



somewhat
different

Get rewards for living a healthy life

Discovery & Hannover Re Vitality Active: A shared value insurance model

The Vitality concept was first introduced by the South African-based insurer Discovery in 1997. Vitality, a behavioural wellness solution, helps policyholders to improve their health, and enhances and protects their lives. This is done by providing them with the necessary tools, knowledge, access and incentives. Since the launch of the Vitality programme in South Africa, the programme has been exported to the UK, Asia, Australia, Europe and North America in partnerships with leading insurers. Hannover Re and Discovery look back on a long-standing and successful partnership of 20 years.

The implementation efforts for the Vitality programme, however, are immense, and unfortunately mostly outside of scope for smaller insurance companies in emerging markets. In order to meet their needs, the idea for Vitality Active (VA) – a strategic partnership funded by Discovery and Hannover Re – was born.

Concept

VA is a light version of the full Vitality package, and offers an affordable and quick-to-implement, mobile-based solution, which is accessible and attractive to insurance companies irrespective of size. VA offers a holistic wellness and fitness programme to the policyholder, which is directly linked to an insurance product. The insurer quasi ‘upgrades’ standard life insurance products with VA. Members improve their health through regular workouts and activities, for which they receive points. Once they have achieved their individually defined goals, they receive weekly, monthly and yearly rewards.

Value proposition

VA is gaining increasing interest. At the time of writing, eight markets across the world had already implemented the VA solution, covering more than 800k lives and enabling better health outlooks for end-customers as well as bolstering insurers’ portfolios.

VA is based on a shared-value insurance model, delivering value to all stakeholders. The insurer is provided with an extraordinary unique selling proposition for their policyholders with VA. As the Vitality “upgrade” features are handled via an app, the implementation is simple, straightforward and cost-efficient. The added benefit of the app is that the insurer is provided with an easy way to stay in touch with their policyholders. These interactions are positive in nature and change the normal insurance conversation from premiums, death and disability to exercise, rewards and paybacks, resulting in greater exposure to a broader customer base and improved customer loyalty.

Members who actively engage in the programme live longer and have lower healthcare costs than non-Vitality members, as proven by Discovery’s experience data. The insurer benefits from a “healthier” portfolio, reduced lapse rates, an increase in positive selection and improved mortality and morbidity rates over time. In addition, as Discovery and Hannover Re jointly benefit from the improved lapse and mortality rates in the portfolios, they can provide the insurer with preferred (re-) insurance terms.

The Vitality model continues to drive shared value: it delivers better health and value for policy holders, superior actuarial dynamics for the insurer, and a healthier society at large.

Hannover Re’s contribution

- Access to international client network
- Mutual marketing and selling strategy
- Underwriting, claims, product & pricing expertise
- Reinsurance capacity