



JOYCE TEO

# Get paid to be healthy

**Y**ou would expect insurers to be focused on death, and the protection one should have in its event, but the buzzword among them these days seems to be life.

At least two insurers here are rewarding people who take care of their health – say, by exercising regularly and getting check-ups – by giving them premium discounts or rebates.

They also throw in other goodies, such as discounts at fitness studios, as well as for health screening and healthy food items at supermarkets. Great Eastern Life added the Healthy Rewards programme – which rewards healthy holders of certain policies with cash – in April last year to its Live Great programme.

The Live Great programme promotes healthy living and was started in May 2012. It offers 15 per cent off regular-priced items at health supplement retailer GNC and corporate health screening rates at various places, among other benefits.

AIA followed suit with its wellness programme, Vitality, in July last year.

It offers a 25 per cent discount at Adidas stores and 50 per cent off membership rates at True Yoga.

In both programmes, the discounts or rebates remain even if a claim is made, as long as the conditions are met.

Great Eastern Life said more than 340,000 policyholders in Singapore, Malaysia and Indonesia have signed up for the Live Great card and more than 250,000 have been to its health and wellness events and workshops.

Now Aviva plans to launch a rewards programme for policyholders in the current quarter too, said Mr Daniel Lum, director of product and marketing at Aviva Singapore.

"The programme aims to provide regular tips and advice on health and wellness for customers, as well as rewards in the form of relevant discounts and freebies," he said.

Two other insurers, Prudential and NTUC Income, do not offer wellness programmes.

## BEHAVIOURAL ECONOMICS

Although AIA and Great Eastern's wellness programmes are new here, such programmes have been around for years.

In the United States, wellness programmes are commonly offered by employers, who may reward employees by offering a cash bonus for losing weight or quitting smoking, for instance.

AIA's Vitality programme is a joint



PHOTO: GREAT EASTERN LIFE SINGAPORE  
 To motivate policyholders to lead a healthier lifestyle, Great Eastern's Live Great programme provides wellness tools, mobile apps, health tips, health- and wellness-related workshops, and events such as the Great Eastern Women's Run (above).

venture with Discovery, a specialist insurer headquartered in South Africa, which pioneered the programme to some success.

Vitality was launched in South Africa in 1997, and is now the world's largest and longest-standing wellness programme, with more than 5 million customers across four continents.

Discovery cited studies that show that highly engaged Vitality members had fewer hospital admissions and shorter hospital stays and incur lower health-care costs than those who were not registered with Vitality.

Ms Melita Teo, chief development officer of AIA Vitality, said: "Singaporeans are living longer but spending more years in poor health and they are also worried about rising health-care costs."

She said a survey by AIA Singapore in 2012 found Singaporeans to be biologically, on average, four years older than their chronological age, due to unhealthy lifestyle choices.

"Based on the research findings, we wanted an approach which focuses on preventive care instead of focusing on reactive medical costs when an unfortunate event

happens," she said.

"So, taking a scientific approach, we developed AIA Vitality, which combines financial incentives and principles of behavioural economics to get people living healthier."

At Great Eastern Life, the aim is to help and reward customers to live better, healthier and longer, said Mr Colin Chan, its chief marketing officer.

The Live Great programme provides wellness tools, mobile apps, health tips, health- and wellness-related workshops and events such as the Great Eastern Women's Run, he said.

## LIKE A NO-CLAIM BONUS

Assistant Professor Elison Lim, from Nanyang Business School at Nanyang Technological University, said financial incentives such as reduced premiums could well motivate consumers not to make claims unless they really have to.

"And one way to do this is to do what they can to keep themselves healthy, so that the claims are kept to situations where the financial needs arising from health issues are beyond their control. This can benefit both consumers and the company

financially."

This would be similar to the no-claim bonus scheme for motor insurance, which rewards drivers with a reduced premium for not making a claim, said Prof Lim.

"Not only does this reward good drivers, it also discourages motorists from making small claims," she said. "The insurance is 'reserved' only for instances that warrant large claims which occur infrequently."

She added: "Psychologically, consumers also like to be rewarded and this often translates to them liking the brand or company more." Businessman Shaun Quek, 36, who joined the AIA Vitality programme a few months ago at the urging of his uncle, got a wake-up call when he saw the results of the health test he had to take.

"I would be the first to admit that I can't change all my habits overnight. But when I got the results for my cholesterol, which is on the high side, I decided to stop smoking. I actually threw away the ashtray. I also have high blood pressure... so my concern is to get healthier."

Mr Quek, who is an existing AIA policyholder, is also pleased with the discounted rates he gets for various

health tests. He said: "They reward you with points for going for health checks and for vaccinations. I've added 5,000 points in three weeks. "If no one wants to do it for his health, then do it for the discounts."

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## CHANGE EFFECT IS SMALL

But before you rush out to buy a policy and join a programme, consider how you can benefit from it, said economists.

Wellness programmes are generally not effective as it is very difficult for adults to change health-related habits or lifestyles, said Assistant Professor Kim Seonghoon of Singapore Management University's School of Economics.

"Even if people do make changes, they are more likely to make short-term changes, which do not lead to long-term or permanent change," he said.

Wellness programmes encourage individuals to go for more health checks but, in general, the additional costs for these tend to be bigger than the cost savings that arise due to improved health, he said.

It seems logical that making healthy changes to one's lifestyle would lead to better health.

But, in reality, the effect of such changes is negligible or small, said Prof Kim.

"I think the problem lies with who will participate in such wellness programmes," he said.

For instance, they might really have an impact if they were targeted at heavy smokers or obese individuals, and coupled with strong enforcement, such as close monitoring and a long-term follow-up plan.

But it is very likely that people who will participate in wellness programmes already lead relatively healthy lifestyles or are on the margin of changing relatively "unhealthy" lifestyles to "healthy" ones, Prof Kim said.

Insurance companies would have to offer bigger benefits, such as a \$1,000 cash bonus, instead of future premium discounts to get people to change their bad habits, he said.

He said he is not aware of any rigorous scientific evidence of the effects of wellness programmes offered by insurers.

## NO FREE LUNCH

But a close parallel was conducted on workplace wellness programmes in the US by Rand Corporation, a non-profit institution that helps

improve policy and decision-making through research and analysis. It concluded that workplace wellness programmes were not very effective at reducing health-care costs and making employees healthier.

It also showed that take-up rates for such programmes tend to be low. In fact, customers should be aware of the risks of joining such programmes.

"Economists like to say that there is no free lunch. Insurance companies could use their wellness programmes to justify a premium increase for two reasons. First, providing wellness programmes could increase their administrative costs," said Prof Kim.

Second, they may have better access to an individual's health information that was not previously available, through the health screening they provide, he said.

This could end up with an insurance company figuring out it had underestimated the health risk for a particular customer or a company.

His advice: Join the programmes if you are really sure that you can achieve such goals, or if you have somebody who can continually nudge you to pursue your goal.

Some people may be drawn to the discounts and potential savings on

the premiums for certain policies, but it would be a mistake to buy a policy because of these carrots, experts warned.

Mr Ong Lean Wan, director and chief executive at fee-based financial consultancy Life Planning Associates, said:

"Hopefully, a customer won't buy a certain product simply because of the premium discount and other 'goodies'. Rather, he should buy an insurance product because it meets his needs."

NTU's Prof Lim cautioned that the fundamental aspects of whether a policy offers adequate coverage at terms and conditions that are reasonable, are still much more important considerations.

"After all, the main reason why consumers buy insurance in the first place is to protect themselves against unforeseen situations beyond their control in which they need a large sum of money within a short period of time," she said.

This becomes more important if you consider that the wellness programme may not actually work in turning you into a person with healthier habits.

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## How the plans work

If your lifestyle includes regular exercises, check-ups and healthy meals – and you already own or plan to own one of the participating policies by insurers AIA or Great Eastern – you may be keen on their wellness programmes.

All you have to do is go about your daily life, stay healthy and you will be rewarded with premium discounts.

AIA's Vitality programme, which costs \$9 a month, is open to all AIA policyholders, but offers a premium discount only for selected policies. These policies are AIA Secure Term Plus, AIA Secure Critical Cover, AIA Complete Critical Cover (S\$), AIA Recovery Lifeline, AIA Premier Disability Cover and AIA HealthShield Gold Max Essential.

Members can purchase any of these insurance policies and enjoy an upfront 5 per cent discount off first-year premiums (except for the AIA HealthShield Gold Max Essential plan) and up to 15 per cent discount off future years' premiums when they improve on their Vitality status.

They will get the discount throughout the duration of their policies.

## POINTS FOR EFFORT

For each subsequent year, the discount percentage may increase or decrease depending on the Vitality status of the member as at 45 days before the policy anniversary.

New members start with zero Vitality points and are automatically accorded the bronze status. If their status remains the same, their premium discount will decrease by two percentage points in the subsequent year, to 3 per cent.

Accumulating at least 10,000 points will earn them the silver status and they will then have a smaller 1 percentage point cut on their premium discount.

Getting 20,000 points qualifies them for the gold status, which increases their premium discount by 1 percentage point, while 30,000 points gives them the platinum status, which raises the premium discount by 2 percentage points.

Members get points when they make the effort to take care of their health, by going for self-paid health checks or dental checks, for instance.

For a start, simply completing an online health assessment gets them 1,000 Vitality points

and a 5 per cent cashback on more than 6,000 healthy food items at Cold Storage for the duration of their membership. The list includes carbohydrates such as brown rice and organic quinoa, and fresh fruit and vegetables.

There are three other online assessments, including a non-smoker's declaration (1,000 points) and a mental well-being assessment (800 points).

If members go to a Guardian Health and Beauty store to get a Vitality Health Check (to check body mass index, blood pressure and blood glucose level), they will get up to 4,500 points and a 15 per cent cashback on healthy food items at Cold Storage.

If they need to go for health checks such as a mammogram or a colon cancer screen, they can get discounted rates and 1,000 points for each check-up.

## REWARD FOR THE HEALTHY

Regular gymgoers would find the programme a boon, for they are rewarded with 100 points each time they get a workout. Members get discounted rates at the True Fitness gym and two yoga studios, and will earn 100 points for each workout.

Members can also earn up to 1,500 points for participating in triathlons, swimming competitions or other fitness events, depending on the intensity of the events.

The Great Eastern Live Great programme is open to all its policyholders. But only customers who have one of the three Supreme Term policies or the Pay Assure plan can join the three-year Live Great Healthy Rewards scheme, which is free.

They have to sign up for Great Eastern's Live Great Programme online and fill out a self-assessment form about their current state of health.

Then, they have to go for a health assessment to check their body mass index and cholesterol, glucose and blood pressure levels. This can be done at Parkway Shenton clinics for \$15.

If these levels are in the healthy range, they will get a cash reward amounting to 15 per cent of the policy's premium, subject to a cap of \$2,000.

If they stay healthy for three years in a row, their cash reward in the third year will be raised to up to 30 per cent of the premium, though this amount is also capped at \$2,000.