



Cocreating Smart Silver Ecosystems: Opportunities for Insurers

Banking, Financial Services and Insurance



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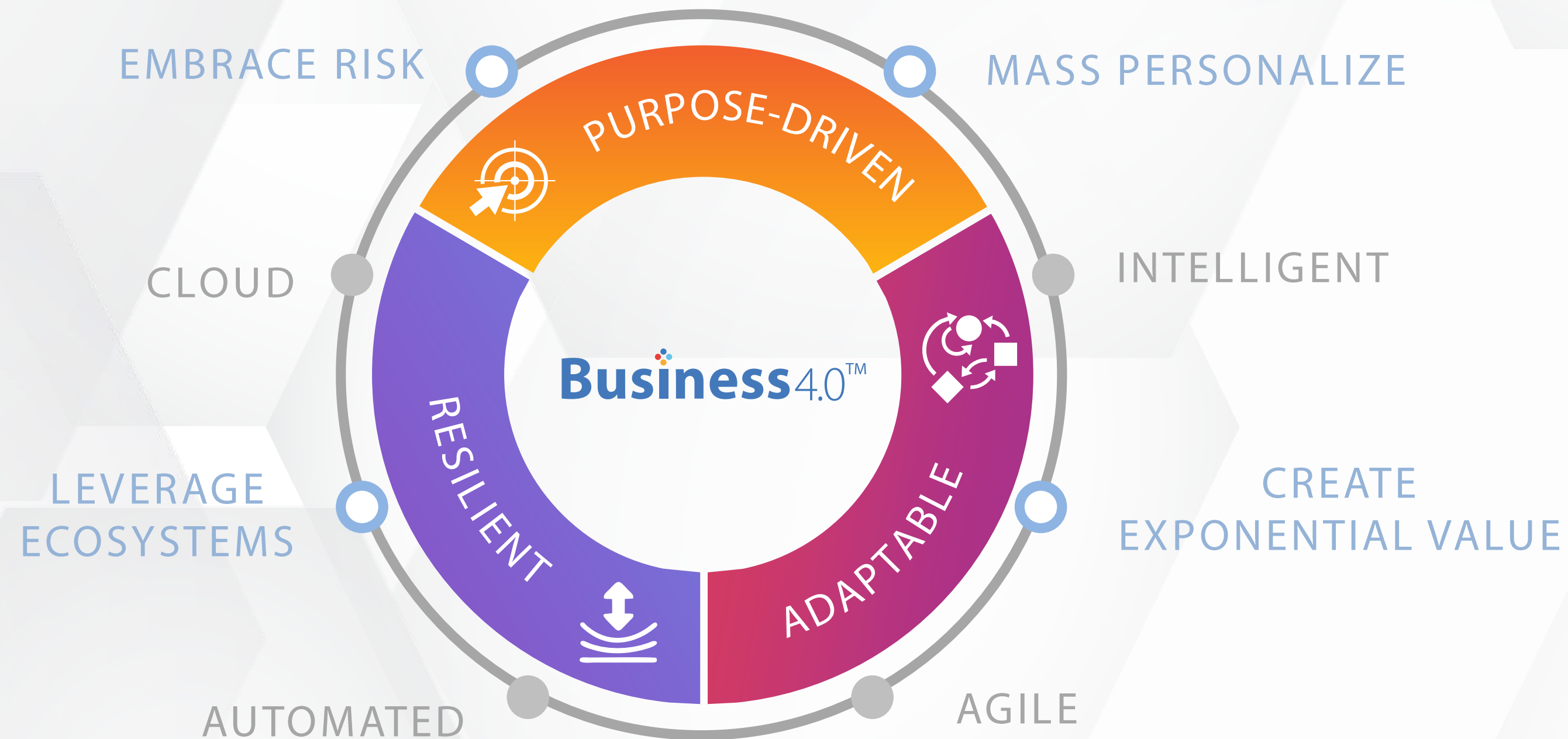


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Abstract



The global population is ageing. World over, advances in healthcare, better mobility, and active lifestyles have reduced mortality rates. The World Health Organization (WHO) reports that the number of people over 60 will increase from 12% to 22% of the global population between 2015 and 2050.¹ Similarly, the 2019 Age UK report reveals that there are nearly 12 million people over 65 – of this, 5.4 million people or 48% are over 75 while the number of centenarians has increased by 85% in the last 15 years.²

While everyone ages differently, wants and needs remain common. Catering to the financial, physical, and mental wellbeing of the elderly and ensuring a fun-filled experience of growing old is the focus of the insurance, and healthcare sectors today. The capital rich silver economy represents a major opportunity for insurers. That said, what does this demographic shift mean for insurance and healthcare providers when they themselves are undergoing transformation? Insurance providers are gravitating from being product-centric to purpose-centric. What does purpose-centric mean in the context of the elderly segment? This white paper explores the elements of a purpose-centric insurance offering for the elderly.

¹ World Health Organization, Ageing, February 2018, Accessed October 2020, <https://www.who.int/news-room/facts-in-pictures/detail/ageing>

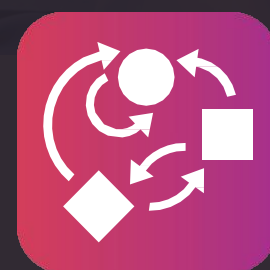
² Age UK, Later Life in the United Kingdom 2019, May 2019, http://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/late_life_uk_factsheet.pdf



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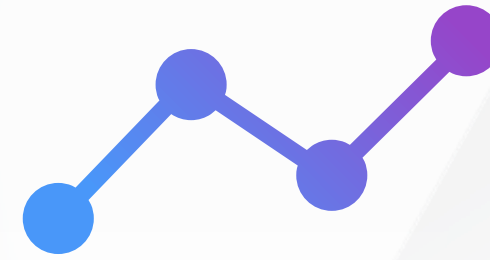


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Reimagining Elderly Care



A slew of financial instruments is available to the elderly segment today. However, insurance accounts only for a minute share. Funding for care and finding care are the two main challenges that this segment grapples with. While funding for care is fraught with challenges, technology can help with the finding care aspect to a great extent.

Older adults require extensive care and personalized service, which are hard to deliver through the complicated and fragmented support systems in existence today. It's not uncommon for an elderly, independent adult to rely on a constantly changing mix of family members, home healthcare providers, local hospitals, and others. Not all types of care require expensive and scarce healthcare professionals.

The need of the hour is to deliver the right service with the right degree of intrusiveness and create the right ecosystem to provide a superior experience to the 'active' elderly. And here lies a big opportunity for insurers. Insurance companies can establish a strong presence in this segment by orchestrating such an ecosystem. This will necessitate embracing a platform approach to build a purpose-centric ecosystem with the capabilities to craft tailored products for the elderly to deliver a personalized wellbeing experience. It will also entail horizontal collaboration with healthcare providers, care homes, and financial services and using technologies like artificial intelligence (AI) and the internet of things (IoT) to create richer value propositions for this segment. Quickly assembling this ecosystem and seamlessly integrating it to provide a superior experience to the elderly is emerging as a strategic differentiator for insurers.





The Role of Purpose-driven Offerings in Reinventing Elderly Care

The elderly segment is diverse with different groups requiring different types of support. The independent elderly wish to live in their own homes, in familiar surroundings, continuing to interact with friends and family, for as long as possible. Supporting this ask demands the creation of holistic, purpose-driven offerings – the purpose being to enable the elderly to lead independent, dignified lives in their own homes.

Technology has a big role to play in designing purpose-driven insurance offerings. Increased connectivity, IoT, and AI technologies have made it easier to monitor and collect data (after obtaining consent in keeping with privacy regulations), predict patterns, and get to know the customer much better, in turn enabling insurers to tailor services better. The level of monitoring will depend on what needs to be monitored to benefit the insurer as well as the policyholder. Some elderly people may prefer least disturbance in which case sensors can be used to unobtrusively map daily activities and track periods of movement, rest, and medication.³ Algorithms can be leveraged to learn from activities of daily living (ADL), detect abnormal or divergent patterns, and automatically tip off community caregivers, who would then step in. If more parameters such as diet or exercise regimes or posture need to be monitored, a smart watch or a video device can be employed – a sensor can be employed for every aspect, limited only by comfort and cost. Based on data gleaned from these devices, the elderly can be incentivized to lead a healthy life. This discreet mode of tracking enables the elderly to live comfortably and independently while retaining a safety net without feeling the sense of intrusion that comes with being actively monitored.

³ TCS, Helping Senior Shine On, March 2018, Accessed October 2020, <https://www.tcs.com/helping-seniors-shine-on>

We suggest a platform approach (see Figure 1) with the following capabilities:

- Sensors with the right degree of intrusiveness and accuracy
- Algorithms to identify and understand patterns in the data collected
- A social system of family members, caregivers, volunteers, neighbors, and so on
- An ecosystem of third-party service providers

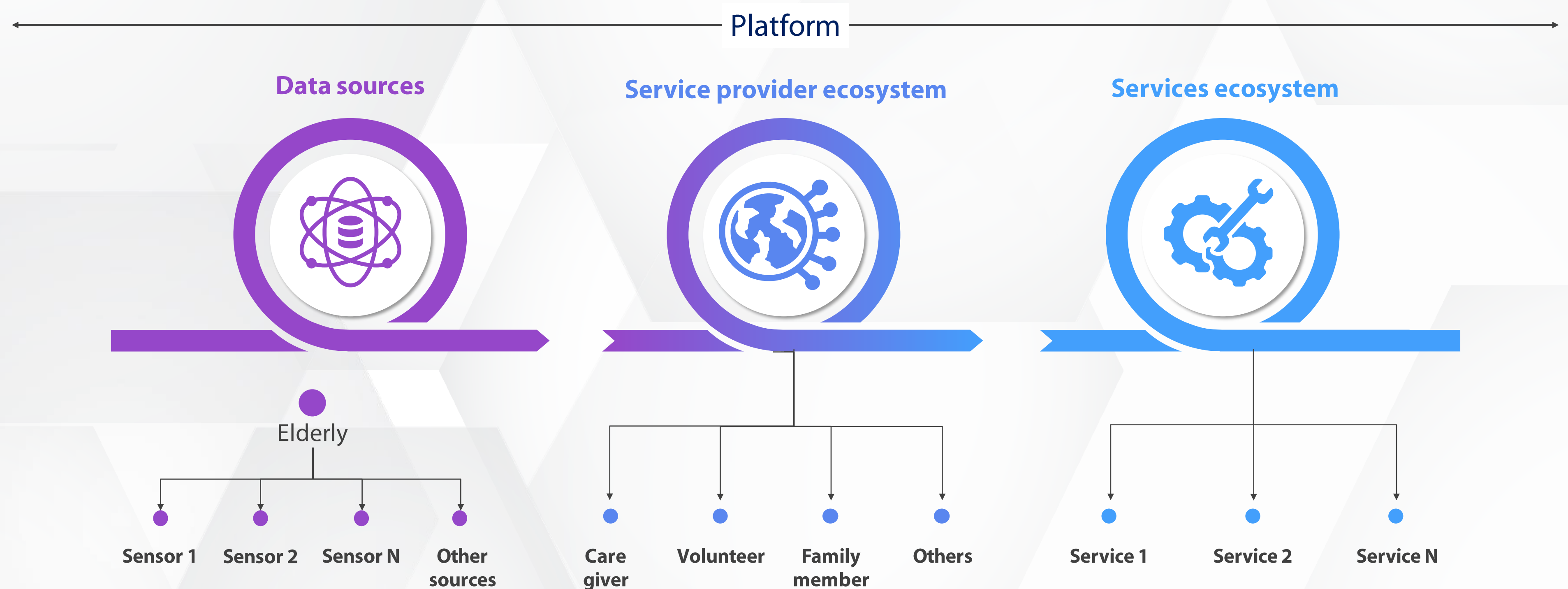


Figure 1: A Platform Approach to Providing Elderly Care

But technology is only one part of the solution. How can the solution be personalized to design the right experience for the elderly?

Service design is becoming increasingly critical in creating superior user experience. Service design focuses on understanding customer journeys and discovering problems to design the right interventions. The elderly are not a uniform demographic segment; however, while each individual is unique, s/he is still a part of a representative persona. Persona based representative grouping of varied elderly types is critical to understanding their journeys, discovering pain points, and ensuring that the service meets their requirements. For example, some sections of the elderly may prefer not to use mobile apps, computers, or other digital devices. At the same time, some elderly segments may be tech-savvy and like to use gadgets and technology. Similarly, some elderly segments may prefer unobtrusive monitoring while others may accept intrusive monitoring.



Role of Ecosystems in Revamping Elderly Care



How can insurers make purpose-driven services for the elderly a reality? Many insurers may consider running monitoring solutions as being outside their scope. This is where the power of ecosystems comes into play. For instance, a social care ecosystem has a variety of players such as insurers, care providers, hospitals, ambulance partners, technology platform providers, sensor vendors, sensor installation partners, telecom providers, and even optionally, university partners. And this list can keep expanding.⁴

However, building and managing this ecosystem need not be the insurer's responsibility alone. Several functions can be outsourced to other partners; for example, the software technology platform provider can bring in and manage other partners like the device partner, telecom provider, installation service provider, and the cloud partner. Similarly, the hospital partner can manage the ambulance and caregiver network, allowing the insurer to focus only on managing the policy holder. While building an ecosystem may seem complex, it has the potential to become a competitive differentiator.

While designing purpose-driven offerings for ecosystems, insurers must consider some crucial aspects:

⁴ TCS, Ageing-in-Place: The Journey Ahead, August 2020, Accessed October 2020, <https://www.tcs.com/aging-in-place-technology-elderly-care-assisted-living>



Demographics

The term elderly typically denotes people over 65, but insurers should also look at lower age groups, especially those planning for retirement. The needs of each age bracket may differ, and the service needs to cater to such variations.



Pricing and payment

Insurance is a volume business; however, due to the ecosystem play, the right pricing is critical so that all partners in the ecosystem are able to deliver and derive value. And insurers must keep in mind that it may not always be the elderly who may be paying for the service but their family members.



Unexpected business scenarios

Unexpected developments change the rules of the game. For instance, the ongoing pandemic has made the elderly the most vulnerable segment giving rise to the need for intensive monitoring while limiting human interactions with strangers. Such events will impact the choice of ecosystem partners – partners will need to limit interactions and build capabilities to offer remote guidance for do-it-yourself installations.



The Way Forward



The changing demographics are creating new opportunities in the elderly segment. While it is imperative for insurers to grab this opportunity, they need to be mindful of the business model – it must not only allow customers to affordably consume the service but also deliver returns to ecosystem partners. While treading the ecosystem path to deliver richer value propositions to the elderly will require insurers to invest in advanced technologies and build the ecosystem, we believe that the returns far outweigh the costs. And the need for speed is paramount – insurers that act quickly will surge ahead of their peers and attain a leadership position in the elderly care market.

Contact

For more information on TCS' Banking, Financial Services, and Insurance unit, please visit <https://www.tcs.com/banking-financial-services> and <https://www.tcs.com/insurance>

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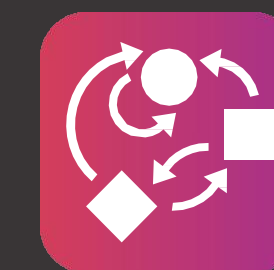
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