

From Life Risk to Living Risk

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The stages of retirement

Member needs evolve throughout their lives and insurance can support a 'whole-of-life' protection proposition



WORK & SAVE FOR RETIREMENT

HAVE FUN

SLOW DOWN

RELAX

SPOUSE CARE

Insurance needs

LIFE RISK

LIVING RISK



Every year approximately 250,000 members retire and group life insurance can play a key role in supporting better retirement outcomes

TAL

Evolving approaches to longevity risk

Role of life insurers



- To accept risks from a mass cohort
- Pool the risks
- Protection for unexpected life events

Traditional approach

- Insurer pays income for life
- Insurer holds the assets
- Insurer has the relationship with the individual

Our approach

- Protect members for 'life' and 'living' risks
- Partner with trusted institutions
- Offer contemporary mortality risk transfer solutions
- Super funds can **promise** an income for life, investing member's balance for longer and with more certainty

Future opportunities

- Underwritten income streams
- Enhanced income streams
- Solutions tailored to other living risks

Other living risks

Risk

Uncertain and changing care needs



Declining physical health, onset of illness



Cognitive decline, dementia, Alzheimer's



Insurance Concept

Long-term care insurance

- Meets the cost of home care / residential care not covered by government
- Claim eligibility based on ADLs
- Can be bundled with other services e.g. aged care concierge

“Step-up” annuity/income stream

- Increased income level on diagnosis / ADLs
- “Fairer” income payments as more closely aligned to changing life expectancy
- Can help to meet increased healthcare/LTC costs.

Dementia coverage

- Simple insurance coverage with benefit payable on diagnosis
- (Full example on next slide)

Challenges

- Interaction with means testing for aged care subsidies – complement rather than replace government provision.
- Affordability – would you rather spend the money when you're healthy?
- Home equity schemes or selling PPOR might be better funding source for residential care

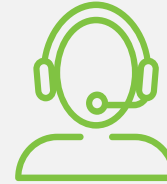
- Complexity relative to more basic income stream
- Perceived cost in terms of lower immediate income – again, would you rather spend the money when you're healthy?

- Must be affordable
- Must be easy to make a claim
- Benefits must be aligned with needs

Support through cognitive decline

Dementia/cognitive decline represents an insurable risk

- Dai-ichi Life offers a successful dementia insurance product in Japan, where more than 4.6m live with dementia
- Key principle – support both retirees and families with **financial burden** and **mental/emotional burden** of cognitive decline



Application

Simplified declaration form with 4 questions

Available up to age 85

Coverage up to 10m JPY (\$100,000 AUD)

Support

Prevention and early detection, including innovative smartphone app that uses eye-tracking

Family support with on-call home visits, free dementia consultations (both offered 24/7)

Claim

Agency support, liaising with hospitals to obtain medical certificates

Children/grandchildren can claim on behalf of parents

Consultation on nursing care and referrals to care homes