

# Fostering a More Strategic Approach to Data Acquisition, Use and Future Success

BestLifeRewarded Innovations

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## INDUSTRY TRENDS

**The bottom line:** Group benefits and group retirement services providers are experiencing dramatic change from their traditional (transactional) business models. New technologies, systems changes, digital access to care and an overall shift in mindset from ‘sick care’ to proactive well-being are transforming the way we think about physical, financial and mental supports for plan sponsors and members. The strategic acquisition and use of data will be the key predictor of success moving forward.

### Reference points:

- A Deloitte survey encompassing 15 of Canada’s largest life and health insurers revealed insurers are struggling with increased competition such as “insurtechs” and non-traditional startups. In response, Canadian insurers are focusing on improved digital capabilities and better customer experience. They aim to apply emerging technologies, big data and analytics to achieve a competitive advantage.<sup>1</sup>
- Insurers that fail to respond to these major changes will find themselves at a competitive disadvantage in future.<sup>2</sup>
- Growth optimism is driven by a shared perception that technology is blazing trails for new and innovative production channels and data-led processes that can better identify and serve ever-evolving customer expectations.<sup>3</sup>
- This shift toward increased personalization will provide unprecedented opportunities for group benefits providers in Canada.<sup>2</sup>
- Data is being used to fuel customer “eco-systems” to offer broader insights.<sup>3</sup>
- Respondents to a Deloitte survey say they recognize the pivotal role technology, data, and analytics will play in meeting customer goals. 75% of respondents from Canadian health insurers, say they plan to use predictive analytics to support product development.<sup>1</sup>
- The use of health data is a big advantage for insurance companies, especially to feed algorithms and as a first step before launching health insurance products.<sup>4</sup>
- Addressing and adapting to ongoing changes in health care will require insurers to form strategic partnerships with complementary product and service providers.<sup>2</sup>
  - Partnering can accelerate innovation, bring new tools and services to market faster, improve data access and integration, enable increased customer engagement and more.<sup>1</sup>

## STRATEGIC INVESTMENT VS. “TICKING A BOX”

**Bundling a comprehensive wellness platform is a provider investment strategic client data acquisition (vs. a department-based cost center),** laying the foundation for robust predictive models that will better serve the market as it shifts to more data-driven marketplace approaches.

Traditional cookie-cutter approaches to wellness miss the mark and fail to collect important customer segmentation data, e.g. demographics, preferences, motivations, physical, financial and mental health risks, (aggregated) individual change over time and resulting predictive behavioural modelling based on sustained results.

Strategic partnerships with stable, proven providers for integrated, science-based wellness programs are critical for facilitating future opportunities.

### Reference points:

- Greater access to personalized behavioural and health data helps insurers craft more innovative products and services that are tailored to their clients’ individual needs.<sup>2</sup>
  - Organizations will gain a unique opportunity to use health data to unlock new value and enhance their customers’ product and service experiences.<sup>2</sup>
  - 66% of group plan members indicate interest in receiving health information from insurers based on their personal use of benefits.<sup>5</sup>
  - Group plan members express significant interest in preventative care offerings that use personal health data to identify, mitigate and manage potential health risks.<sup>2</sup>
  - 88% of Canadian workers are open to employers collecting their personal data if it provides them with enhancements to performance, well-being or some other personal benefit.<sup>6</sup>
- 70% of organizations use new technologies to collect data on their employees and their work to gain insight that can be actioned to increase safety, well-being and quality of work.<sup>6</sup>
- Strengthening customer ties is a core focus for insurance providers
  - This is reflected in their investments in data analytics tools and capabilities.<sup>3</sup>

**Change is coming. Are providers ready?** Excerpt from Deloitte’s 2019 report, [The uncertain future of group benefits in Canada: How shifts in health care are affecting Canada’s life and health insurers:](#)

*Like organizations in every sector, life and health insurers are not immune to external forces shaping their industry. That’s particularly true for group benefits providers, who will be disproportionately affected as Canada’s health care model shifts to a patient-centric system. This massive transformation is already underway. New technologies and online offerings—such as wearables, health-care apps, and direct-to-consumer genealogy tests—are generating unprecedented levels of highly personal health data...*

*This gradual but fundamental shift toward increased personalization will provide unprecedented opportunities for group benefits providers in Canada. Greater access to personalized behavioural and health data, as well as a better understanding of the related social determinants, should help life and health insurers craft more innovative products tailored to their clients’ individual needs, even within the confines of mounting regulatory restrictions on the use of data. Yet, group benefits providers may not be prepared to capitalize on this wave of change.*

'Ticking a box' on wellness programming without thoughtful consideration about the future data needs (i.e. plugging a hole under a product umbrella) may result in significant costs to the business, including market disadvantages down the road.

It is undeniable that data-driven products are the future for group benefits and group retirement services business. Consider whether or not your wellness provider will facilitate your success in the future, i.e. do they have an analytics platform and strategy, results track record, years of experience (with associated baseline/benchmarking data), best practices insights, and the ability to customize and fully integrate their services for your future data needs?

What seems like the 'cheapest' option today may be the most expensive mistake that you make for your future business.

Choose wisely. 😊

[www.bestliferewarded.com](http://www.bestliferewarded.com)

## References

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