12%

of total global healthcare spending will be on digital products and services by 2025[1]

EMBEDDED HEALTH:
Creating shared value in digital health ecosystems

GENERALI

OPEN & EMBEDDED INSURANCE
OBSERVATORY

Insurers have an unprecedented opportunity to grow their offering through embedded health ecosystems

$3tn
market value of embedded insurance in the next decade

EMBEDDED HEALTH SERVICES is about offering health, wellness and/or fitness services – all within one online or mobile platform.

EMBEDDED HEALTH INSURANCE places the protection of insurance into the natural flow of people's everyday interactions – such as within their preferred health-related app or digital health platform.

Together, **EMBEDDED HEALTH INSURANCE AND SERVICES** is a brand-new classification that Generali and the Open and Embedded Insurance Observatory have collaborated to define.

We define this category as: embedding insurance and health services in the day-to-day flow of people's purchasing and engagement journeys with their favorite and most trusted digital brands, thus creating contextual opportunities for people to access such products and services at the points where, and when, they need them most.

Digital platforms and ecosystems that are based on Embedded Health Insurance and Services ('Embedded Health') are an evolving model. For customers, they provide a tailored, user-centric experience. For insurers, they offer access to increased revenue and the ability to provide value for their partners.

Insurers around the world are now harnessing the benefits of being part of digital health platforms and ecosystems. Some insurers are integrating their products and services into existing health-related portals – or are creating their own digital health-focused services. Other insurers are partnering with non-health entities such as banks and telecommunications companies to create embedded health insurance offerings.

Insurers perform a pivotal role in contributing shared value for all players in each of these models of Embedded Health. In turn, incumbent insurers and health-focused insurtechs are realizing the vast benefits of being part of the digital health boom.

With embedded insurance having a market value of $1.8 trillion, according to Observatory data, and predicted to capture another $1.2 trillion of insurance premiums in the next decade[2] – and the global digital health services market forecast to grow at a CAGR of around 25% per year to reach almost $660 billion by 2025[3] – insurers have an unprecedented opportunity to position themselves as key players in today's digital health marketplace.

Shared Value:
This is the result when entities work together in a way that brings individual benefits to each of the involved entities, while at the same time enhancing the competitive advantage of the partnership or ecosystem as a whole.

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How Embedded Health Insurance and Services works in practice
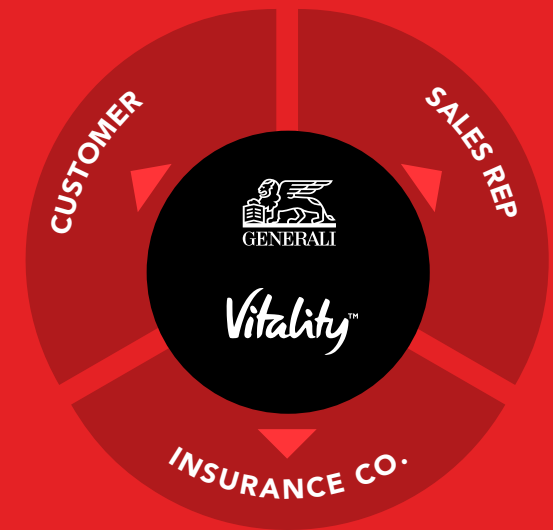
WHAT IS GENERALI VITALITY?

Generali Vitality is a wellness programme from Generali and Discovery that encourages and rewards members with exciting benefits for healthy lifestyle behaviors.

Throughout the programme, users are incentivized to take actions to know and improve their health (e.g. health checks, physical activity) and earn points for these. These points allow users to earn rewards in the form of vouchers, cashback, or discounts from partners such as Apple, Amazon and Expedia. Weekly and monthly points targets motivate users to stay active for the benefit of their health.

The programme is available in several European countries.

Claims costs up to

46% LOWER

for members who are highly engaged in the Vitality programme

Vitality Claims Insights Report 2022

HOW VITALITY WORKS:

KNOW YOUR HEALTH ▶ **IMPROVE YOUR HEALTH** ▶ **ENJOY YOUR REWARDS**

HOW DOES VITALITY HELP?

Its key aim is to effectively prevent the main drivers of premature death. Four self-determined behaviours – physical inactivity, poor diet, smoking, alcohol – are largely responsible for four chronic diseases – lung disease, diabetes, cancers, cardiovascular disease – which lead to 60% of deaths worldwide.

HOW DOES VITALITY CREATE VALUE?

By generating tangible value for all involved parties, Generali Vitality creates a unique business opportunity.

CUSTOMER
Improved health
Potential premium rebates
Commercial rewards

SALES REP
Increase cross-/up- selling
Improved client retention
Innovative value proposition with positive client interaction

INSURANCE CO.
Better client engagement
More compelling value proposition
Improved profitability

Technology trends remain key to shaping health and insurance services

One of the main shifts in healthcare design and delivery in recent years has been the move towards digital health services. Exacerbated by the pandemic, and buoyed by shifting consumer attitudes, the future of healthcare – and related insurance services – is increasingly digital.

Let's look at some of the global trends we're seeing in these areas:

69%
of consumers would share significant health data for lower premiums
Accenture

CHANGING CONSUMER BEHAVIOR
People are more health conscious than ever before and are willing to use technology to access health and wellness services. They want fast, frictionless access to a range of healthcare services and related protection products. And they are **happier to share their personal data – such as with insurance partners – if it benefits them.**

GREATER PERSONALIZATION
With the advent of wearables, connected devices, activity tracking, artificial intelligence (AI), advanced analytics, API development, cloud computing, and blockchain – data is being processed in near real-time to provide highly tailored, relevant health services and health insurance offerings.

INSURERS AS PART OF THE HEALTHCARE JOURNEY
Increasingly, insurers are taking a proactive approach to keeping their insureds healthy – focusing on preventative healthcare for their customers.

NEW HEALTHCARE DELIVERY MODELS
Some of today's most popular digital health services include digital screening, self-diagnosis, e-pharma, telemedicine/telehealth, healthcare appointment booking, personal health record management, and remote patient monitoring. Each provides an opportunity for insurers to add value to their own offering – especially as insurers seek new ways to provide preventative healthcare services.

NEW HEALTHCARE MARKET ENTRANTS
Retail giants and big tech firms have made bold moves in the healthcare arena recently. From Walmart's latest health insurance offering to Amazon's new deal with a primary care company – such firms are determined to use their vast customer data to make headway in the health space. With **Apple expected to launch its own health insurance by 2024,** it's clear the trajectory of new entrants into the healthcare marketplace will continue upwards.

Many forward-thinking insurers are now targeting the healthcare market

Driven by global healthcare and health insurance trends, insurers are realizing the potential of embedded health. They understand that societal shifts, combined with emerging technologies, are creating the perfect opportunity for all stakeholders to create new propositions across the entire digital health value chain.

As a key stakeholder, insurers are well placed to benefit from the growing pool of global citizens who want – and are increasingly able – to access health services digitally. They are also in a prime position to create shared value for their ecosystem partners.

The business models that incorporate Embedded Health are varied. Pioneering insurers are creating – and becoming part of – innovative digital health ecosystems. And they are creating valuable partnerships – with a broad range of health, healthtech, and non-health entities – to embed health insurance.

Helping insurers on this journey are a plethora of enablers. From Infrastructure-as-a-Service and whole ecosystem providers (such as CareVoice, and reinsurer RGA with its Heidi platform); to plug-in health services and engagement platforms (such as that offered by CVS Health, Cigna's Evernorth, and Tictrac); and from data solutions companies (such as Ideon); to claims automation and fraud detection architecture (such as that offered by Sprout.ai) – they all have a core focus: health insurance.

'Societal shifts, combined with emerging technologies, are creating the perfect opportunity for all stakeholders to create new propositions across the entire digital health value chain.'

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How health is embedded: Playing to your strengths

Whether simply offered at the point of sale or incorporated throughout a complex digital ecosystem, there are a myriad of ways that health insurers and health insurtechs are embedding their products and services.

We have identified three main categories when it comes to evaluating current business models based on Embedded Health Insurance and Services:

HEALTH VALUE CHAIN EMBEDDERS

Insurance brands and health insurtechs offering digital health services alongside insurance

Through the creation of own-branded digital portals, platforms and apps, many major health insurers – as well as smaller health insurtechs – in Europe, the US and Asia now offer digital health services to their customers via partnerships with a range of digital healthcare providers.

HEALTH INSURANCE EMBEDDERS

Healthcare providers and healthtechs offering health insurance

In this model, the Embedded Health platforms are created and owned by health services providers, and feature embedded insurance offerings. This often takes the form of embedding insurance products and services within an existing health-related app, superapp or digital service.

OTHER HEALTH INSURANCE EMBEDDERS

Non-insurance/non-health players offering health insurance

With growing opportunities for innovative new partnerships that allow for the embedding of health insurance and health services, we're seeing organizations such as banks, fintechs, retail and tech giants, and telcos offering Embedded Health.

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The benefits behind embedded health insurance models

HEALTH VALUE CHAIN EMBEDDERS

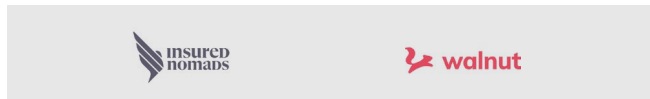Claims reduction through more personalized case management is a key driver for insurers in this model. **Preventative healthcare programmes have been proven to have a positive impact on participants' health outcomes,** reducing claims costs.

Digital health services also help insurers to increase their revenue by broadening their reach, attracting new customers, and improving customer retention through increased engagement and health education. These services further allow insurers to differentiate themselves to gain a competitive advantage while adding real value for their customers.
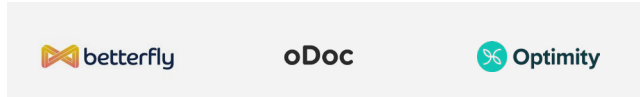
HEALTH INSURANCE EMBEDDERS

New routes to market and access to terabytes of users' health-related data – in accordance with data protection laws – are the key drivers for insurers in this model. As in the Health Value Chain Embedders model, insurers can use these customer insights in conjunction with their advanced analytics capabilities to price risk more granularly, creating hyperpersonalized insurance offerings and developing new products for underserved customer segments.

Healthtechs also differentiate themselves by partnering with insurers – gaining a competitive advantage by expanding their product offering.
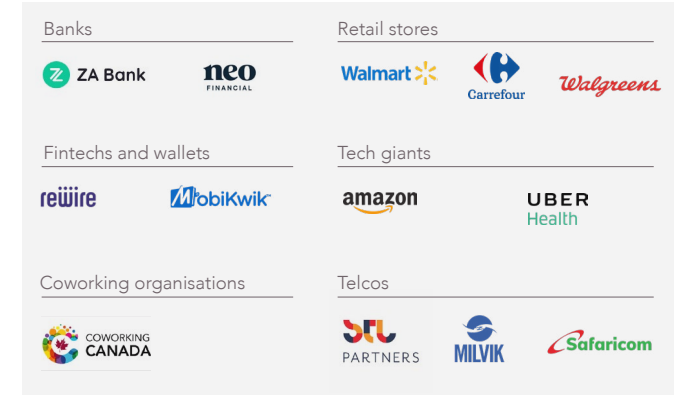
OTHER HEALTH INSURANCE EMBEDDERS

In this model, the customer experience is improved, which translates directly into value for the organization. It also increases customer loyalty and allows the organization to monetise their customer data. For insurers, it provides new revenue streams and helps close the protection gap.

Examples of Health Value Chain Embedders

Companies to watch

Examples of Health Insurance Embedders

Companies to watch

Examples of Other Health Insurance Embedders

Companies to watch

Some of the Health Value Chain Embedders leading the way in Embedded Health Insurance and Services

A recent **Digital Health Engagement Institute survey** of 1,200 global insurance executives found that 49% of respondents already have digital health engagement platforms (DHEPs) in place. Another 18% said they plan to roll out DHEPs within 6 to 12 months.

Here's a closer look at some of the health services platforms currently on offer from insurers:

India-based digital-first insurer ACKO provides health plan members with an app, through which users can book teleconsultation appointments with physicians. The app also allows users to buy and renew health insurance, make and track claims, access discounted lab tests, book medicines deliveries, and access full-time customer support. Users can further track fitness goals and earn related rewards. The insurer also offers car, bike and electronics insurance, and currently has over 70 million customers.

Ping An Good Doctor is the flagship platform for the healthcare ecosystem created by China's Ping An Insurance. It provides telehealth consultations, hospital referrals and appointments, health management, and wellness interaction services – via an online browser or mobile app. The platform essentially bundles 'insurance and service', offering protection products as 'health services plans'. During the Covid-19 pandemic, Ping An persuaded the Chinese government to allow social insurance to be embedded into the platform. As of 30 June 2022, the number of registered users on the platform exceeded 440 million.

French health insurtech Alan has created a superapp that offers health insurance and health-related services to customers in a number of European countries. Alan is aimed at employers, and offers modular health insurance for employees. Depending on the plan, users have access to personal mental health programmes; a range of holistic, preventative, and medical specialists; telehealth; and chat functionality with doctors; as well as claims and reimbursement tracking. The company was valued at $1.68 billion in 2021.

Some of the Health Insurance Embedders leading the way in Embedded Health Insurance and Services

90% of international healthcare leaders agree that patients globally want integrated digital health journeys[4]. To this end, we're increasingly seeing global health services providers – from entire ecosystems to specialty-specific platforms – embedding health protection into their offering.

Let's take a closer look at some of the health services platforms that are embedding health insurance:

betterfly

Founded in Chile and also operating in Brazil, this wellness and insurance services platform is aimed at individuals and corporations to support disease and stress prevention. It tracks users' time spent on healthy behaviors – from meditation to workouts – and issues rewards, including discounted health and life insurance and donations to global causes. It also provides telehealth consultations; nutrition analysis; legal advice; leaderboards for employee engagement; and early salary withdrawal. It was the first startup and B Corp to achieve unicorn status in Latin America. The company aims to reach 100 million 'lives' across LatAm by 2025.

oDoc

Sri Lanka-based telemedicine company that also serves users in India and the Maldives. Through the oDoc app, users can book a home-based lab test, order medications, and book teleconsultations with GPs and specialist doctors. The platform was launched in 2017 and has successfully completed 40,000 consultations. It promises to provide a doctor consultation within three minutes of booking, 24/7. In collaboration with Indian TPA provider Vital Health, oDoc can manage the entire claims process for insurance partners, with customers able to monitor and manage claims via the oDoc app.

Optimity

Technology company Optimity is focused on improving population health. It does this through the app-based monitoring of users' lifestyle information and data from wearables. It encourages users to focus on: physical activity, nutrition, mental health, social connectedness and financial wellness. Through gamification – including quizzes, activities, challenges and rewards – the app aims to help users live 'healthier, wealthier and longer'. Based in Canada, the app is used by 2.6 million North Americans. It offers insurance deals as part of its rewards; and can also be fully integrated into insurers' own tech platforms.

EMBEDDED HEALTH: Creating shared value in digital health ecosystems

Examples of Other Health Insurance Embedders leading the way in Embedded Health Insurance and Services

Observatory research shows that those in the embedded insurance industry believe this sector will provide the biggest growth opportunity for insurance in the next decade – and will have a bigger impact on distribution than aggregators[2].

Let's take a closer look at some of the organizations seizing the opportunities provided by embedding health insurance within their core offering:

ZA Bank

Hong Kong-based virtual bank, offering banking, insurance and investment services via its app. The insurance offered includes medical and critical illness cover underwritten by ZA Insure that is fully digitized within the app. App users can also make calendar appointments within the platform to speak to Generali agents about life and critical illness cover. Gamification, rewards and a simple user interface make this a popular app – with the bank now counting over 600,000 users.

- Seamless customer journey means no drops in conversion due to redirection, multiple logins or repeated data capture

- Simplified underwriting based on just a simple health/financial declaration and pre-populated customer data.

- Tailored products and fully digital policy issuance in as little as 180 seconds.

rewire
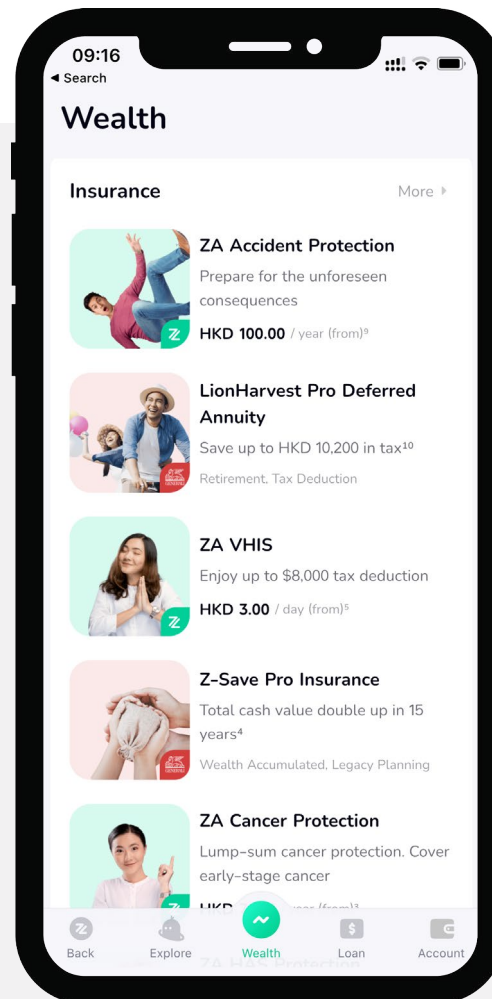
This Isreal-headquartered neobank allows users – predominantly migrant workers – to send money home, manage their finances and save, all from its easy-to-use app. In partnership with Philippines-based insurtech Igloo, users can also buy a range of health insurance protection within the app – for family members in the country. Cover includes personal accident, hospitalization due to Covid-19, and Dengue Fever.

Safaricom

Kenyan mobile network operator Safaricom offers money transfer, mobile banking, cloud computing and other services alongside telecommunications. Through its partnership with local insurer UAP, it also offers health insurance as part of its M-TIBA service. This service allows users to put funds aside for healthcare using their mobile phone. These funds can be used to pay for medicines and treatment at specified facilities. Users request payment authorization via SMS and receive confirmation by return and also within the Safaricom app.

37%

of policyholders rate insurers as their top potential partners for physical wellness

But only 8%

of insurers have established effective wellness-centric value propositions

Insurers now have the perfect opportunity to harness the benefits of being part of the digital health revolution

33% of those surveyed globally by Kantar in 2022 say that they cannot live without at least one fitness app.[5] The same survey showed that, overall, 39% of people see improvements in their physical and emotional health when they monitor their health with technology. In a similar vein, digital health providers have shown to be highly effective in helping users to manage chronic diseases, with the aim of reducing hospitalisations.

Being part of people's digital health and wellness journeys puts insurers in the perfect position to help deliver real health benefits for customers, and control costs through personalized case management. Offering lower priced virtual health services, in line with reducing claims payouts through better disease prevention, all have a positive impact on insurers' bottom line.
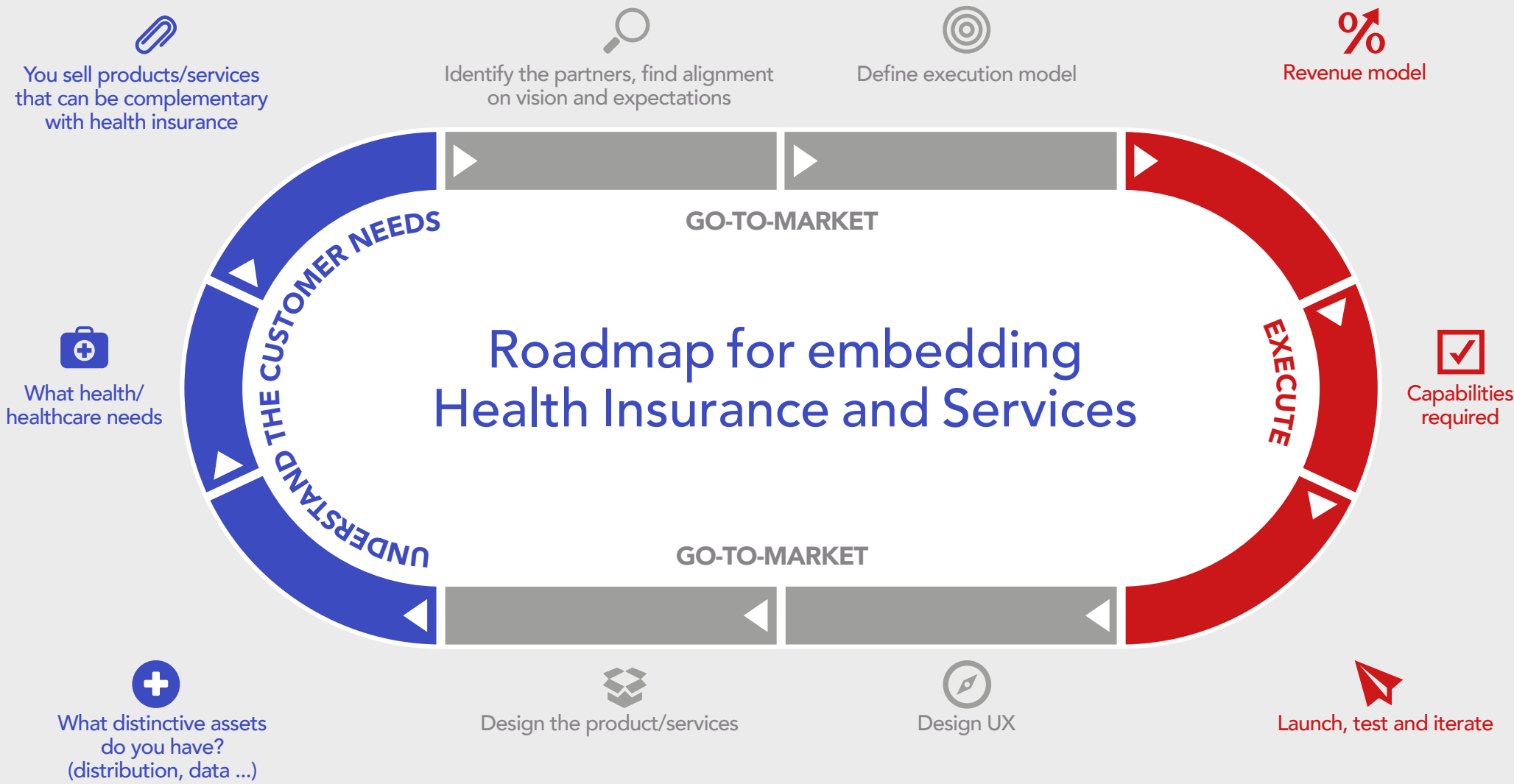
And people are looking to insurers to provide them with health-related services. According to the 2022 World Life and Health Insurance Report, published by Capgemini and Qorus, 37% of policyholders rate insurers as their top potential partners for physical wellness[6]. However, the same report shows that only 8% of insurers have established effective wellness-centric value propositions.

This is backed up by the 2022 Embedded Health Report[7], which estimates that less than 10% of the potential value of Embedded Health is being realized by insurers today.

With some of this value likely to come from digital health ecosystems, it's worth noting that McKinsey & Company predicts that **ecosystems will generate $60 trillion in revenue by 2025** – which will constitute 30% of global sales in that year.

Whatever platforms or partnerships insurers form to embed their protection products, the healthcare arena is the one in which many innovative insurers are focussed, thanks to the ever evolving digitization of healthcare and the ease at which insurance can now be embedded into customer journeys.

The affordability, friction-free access, and speed with which insurance cover can be obtained through embedded channels, make this model extremely attractive to customers. And it's why the Observatory estimates that up to 20% of global insurance GWP will migrate to embedded in the mid-term[2]. By the next decade, the market value of embedded insurance is predicted to be worth around $3 trillion[2].

Roadmap for embedding Health Insurance and Services

You sell products/services that can be complementary with health insurance

What health/healthcare needs

What distinctive assets do you have? (distribution, data ...)

UNDERSTAND THE CUSTOMER NEEDS

Identify the partners, find alignment on vision and expectations

Define execution model

GO-TO-MARKET

Design the product/services

Design UX

GO-TO-MARKET

Revenue model

Capabilities required

Launch, test and iterate

EXECUTE

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Conclusion: Repackaging health insurance for the digital-first world

The boundaries of healthcare provision and health insurance are being redefined by shifting customer expectations, customer attitudes and technological advancements. Insurers who work with digital health partners to provide customer-centric propositions will secure their place in the burgeoning Embedded Health marketplace.

Ecosystems are disrupting the insurance industry and, together with new partnership opportunities, are providing innovative insurers with the opportunity to remain competitive in an evolving landscape.

Building on the trust they have already established with customers, insurers are in a strong position to add value in digital health ecosystems and play an even bigger role in the evolution of healthcare.

"Insurers have a responsibility to contribute to population health," says Angelo Di Rocco, Group Business Development & Partnerships, Generali. "In an era where there are pressures on health systems around the world and healthcare has become much more expensive, offering accessible and affordable healthcare options is something insurers are uniquely placed to do. In line with focusing on proactive care management – as opposed to reactive – insurers stand to play an even greater role in helping people lead healthier lives for longer."

'Insurers who work with digital health partners to provide customer-centric propositions will secure their place in the burgeoning Embedded Health marketplace.'

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