

Facts of life: Size does matter

Written by Dr Pramodh Nathaniel, Chief Medical Officer for TAL

An Australian-trained doctor, Pramodh has experience across a range of industries including public and occupational health, aviation, travel, tropical and insurance medicine. Prior to joining TAL, he was CMO for AIA Australia and a Foundation Executive member for the Australian and New Zealand Insurance Medicine Association. He has also held senior roles with Toyota Australia, Victorian Government WorkHealth Program and International SOS.



Obesity is a growing problem

The terms “overweight” and “obese” are used to denote situations where excessive fat accumulation represents an increased health risk. While there are more accurate ways to measure excess body fat accumulation, a convenient and industry accepted measure is the Body Mass Index (BMI). According to this index, someone with a BMI greater than 25 is considered overweight and those with a BMI greater than 30 would be considered obese.

Globally, obesity is an increasing problem. The World Health Organisation (WHO) reports that 2.8 million people die each year as a result of being overweight or obese. And it's clear from WHO that the size of the problem is growing with the prevalence of obesity nearly doubling between 1980 and 2008. In 2008 it was estimated that 1.4 billion adults were considered overweight and more than 500 million were obese. Around the world, obesity is believed to contribute to approximately 44% of diabetes, 23% of ischaemic heart disease and 7-41% of certain cancers¹.

Unfortunately, Australia is at the forefront of the obesity problem and this represents a substantial health, societal and financial issue for all Australians. The most recent Australian Health Survey 2011-2012² showed that nearly 63% of Australian adults are considered overweight or obese, with 28% considered obese. Data projections to 2025 indicate this figure will rise to 70% and 34% respectively. In terms of population, this would result in an estimated total of 16.9 million Australians being either overweight or obese³.

What are the impacts of obesity?

Regrettably, obesity is rarely considered to be a cause of other diseases, nor is it seen as a disease in its own right as has been advocated.

However the long list of obesity complications includes:

- Cardiovascular diseases – hypertension, abnormal lipids and cholesterol, coronary artery disease and stroke
- Obstructive sleep apnoea
- Type 2 diabetes and insulin resistance
- Osteoarthritis
- Cancer – increased risks of cancer of the colon, breast, oesophagus, uterine and kidney

- Fatty liver disease
- Kidney damage and abnormal functioning
- Depression and cognitive impairment

What is the true cost of obesity?

Putting a dollar figure on the cost of being overweight or obese is difficult but Access Economics estimated that in 2008, the financial cost of obesity in Australia was AUD \$8.3 billion (including AUD \$2 billion in health system costs, AUD \$3.6 billion in productivity costs and AUD \$1.9 billion in carer costs) with an additional AUD \$49.9 billion in the form of lost wellbeing⁴.

More tragically, the human cost is also considerable. It is readily apparent from medical complications associated with obesity that there is a toll on increased mortality as well as a greatly reduced quality of life and workplace productivity.

The Australian Institute of Health and Welfare estimated in 2003 that obesity was directly responsible for approximately 7% of all deaths in Australia⁵. However, given an increased understanding and research focus on obesity and its links to other diseases since that time, experts believe this is underestimating the true burden of obesity today. The latest statistics are likely to be published in late 2015 and are expected to paint a much gloomier picture.

International trials carried out in 2003⁶ illustrate how dramatic the reductions in life expectancy can be for those who are overweight or obese:

- Those who were obese (BMI >30) at age 40 years lived 6 – 7 years less than those who were not (BMI <24.9);
- Those who were overweight (BMI 25 – 29.9) at age 40 years lived approximately 3 years less than those with a BMI <24.9;
- Those who smoked and were obese lived 13 – 14 years less than normal weight, non-smokers.

It has also been suggested that the progressive rise in life expectancy we have experienced over the past 200 years may come to an end because of the increasing prevalence of obesity⁷.

Pricing risk appropriately

For many years, the Australian insurance industry has assessed and accepted overweight, obese and morbidly obese customers at standard rates.

However, as we continuously work towards the long term sustainability of our industry, and ensure TAL's ability to pay claims in the future, we must consider how assessing overweight and obese customers at standard rates affects the wider risk pool.

At TAL, we believe in appropriately pricing risk based on available evidence. And the data shared in this article provides a very compelling argument for the association of obesity with increased mortality and morbidity.

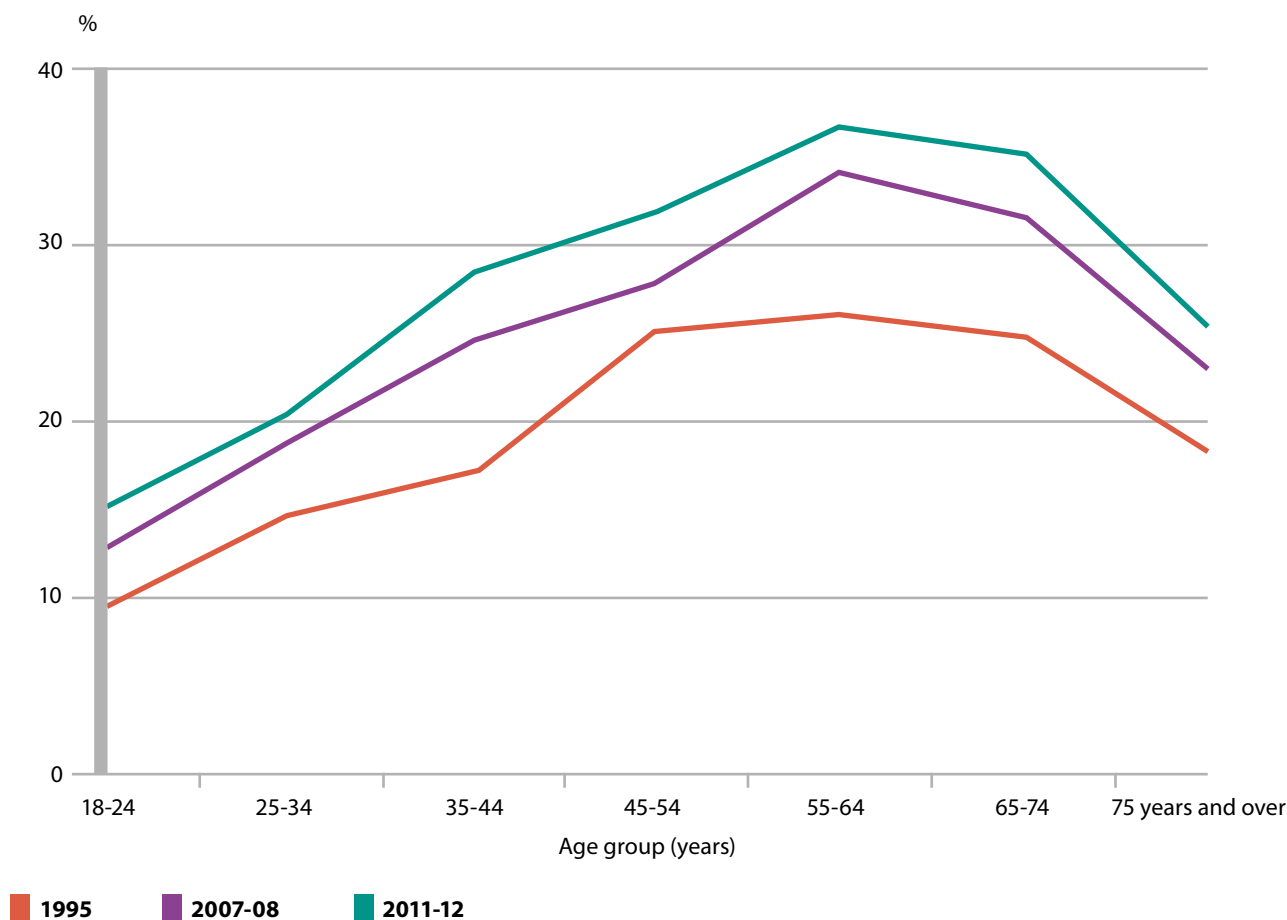
Combining this with the rapidly increasing prevalence of obesity in Australia has led TAL to review how we can look to price risk more accurately. As such we have recently adjusted the TAL BMI table calculation loadings to provide a more accurate reflection of the risks involved.

We hope the evidence provided throughout this article gives an overview as to the medical basis for that decision.

Footnotes

- 1 <http://www.who.int/features/factfiles/obesity/en/>
- 2 <http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/4338.0~2011-13~Main%20Features~Overweight%20and%20obesity~10007>
- 3 No Time to Weight. Obesity: A National Epidemic and its impact on Australia. Obesity Australia 2014
- 4 Access Economics (2008). The growing cost of obesity in 2008: 3 years on. Canberra: Diabetes Australia.
- 5 Begg S et al (2007). The burden of disease and injury in Australia 2003. AIHW Cat no. PHE 82, Canberra
- 6 Obesity in adulthood and its consequences for life expectancy: a life-table analysis. Peeters A, et al NEDCOM, the Netherlands Epidemiology and Demography Compression of Morbidity Research Group. Ann Intern Med. 2003;138(1):24.
- 7 A potential decline in life expectancy in the United States in the 21st century. Olshansky SJ, et al, N Engl J Med. 2005;352(11):1138

Persons aged 18 years & over - Proportion who were obese*, 1995 to 2011-12



* Based on Body Mass Index for persons whose height and weight was measured.
Source(s): Australian Health Survey: Updated Results, 2011-12

Important Information: This information has been prepared for use by advisers only and is not intended to be provided to clients. Before making any decision about TAL products, advisers and their clients should consider the Accelerated Protection or Accelerated Protection for Investment Platforms Product Disclosure Statements and/or Policy Documents. If there is any inconsistency between this document and the Product Disclosure Statement or Policy Document, the terms of the Policy Document will prevail to the extent of the inconsistency. Current as at: July 2015.

This document is issued by TAL Life Limited ABN 70 050 109 450 AFSL 237 848 (TAL).

