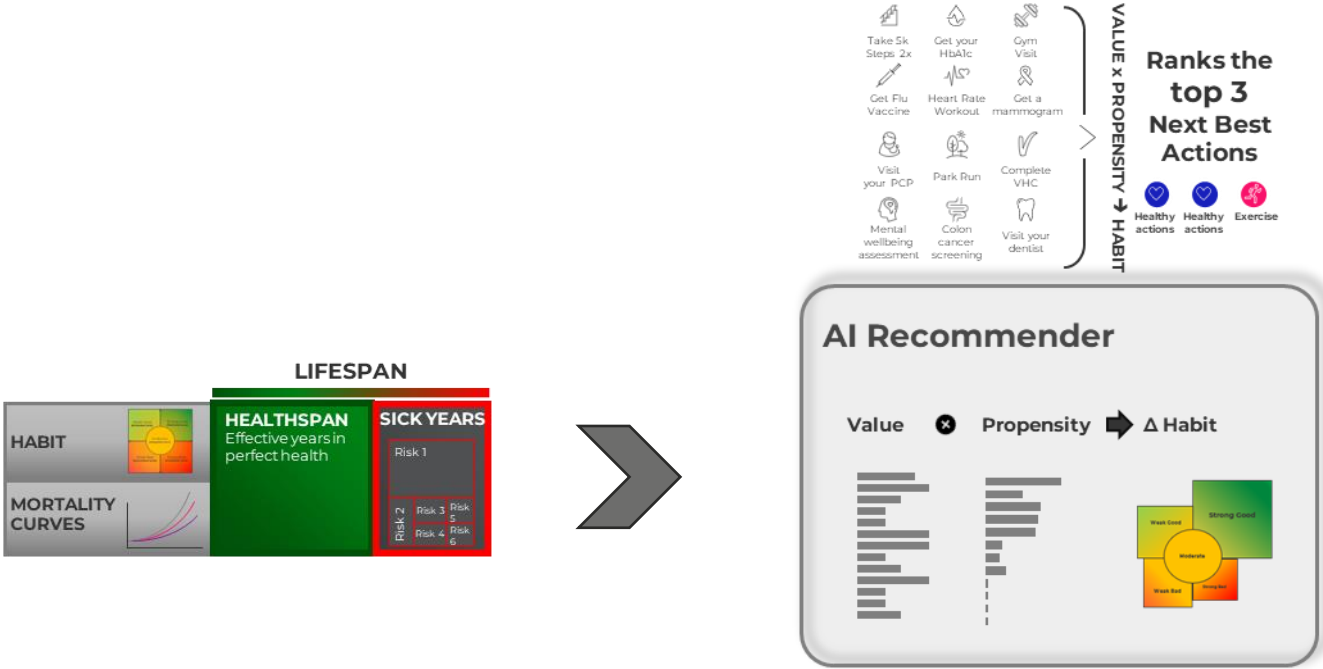


LIFESPAN



1. Lifespan
2. Healthspan
3. Lifespan and healthspan relativities
4. Prioritisation of lifestyle factors
5. Disease relativities
6. Individual mortality curves
7. Habit strength

AI Recommender

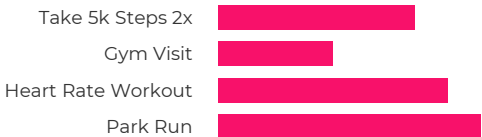
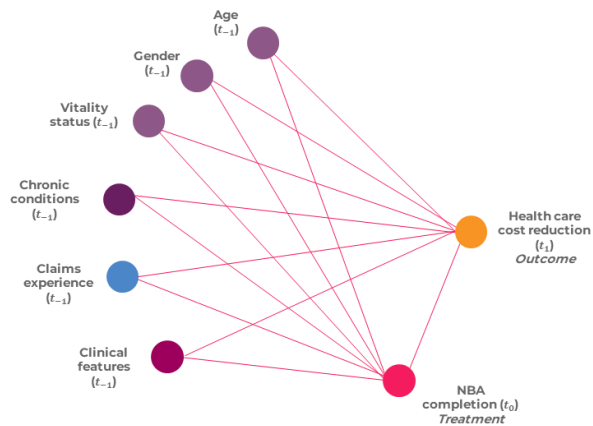


Hyper-personalised Healthy Actions, with personalised goals



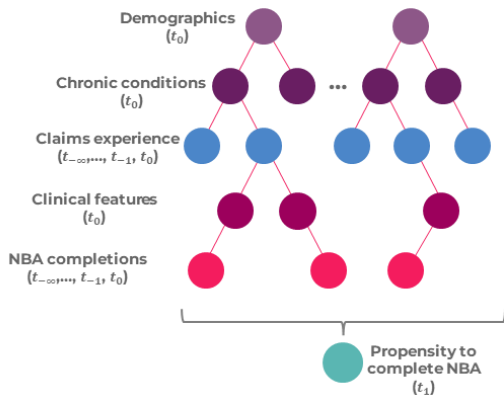
VALUE

Causal model built to estimate the effect of completing a Healthy Action on downstream healthcare Costs



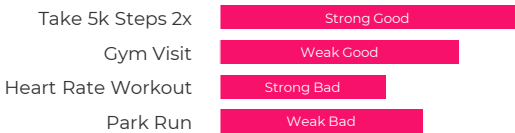
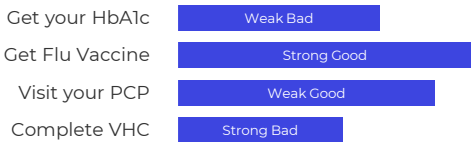
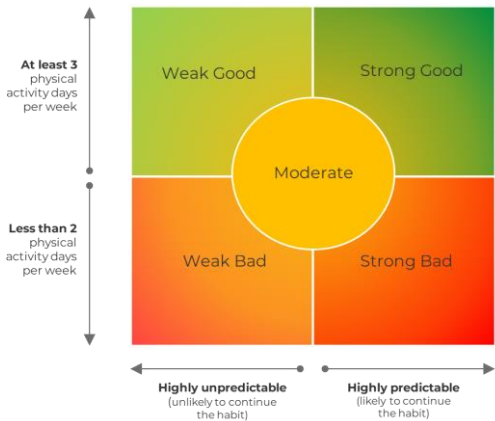
PROPENSITY

Ensemble Machine Learning model built to estimate the probability of a customer to complete a Healthy Action

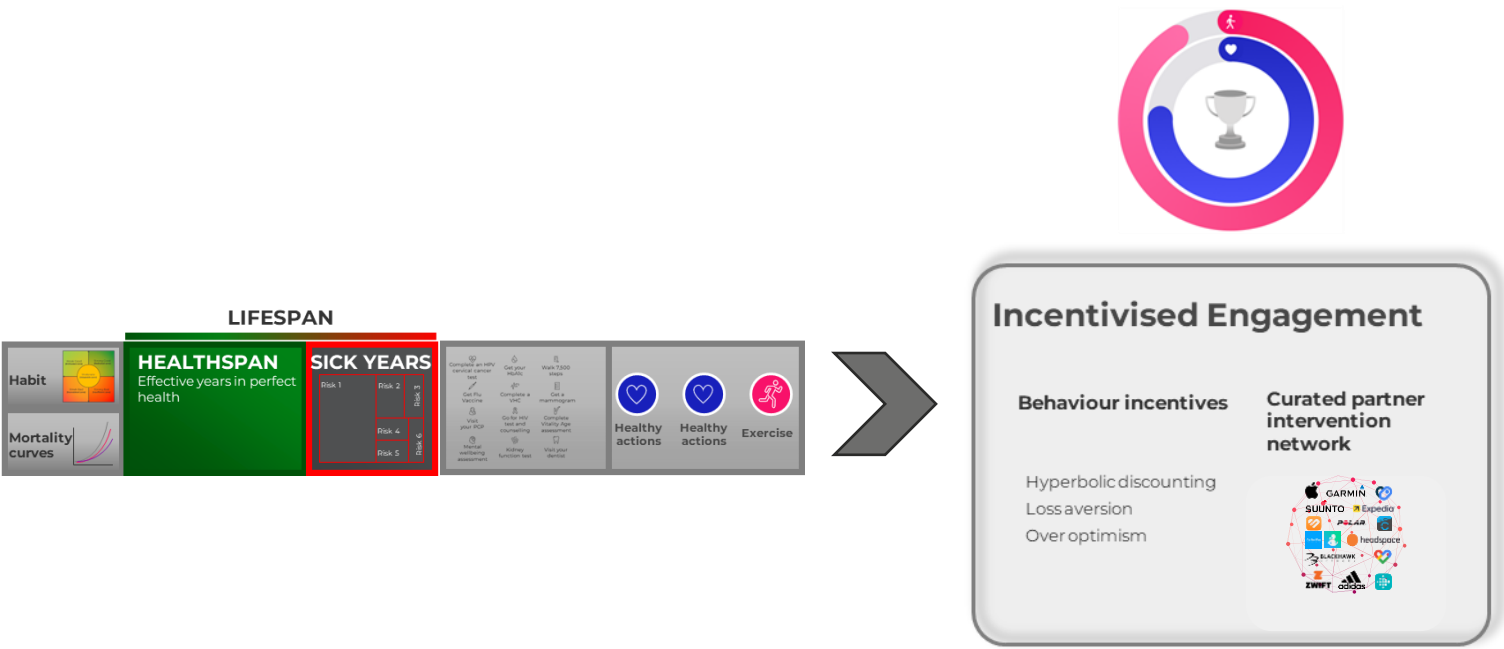


HABIT

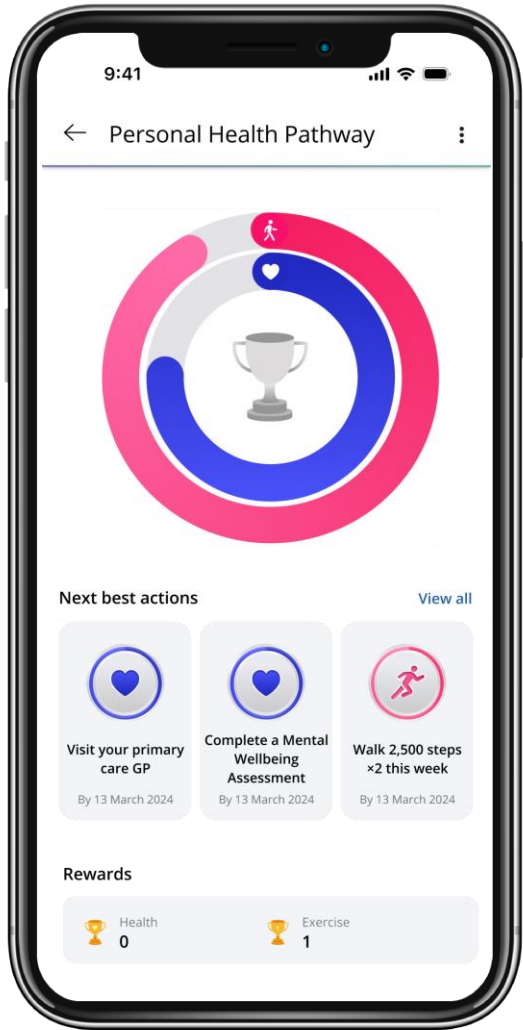
Index built to quantify and classify a customer's consistency of completing a Healthy Action



Incentivised Engagement



Sophistication manifests in a simple user experience with the two rings



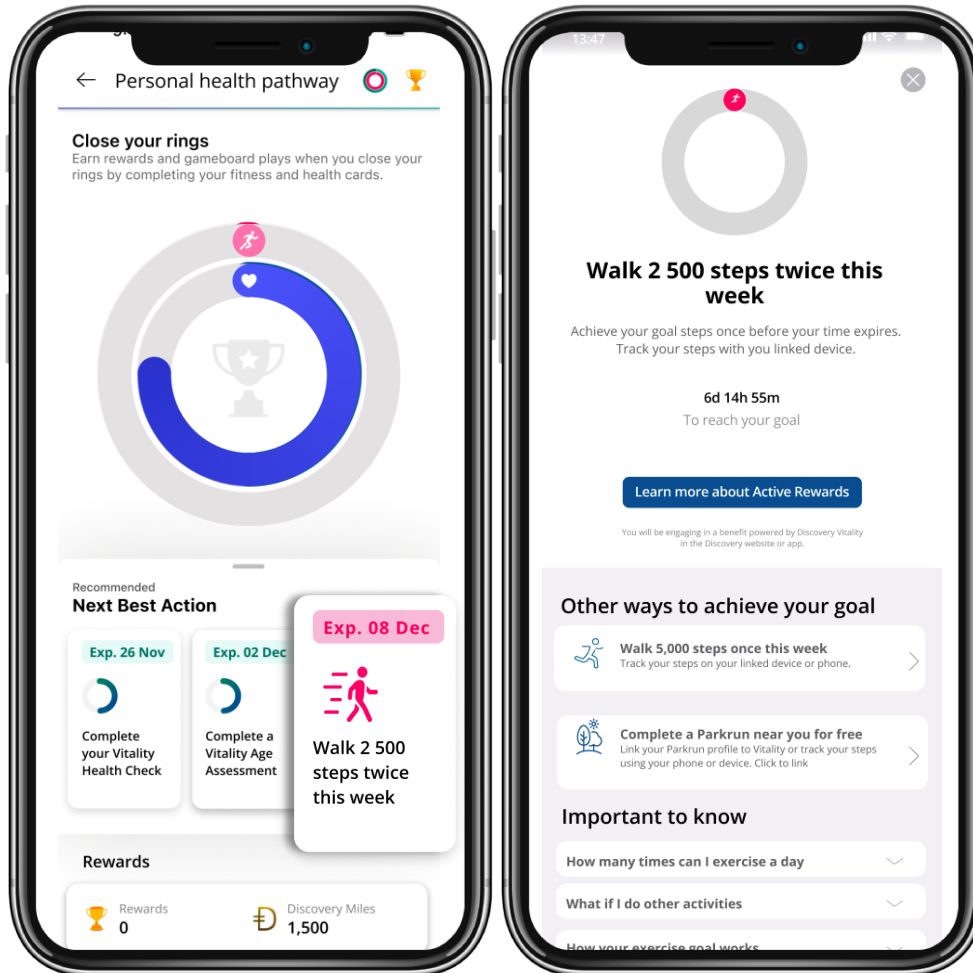
Healthy Actions Ring



Exercise Ring

Type of activities	Encourages completion of any healthy action, other than exercise. This includes a variety of clinical, screening and lifestyle actions	Encourage movement (steps), exercise and fitness
Cadence	No set cadence and determined by how quickly or slowly a customer chooses to close them. However, actions have an expiry date	Weekly cadence
Reward structure	Closing the ring requires the completion of one or more next best actions The value of the reward is personalised to each customer and is a function of that customer's actions + propensity to complete them + the clinical value of completing that action	Closing the ring requires the completion of one or more next best actions The value of the reward is personalised to each customer and is a function of that customer's actions + propensity to complete them + the value the action adds to long-term health outcomes
Reward redemption	Instant reward	Instant reward or gameboard play

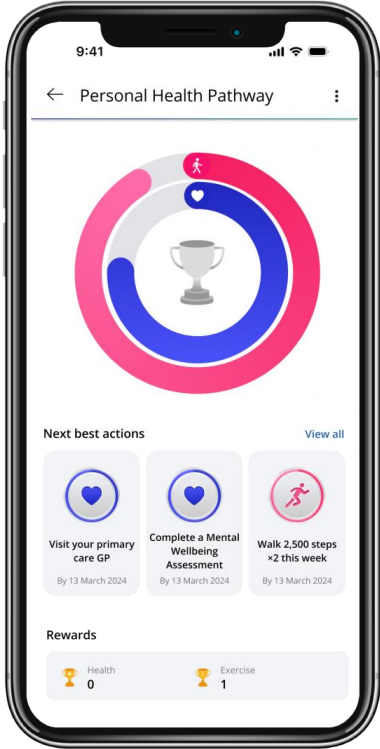
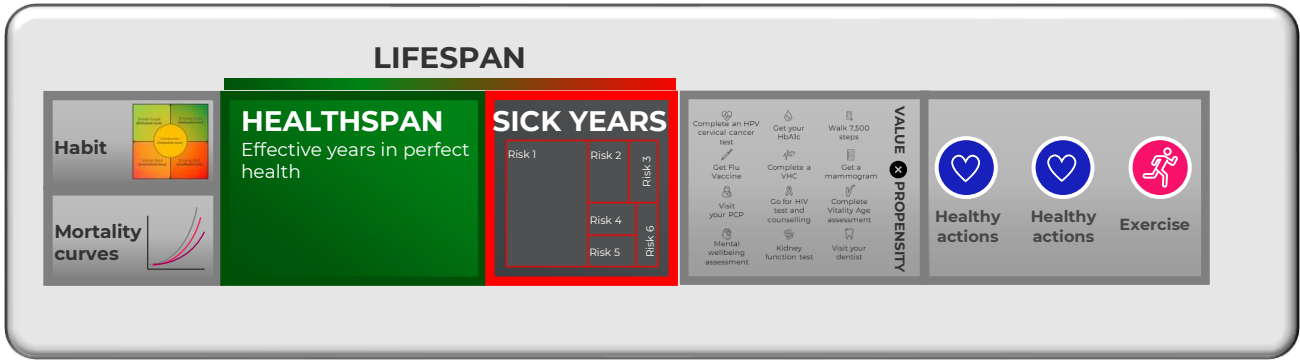
The physical activity ring will introduce lower thresholds to encourage goal achievement for unengaged members



Provide members who are new and / or unengaged with easier goals involving steps, by:

- Variable step threshold for earning rewards (start low, increase in small increments)
- Varying points allocated to different levels of engagement
- Personalised reward recommendations (based on propensity)
- Personalised reward levels with gamification (to encourage habit formation)

We are building a hyper-personalised program

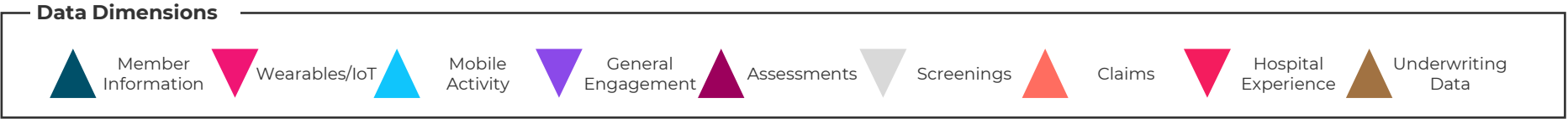


Dynamic Risk Assessment

Healthy Action

Data Sources

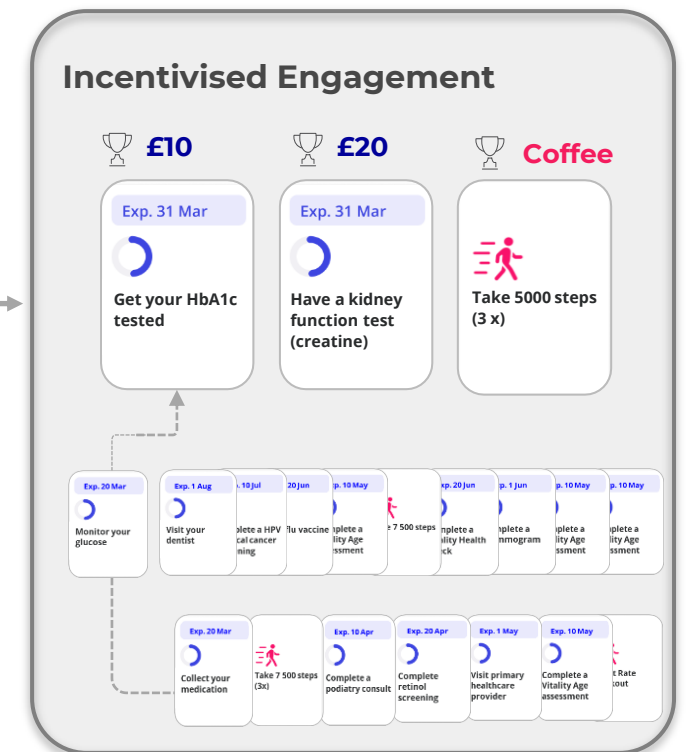
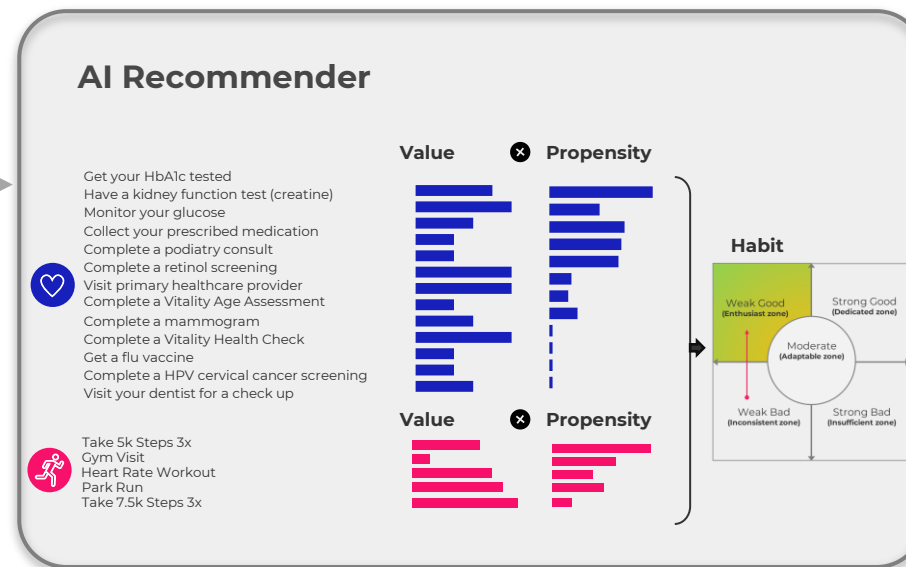
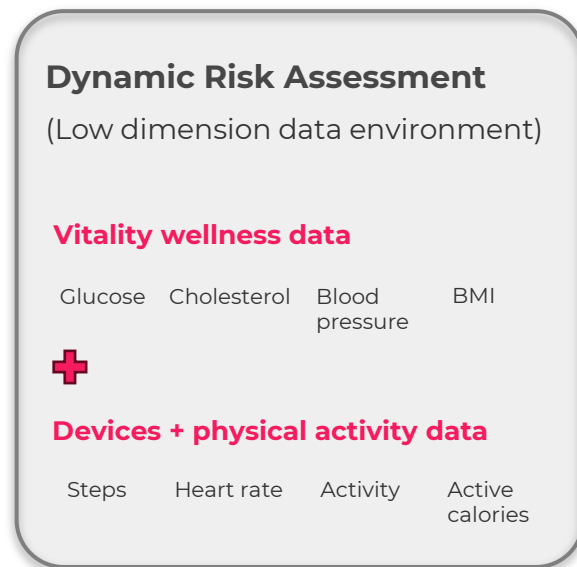
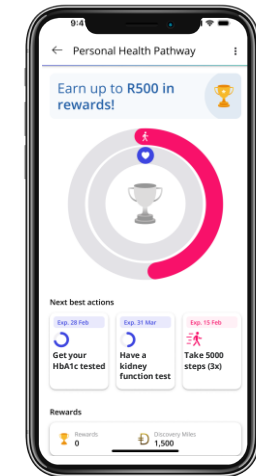
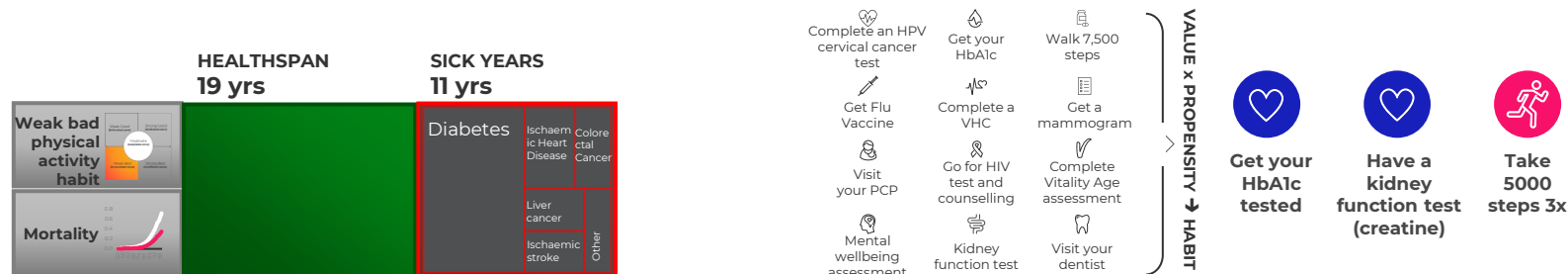
Healthy Actions



Case study: Unmanaged diabetic

Female aged 50

Poor biometrics and behaviours

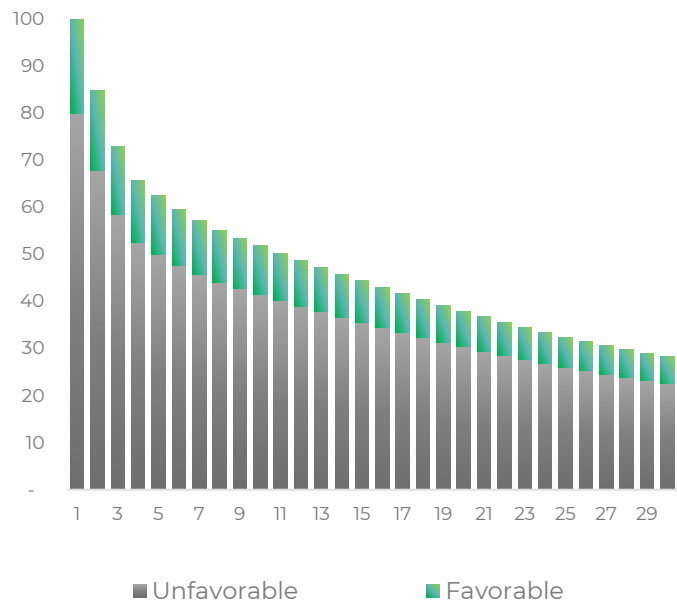


Personalisation drives higher engagement, increases lives in force, and leads to higher societal value

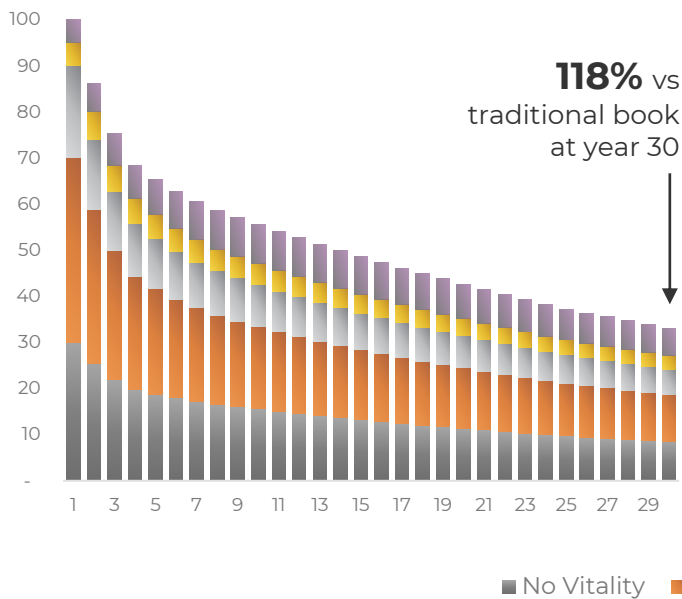
Life Insurer | Vitality results in a larger book with healthier lives



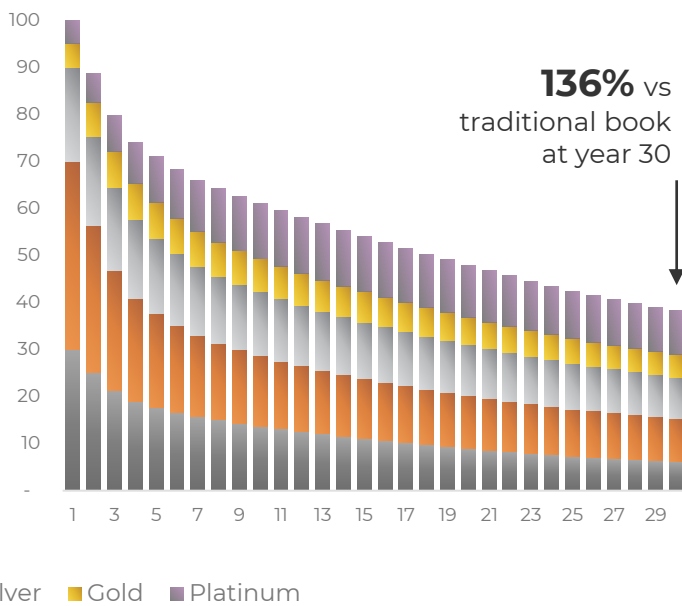
Traditional



Embedded with Vitality



Overlay Healthy Actions



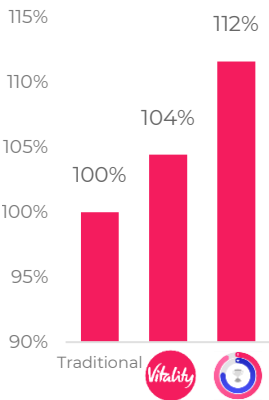
Life insurer | The impact is significant on all measures

Value drivers of Healthy Actions

- Higher status transitions from unengaged to engaged
- Lower lapses
- Narrower risk differentiation within each status

Insurer value

Higher VoNB



12%
higher VoNB

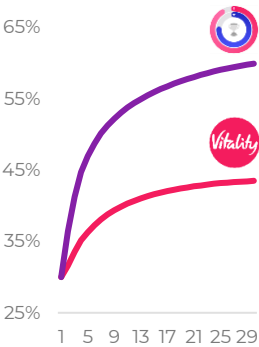
Customer value

Lower premiums
(PV premiums vs
Traditional, over 20yrs)

Bronze	99%
Silver	95%
Gold	81%
Platinum	81%

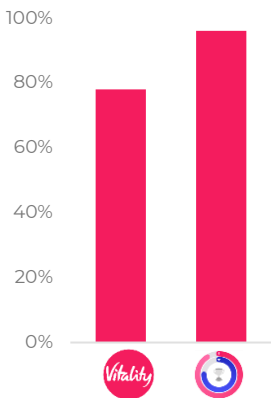
**Bronze
never pays
more than
traditional**

More health-
engaged
members



36%
more engagement

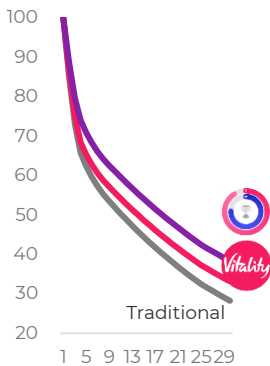
More rewards
(Vitality rewards as %
Vitality premiums)



18%
more Vitality
rewards

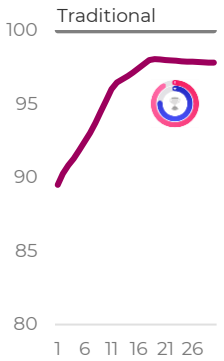
Societal value

Larger portfolio
of lives covered



15%
more lives over
20 years

Reduced cost of
cover

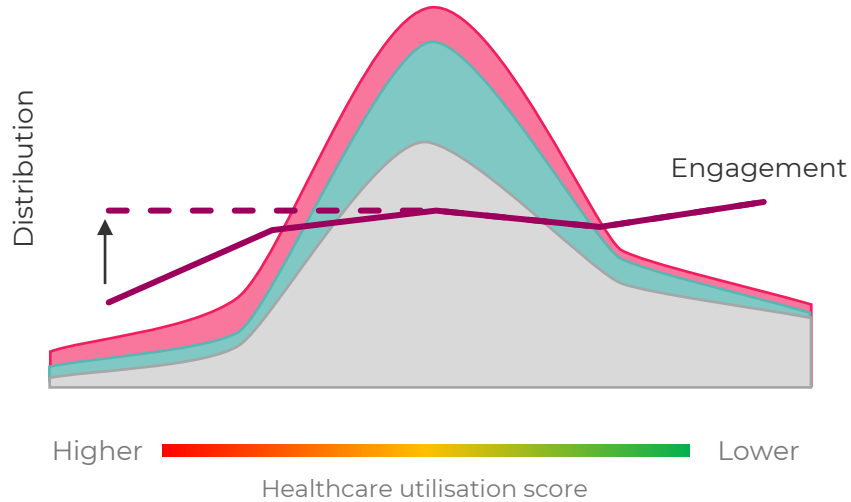


94%
Lower
premiums

Health insurer | The impact is significant on all measures

Distribution of clients by healthcare costs

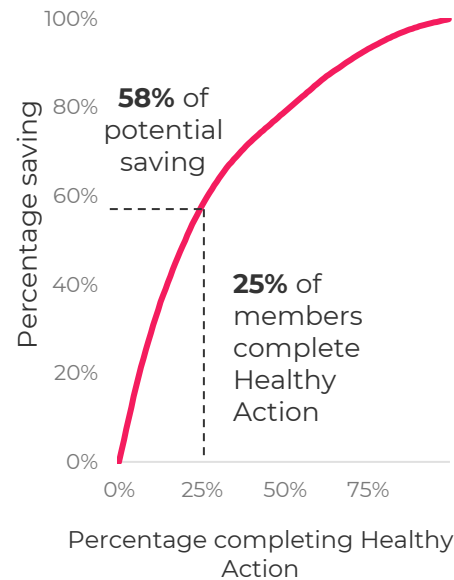
Member base by different healthcare utilisation scores



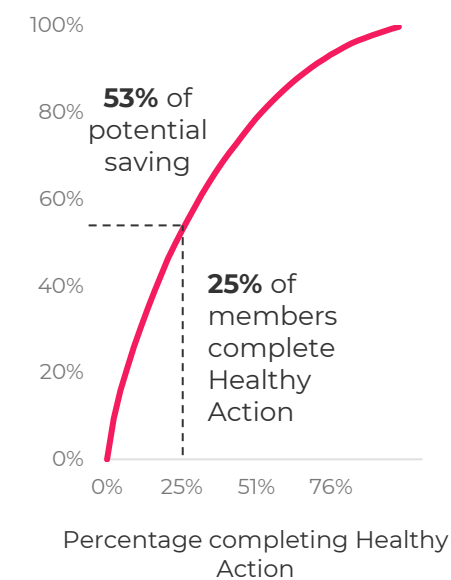
- Top 25% of clients within chronic cohorts with highest *value x propensity* to target with Healthy Actions
- At-risk or unhealthy clients
- Other

Impact of doing Healthy Action| Net savings to health funder

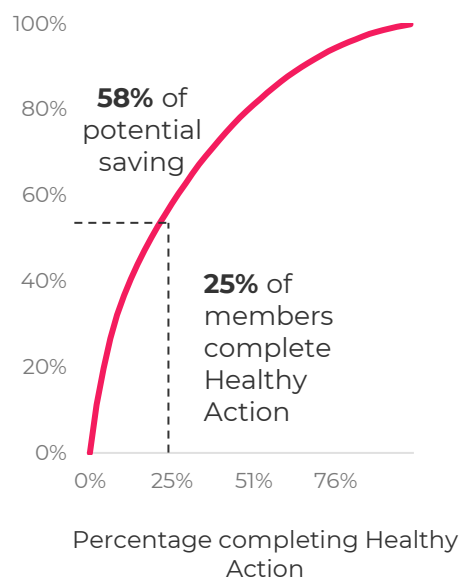
Diabetes



Hypertension



Combined hypertension and diabetes



Significant benefits from a personalised engagement model

Behaviour change has a significant impact on life and health insurance business models

Since behaviour change has such a significant effect on mortality and healthcare costs, the Vitality Shared-Value model must evolve to dramatically improve life and health insurance models, to ensure better outcomes for both shareholders and customers

To properly leverage the power of behaviour change requires hyperpersonalisation

The significant causal effects of behaviour change is universal across age, gender and risks classes but the categories and intensity of behaviour change varies - to be effective, hyper-personalisation is required

4 modules powered by data and predictive AI create a simple 2-ring UI for customers

This is achieved by 4 sequential models utilising advanced data and predictive AI, but manifesting in a simple but powerful set of 2 incentivised personalised rings - an exercise ring and healthy action ring. Appearing on the face of mobile - in app, via WhatsApp, WeChat, messenger

The implications for life assurers is higher VoNB, a more compelling value proposition, that covers more people, at a lower cost with high levels of engagement

The implications for health insurance companies is a more engaged client base, a coalescing of wellness, prevention and chronic disease management into one incentivised personal healthy pathways construct, leading to a significant reduction in health care costs



Day 1: What you can expect

Guest speaker 1

The future of behaviour change

Dan Bennett

Leader of the behavioural science practice, Ogilvy Consulting, UK

Insurance partner discussion

How do we set ourselves up for the future

Hosted by Shaun Matisonn

CEO, Vitality Network

Research

The habit index

Emile Stipp

Chief Actuary, Discovery Health and Vitality UK

Product, platform, partners

Lee Corrigan and Hushan Padayachee

Head of product Development; CIO, Vitality Global

Data

Bringing personalisation to product

Jonathan Broomberg and Brian Hartzler

CEO, Vitality Health International; CEO, Quantum Health

Guest speaker 2

Personalised nutrition

Jessie Inchauspe

Biochemist. Glucose Goddess

THANK YOU

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