

COVID-19: A catalyst for digital health and insurance



At an Interactive Virtual Panel on Healthcare Insurance hosted by Asia Insurance Review experts discussed how the current global health crisis and pandemics in general affect the industry, and how insurance can leverage technology to position itself better to deal with these challenges.

By Amir Sadiq



Never in modern history has civilisation had to deal with a pandemic on the scale of COVID-19. This health crisis has showed just how vulnerable the world is to pandemics and highlighted many shortcomings in modern systems – healthcare and insurance included – when it comes to dealing with them.

Integrating technology into underwriting

As ACCESS Health International senior consultant Nardev Ramanathan pointed out in the first presentation of the conference, underwriting will never be the same again and insurers will need to find better ways to underwrite the risks presented by pandemics.

One way for life and health insurers to do this is to be more flexible and dynamic with the pricing of health insurance products.

He said that technology will play a core role in the future of underwriting and pricing and pointed to John Hancock which has insisted that all of its future insurance products must be fully integrated with the capability to include data from wearables.

He also highlighted three areas where insurers should focus when exploring new applications of technology.

Surveillance – When it comes to predicting risk, macro-trends are extremely important. Developers that work on AI-based data-driven insights run millions of simulations to come up with scenario planning that will help with underwriting such unpredictable risks.

Diagnostics – Healthcare costs are continuously rising, and many loopholes still exist for fraudulent claims. Insurers should partner with developers that can automate tasks and incorporate digital diagnostics such as AI-assisted CT scans into the diagnostic offerings of their products.

Treatment and management – A pandemic can result in massive strain on hospitals which mean that more treatment and health management will need to be done in isolation facilities or even patients' homes. Insurers need to think beyond the current paradigms of treating COVID-19 and look to companies that bring new modes of decentralised, user-centric care to patients that give them the same quality of care and support outside of a hospital.



Opportune moment

Furthermore, the situation due to COVID-19 right now is ripe for insurers and healthcare providers to push through digital initiatives. Digital health has been on the rise and is right now at the forefront of everyone's minds, said MHC Asia Group medical director Dr Raymond Ong.



Dr Raymond Ong

There has traditionally been resistance to the push for digital health as people are simply not used to the operating model. But in light of quarantine and movement control measures, people are being forced to embrace digital platforms in their daily activities.

He added that since healthcare is a basic service that everyone requires, there is currently an acceleration in mass-market acceptance of digital platforms for delivering healthcare.

"I think it's very, very important for all market players currently to consider the use of technology to deliver healthcare right now and beyond," he said.

Everything has its limits

Not everyone will be able to engage fully with digital platforms, with elderly folks and young children who are not very tech-savvy at risk of being left out in the cold. He said it would be critical to lower the barrier of entry to ensure that these people have access to the services they need.

One example he gave is to create dependency features that allow more tech-savvy people to add their family members to their digital account, negating the need for vulnerable people to master such platforms while still having easy access to their functions.

But there remain hard limits to the things current technology can facilitate remotely. During a panel discussion, an audience member brought up the fact that insurance underwriting requires the physical examination of applicants that includes taking blood pressure readings or testing urine and blood samples.

He said that such scenarios will require tele-collaboration with

teams of medical assistants and phlebotomists to go to houses to draw samples, following which tele-consultations can take place to perform the underwriting assessment.

However, current technology does not allow for remote servicing if an applicant requires a more detailed or specific physical examination, although Dr Ong hopes that the industry will get there in the near future.

Motivation for experimentation

OneConnect Financial Technology SEA CEO Tan Bin Ru shared similar sentiments and believes that the current pandemic will mark an inflection point for the insurance industry.



Ms Tan Bin Ru

She added that based on her experience working in China, it is crucial for insurers to be willing to experiment with digital initiatives and learn from them as it will only benefit them in times of crisis.

Insurance has been typically more averse to change and embracing technology than most other sectors and she suggested that insurers in more stable and developed markets have been even less likely to experiment as there have been fewer challenges for them to overcome.

Analysts, however, are predicting insurance to trend slightly negative as a result of the pandemic and she said that with potential reductions in profitability and changing customer mind-sets, it is very likely that insurers will have greater motivation to experiment more and push forward their digital initiatives.

The risks of experimentation

Experimentation with technology is not limited to digital health. As hospitals around the world have been overwhelmed with COVID-19 patients, medical professionals have been considering the use of modified equipment to cope with the critical shortage of ventilators.

ECRI Asia Pacific regional director Eric Woo brought up how the US FDA has authorised the emergency use of ventilators in different ways,

as well as the use of similar devices to be used as ventilators.

He said before proceeding with the use of modified equipment and the experimental usage of ventilators, healthcare workers and insurers need to be aware of the risks involved.



Mr Eric Woo

Mental health and resulting impact

Aside from the obvious physiological damage that COVID-19 causes, Raffles Health Insurance head of medical directorate Dr Morrison Loh said that insurers will also need to consider the psychological effects of the pandemic and the resulting costs of mental health related claims in the future.



Dr Morrison Loh

Referencing a recent NRC Health study in the US, he showed that uncertainty surrounding the pandemic has resulted in a significant worsening of mental health, including feelings of anxiety and depression, across all age groups regardless of pre-existing conditions.

In the short-term, he expects a surge in mental-health-related claims, which he is already starting to see. But he expects there to be a lag time between patients actually requiring help and incurring costs, and the time when the costs will be significant enough for insurers to feel the impact. He added that there will be a definite increase in the usage of telemedicine.

In the long-term, he expects to see an increase in premiums resulting from the increase in claims. "This will not be a one-off increase, in my opinion," he said.

"With this experience in the pandemic ... people's expectations and demands in terms of coverage will increase and hence, an increase in premiums and change in product development will all have to be factored in."

The online conference, An Interactive Virtual Panel on Healthcare Insurance, took place on 5 May 2020 at 3-5pm Singapore time. 