

# Capgemini Wellness Active Risk Management Services (WARMS) for Life and Health Insurers



Insurance Product Next Wave – Individual risk and wellness based policies-incentivize health-conscious lifestyles



Life and health insurance carriers are coping with a number of industry developments that are driving change. The growing ubiquity of wearable health-monitoring devices, the pervasiveness of social media, the emergence of millennial as the largest market segment, and the entrance of non-traditional market competitors—taken together, they represent a challenge to the traditional insurers' business model. The industry is facing the fact that the financial-protection value of insurance policies no longer resonate with large parts of the target market, which also seems to prefer non-traditional distribution channels for their insurance-service needs. The choice for the industry is stark: either continue with current approaches to the development of products and the marketing of policies and hope for a different outcome, or transform their approaches to markets and products to focus on underserved segments (i.e. the higher-risk populations in the traditional market and the large, but skeptical, members of Gen X and Y.)

**People matter, results count.**

# The Case for Wellness Active Risk Management

The adoption of telematics by property and casualty providers has enabled insurers to offer policy-premium rates based on the individual customer's driving habits. Similarly, the growing popularity of wearable health-monitoring devices gives life and health-payer providers an opportunity to offer customer-specific, risk-based insurance policies. Equally important is the marketing opportunity to change from a "guilt sale" to a "mutually beneficial sale," wherein the carrier and policy-holder are continuously aligned on the rewards of a health-conscious lifestyle.

**Wellness Active Risk Management** is the process of identification, analysis and mitigation of the probability of occurrence, or the resulting cost of, an insurance claim through incentivized changes in behavior. It applies the tested-and-proven principles of behavior modification in the context of a wellness program that also incorporates a risk-specific approach to setting healthy-behavior goals.

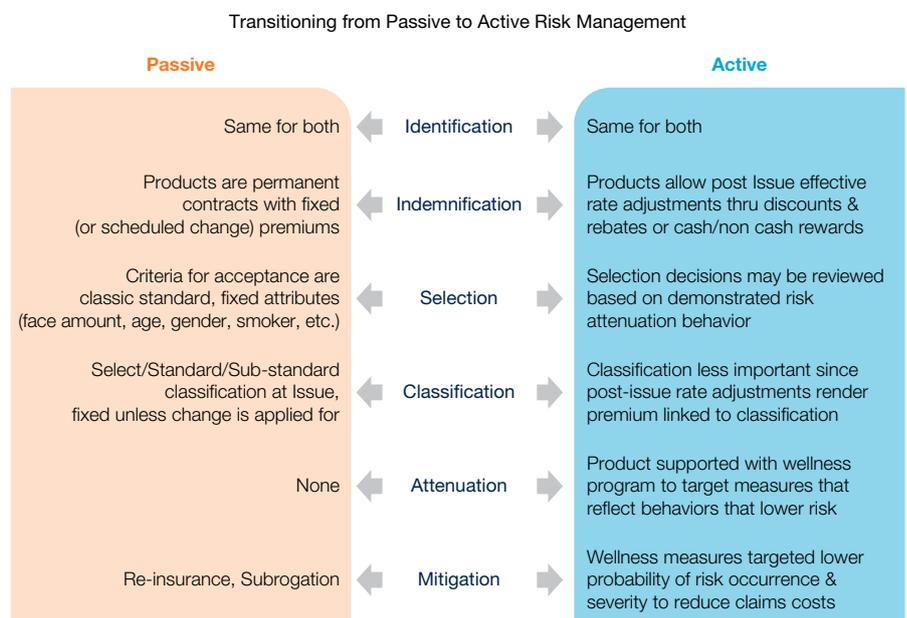
This individualized approach, when supported by Capgemini's Wellness Active Risk Management (WARM) offering, can enable a transition from traditional passive risk management operations to customer-centric, active risk management operations capable of supporting a new category of life and health products.



## Capgemini WARM Solution

The theoretical foundation of WARM is the conceptual Wellness Progression Model developed by the Society of Actuaries (SofA). It describes the progression from the identification of a given measure of wellness to how a change in that measure can eventually impact the financial outcomes that are specified. Without validation of the quantitative factors, the current model is not a computational model. It does, however, represent a verifiable hypothesis about the correlation of the stages of the progression to financial outcomes that can be incorporated in the design of wellness programs.

### Exhibit 1. Passive vs. Active Risk Management Operations



# The Capgemini WARM Solution

WARM is built to support a multi-dimensional definition of wellness—including social, emotional, spiritual, environmental, occupational, and intellectual wellness—beyond the basic measures of physical wellness. WARM is architected to support these additional risk factors as the industry acquires more insight into their impact on insured risks.

WARM recognizes numerous roles in the new “Connected World.” It does not limit companies that may interact with an insurer for a wellness-based product. WARM supports the roles of:

- **Loyalty Partner** — provides discounted goods and services that encourage desired behavior
- **Rewards Vendor** — provides rewards (free goods and services) for attainment of goals in the wellness program
- **Engagement Partner** — provides expert wellness information and communication

These roles may be fulfilled by multiple entities if required. This flexibility enables insurance carriers to either work with existing partner relationships or comply with jurisdiction-specific constraints on the selection of partners.

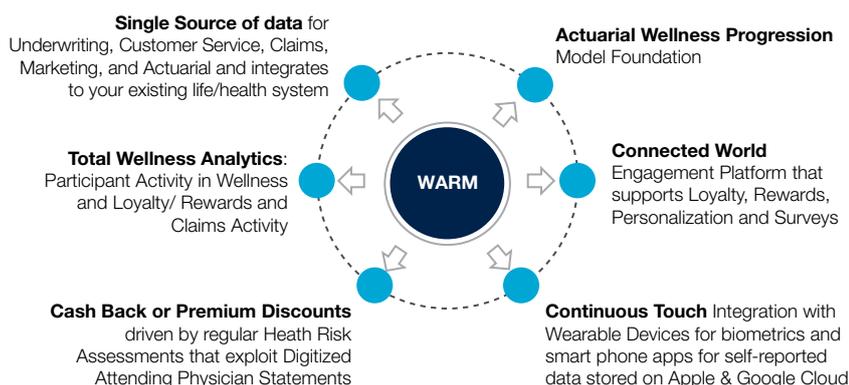
WARM provides an Engagement Platform that processes:

1. The information and methods to generate and direct communication relating to participant goals/achievements, and
2. Educational content that may be shared with communities of interest in order to maintain a relevant, active communications channel to and from each participant in a WARM program

WARM supports a “hand in glove” integration to your CRM and policy-administration systems. It provides interfaces that allow your existing systems to operate as they do today, concurrently as it processes the wellness-based administrative and analytic functions. WARM initiates the enrollment opt-in process and upon approval begins the wellness-program administration process. This includes establishing wellness goal metrics; tracking wellness partner activity; consolidating wellness information



## Exhibit 2. Capgemini WARM Solution Components



for periodic Goal Attainment evaluation; tracing reward earnings and redemption; administrating membership levels in the program; and managing “Continuous Touch” features customized for each insured’s experience.

WARM also supports “Communities of Interest” to enhance the wellness encouragement process and to enlarge the pool of marketing prospects. It provides automated support for periodic, individual-premium consequence-calculations based on (1) individual wellness measures and (2) the integration of that data to your existing policy-administration systems. In addition to performing the necessary individual active-risk based functions, WARM collects a “treasure trove” of data that can support the analysis of experience and segmentation studies for actuarial, underwriting, claims administration and marketing users.

### Platform as a Service (PaaS)

WARM is representative of the newly prevalent approach of offering application functionality through a vendor-supplied, cloud-resident infrastructure. The WARM PaaS covers all the cloud-resident functionality that replaces traditionally on-site provided capabilities, which range from IT infrastructure to business processing. The specific sub-set of Application Platform as Service (aPaaS) delivery methods, as used by WARM, offers the application system, integration services, business process management and database services. It also provides the development environment for configuring, maintaining and enhancing the application without requiring any capital expenditure by the insurance company.

### Contact Us

Get started today by visiting us at [www.capgemini.com/warms](http://www.capgemini.com/warms) or contacting us by email at [insurance@capgemini.com](mailto:insurance@capgemini.com).



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Together with its clients, Capgemini creates and delivers business, technology and digital solutions that fit their needs, enabling them to achieve innovation and competitiveness.

A deeply multicultural organization, Capgemini has developed its own way of working, the Collaborative Business Experience™, and draws on Rightshore®, its worldwide delivery model.

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