

AIA USES INSURANCE TO ENCOURAGE HEALTHY BEHAVIOUR

Customers who lead healthy lifestyles stand to enjoy additional insurance coverage of up to 45%.

HEALTH campaigns and graphic warning posters or advertisements - as you know them at least - may soon be a thing of the past.

More and more, policymakers are realising that traditional strategies like education and heavy-handed regulations have limits in changing people's attitude and behaviour in relation to health.

After all, how many of us simply turn our eyes away from "shock-advertising" commercials warning us of dangers of smoking or drugs? Or "data-spamming" health dos-and-don'ts public service announcements?

As decades of studies show, human nature is a key factor in the success of behavioural change for health.

This is why it is reported that many governments and corporations are increasingly borrowing from behavioural economics to "nudge" people into healthier lifestyle choices.

The latest subscribers to behavioural economics are health insurers, and leading the pack in Malaysia is AIA Malaysia, which recently launched their AIA Vitality programme that integrates an insurance/takaful benefit with health and wellness components.

This innovative approach seeks to encourage Malaysians to take charge of their health so they can lead healthier, longer and better lives.

Using the principles of behavioural economics, AIA Vitality promotes healthy habits, rewarding members with meaningful benefits and discounts for taking sustainable steps to improve their health and well-being.

One principle it adopts is "temporal discounting" which basically means our tendency to want things now rather than later.

Tung Hsiao Ley, head of AIA Vitality at AIA Bhd explains, "Behavioural economics and studies tell us that when making decisions, people are biased towards the present rather than the future. A simple example of behavioural economics is how we tend to make food choices; we give in to that extra slice of chocolate cake even though we know we may suffer for it later.

"With AIA Vitality, we are reinforcing healthier behaviours by leveraging our customers' preference for short-term rewards and immediate meaningful benefits. We do this by giving them additional insurance coverage upfront and awarding them points each time they engage in simple healthy activities such as going for annual health checks, walking a certain number of steps per day, going to the gym or buying healthy

food at the supermarket."

Experts in behavioural economics agree that focusing on smaller, short-term goals than putting forward a long-term ambitious achievement - such as targeting to lose 1kg a month than targeting for 12kg a year - can be more effective.

Crucially the launch of AIA Vitality is timely amidst declining health trends in Malaysia borne out of poor lifestyle choices.

According to the 2015 National Health and Morbidity Survey (NHMS), there is an alarming rise of non-communicable diseases in the country due to our poor lifestyle choices - unhealthy behaviours regarding food, physical activity and sleep.

"As the leading provider of medical insurance in Malaysia, AIA has witnessed the steady deterioration of health in our country," notes Thomas Wong, Chief Marketing Officer of AIA Bhd.

The good news is, he adds, this is an issue

that AIA Bhd can help solve with AIA Vitality: "We are taking the lead in changing the traditional life insurance and takaful model. Rather than only providing financial protection when an illness has already occurred, we also want to use insurance and takaful to empower and incentivise our customers to lower their health risks by making small, sustainable changes to their lifestyles."

AIA Vitality encourages people into making positive choices while maintaining their individual choice.

Available to those who have purchased an AIA life insurance policy or takaful certificate, AIA Vitality members are given additional coverage upfront on selected policies,

that they can either grow or lose, depending on how engaged they are with the programme. If a member is highly engaged with the programme, their additional coverage can grow by as much as 2% per year.

On the other hand, if the AIA Vitality member does not take the necessary steps to improve their health on a consistent basis, they will gradually lose this extra coverage.

At age 55 or after 20 years, whichever is later, if this additional coverage is still intact, it will be paid out to the customer in cash.

The opportunity to grow this extra coverage - or the possibility of losing it - should motivate AIA Vitality members to engage

with the programme and improve their health in a sustainable way.

"This additional insurance or takaful benefit effectively links our customers' health

with their wealth. By offering this benefit upfront, we are motivating our customers to improve their health and their wealth simultaneously. They can either grow or lose their extra coverage amount depending on how well they take care of their health,” Tung notes.

Ultimately, the launch of AIA Vitality completes AIA's brand promise as The Real Life Company - to journey with their customers through the good and bad times.

As Wong puts it, “It allows us to change the conversation we have with our customers - our focus will not only be on ‘preparing for when bad things happen’ but also about ‘wellness and being healthy’.

“This programme allows AIA to proactively help its customers to have the good health to enjoy the better future they would like to

have with their families.”

Fact: We can reduce our risk of heart disease, stroke, and Type 2 diabetes by up to 80% if we avoid tobacco, alcohol, and junk food, while doing 30 minutes of exercise per day. — World Health Organisation

AIA Vitality



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Motivated: We can lead longer and better lives if we take charge of our health by improving our lifestyle.