



Health Protection Gap: Asia-Pacific 2012



To find new ways of educating customers about their protection needs and to innovate in products and distribution channels.

This study presents and compares the Health Protection Gap across 13 markets in the Asia-Pacific region. This gap is defined as the difference between the level of healthcare costs which would be required to meet consumer needs (based on projections of economic growth, medical inflation and population growth¹), versus the amount that would be available to cover those costs, if society's total healthcare expenditure remained as a constant percentage of GDP. In other words, the Health Protection Gap shows how fast the growth of healthcare costs exceeds that of the underlying economy.

Our study finds that a Health Protection Gap exists in all 13 markets, and will expand significantly from USD 9 billion in 2011 to USD 197 billion in 2020. The main factors driving this growth are: population growth and an ageing population, economic growth and wealthier societies, a rising government healthcare expenditure burden, medical inflation, increasing volatility in medical costs, and a growing perception of insurance needs.

The study concludes with a call-to-action for the health and medical insurance sector – including insurance companies, distributors, reinsurers and governments – to find new ways of educating customers about their protection needs and to innovate in products and distribution channels in order to manage the gap.

In 2011, Swiss Re published the Mortality Protection Gap study, which is the first to feature multiple markets in Asia-Pacific. The study highlighted the extent of under-insurance in the life sector and was well received by the press, insurers, governments and industry regulators. Swiss Re has shown its capabilities and competences in working with insurance companies to close the Mortality Protection Gap. Likewise, Swiss Re can offer support from multiple perspectives to insurance companies in addressing the Health Protection Gap.

¹ Please note that we have not taken into consideration the age structure in our projection. Given that Asia-Pacific is ageing (and fast in some markets) and old-age people have a higher living costs/income ratio, we will likely end up having a conservative estimate of the medical costs. On the other hand, some other potential factors that may lower future medical costs – such as medical innovation, medical tourism, or simply liberalisation of medical services, which can drive down average prices by increasing competition – are not taken into consideration in our projection.