



*Expert Views*

# Rising Global Mental Health Risk for the Insurance Industry

**SCOR**  
The Art & Science of Risk

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## Executive Summary

Today, we live in a world that increasingly acknowledges the importance of mental health, encompassing both wellness and illness. This focus on mental health is also evidenced by an increase in the number of mental health professionals and prescriptions for medication to improve mental health. However, it seems that the prevalence of mental health diagnoses is increasing rather than decreasing. The insurance industry is challenged with assessing multiple types of accompanying risks that are also interconnected, including those that have recently been acknowledged:

- Visible impact of climate change on daily life
- Natural resource shortages and biodiversity loss
- Rising protectionism and fragmentation of the world following the end of a cycle of globalization
- Intensifying geopolitical conflicts
- Inflation at levels not seen in decades
- The devastating effects of the global pandemic which claimed millions of lives
- Rising obesity
- Emerging zoonoses and epidemic risks

The increasing interconnectedness of these risk factors is contributing to the growing concerns over mental health, driven by the rising incidence of depressive and anxiety disorders that intensified during the Covid-19 pandemic. Many studies report that the pandemic increased the prevalence of anxiety disorders by 25%, predominantly among younger populations.

It is widely acknowledged that humans can only thrive when both physical and mental health are stable and secure. The interaction between mental and physical health is well-established: mental problems can cause physical problems that can become very severe and, in their extremes, can result in disability or, in the case of suicide, even death.

Untreated mental health problems can lead to long-term negative impacts on work performance, communities and societies. For example, 75% of workers in the U.S. who were [surveyed by LIMRA International](#) say they have experienced at least one mental health challenge either “sometimes” or “often” during the past year. In addition, during the first quarter of 2024, one in 10 leaves of absence in the U.S. was related to mental health, according to a recent study by Com Psych, an U.S. mental health and absence management service company. This marks a 22% increase over the same period in 2023. You can find other country’s data in [this study](#).



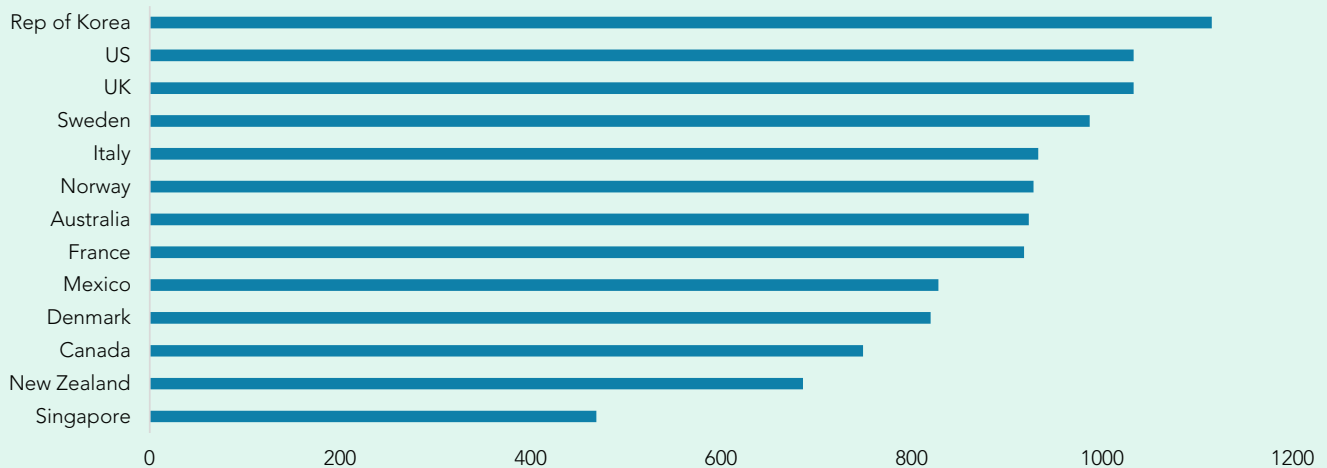
## Mental Health Epidemic around the World

Many factors affect people’s mental health, but the unprecedented magnitude of the impact of Covid-19 pandemic and its lingering effects on people’s minds is massive and complex. This considerable problem impacts society and life insurance companies as well, as poor mental health can lead to an underperforming immune system and may reduce life expectancy.

According to World Health Organization (WHO) statistics, countries such as South Korea, the UK, the U.S., Sweden, and Italy have reported high rates of mental health issues such as anxiety, depressive disorders and/or self-harm as the major causes of DALY (disability-adjusted life years), as shown in Figure 1. For those countries, mental health issues were among the Top 10 causes of DALYs for all age groups in 2021. On the other hand, other industrialized countries such as Japan, India, and South Africa listed neither anxiety, depressive disorder, nor self-harm in their top 10 causes in 2021, contradicting the assumption that mental health issues are common for all urbanized or westernized countries.

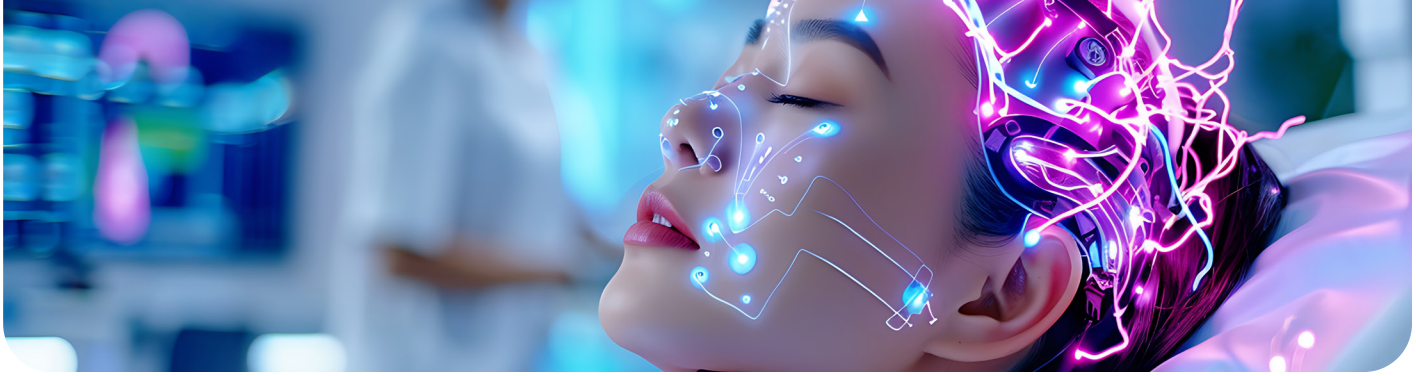
Another fact to illustrate the varying degree of mental health issues by regions: the age-standardized prevalence of mental disorders included in the Global Burden of Disease Study 2019 by region, compiled and analyzed by the Lancet, showed that the regions with the highest mental disorder prevalence were Australasia, high-income North America and Tropical Latin America while the lower regions were high-income Asia Pacific and Central Europe. A study from Australia also shows that as many as 45% of the country’s population may develop some form of mental health disorder during their lifetimes. Another troubling statistic is that depressive and anxiety disorders have a high likelihood of recurrence. An article published in Clinical Psychology Review in 2007 reported that at least 50% of those who recover from a first episode of depression have one or more additional episodes in their lifetime, and approximately 80% of those with a history of two episodes have another recurrence.

**Figure 1: Global Health Estimates: Mental health issues as the causes of DALYs by Country**



Source: WHO, Global health estimates: Leading causes of DALYs

NOTE: DALYs for a disease or health condition are the sum of the years of life lost to due to premature mortality (YLLs) and the years lived with a disability (YLDs) due to prevalent cases of the disease or health condition in a population.



The greater prevalence of the disorders among the population today magnifies the impact on mortality and morbidity associated with depression. Mental health issues can be both transient and permanent, and the risk of mortality is increased for both natural causes of death, such as illness, as well as unnatural causes, accidents, and self-harm. The U.S. Centers for Disease Control and Prevention, for example, reported

nearly 50,000 deaths in the U.S. due to suicide in 2022. The risk of suicide is greatest in those with depression and/or substance use disorder. The WHO notes that more than 720,000 people die due to suicide worldwide every year. Suicide is the third leading cause of death in the world among 15- to 29-year-olds. Surprisingly, 73% of global suicides occur in low- and middle-income countries.

## New Treatments

Treating mental health issues requires carefully chosen paths for each patient, which are often long and complex. As mental health issues have become a major topic in today's society, we are witnessing increased focus and effort on advancing treatment methods from both the public and private sectors.

For most people living with mental illnesses, a combination of therapy and medication is the most effective form of treatment. However, one of the current problems we are facing is that the effectiveness of conventional treatment for mental health disorders appears to have reached a plateau. In recent years, it has become evident that the clinical response rates for current evidence-based psychotherapies are limited. A recent study found that the estimated rates of improvement were 54% for depression, 63% for panic disorder, and 52% for general anxiety disorder. As a result, there is now a greater emphasis on developing new treatment options, such as new medicines, therapies, and innovative approaches, in the hopes of achieving better clinical outcomes. Below are a few examples:

- Pharmacogenomics, an emerging precision medicine tool, examines an individual's genes to figure out which medications might work best for them. It's believed that this approach may have profound implications, especially for patients with treatment-resistant depressive disorders. However, the usefulness and the practical effectiveness of pharmacogenetic testing currently remain an object of scientific debate.

- There is also excitement about new areas for treatment with ketamine and psychedelics for mental health conditions that do not respond to initial efforts. Psychedelics may be useful in treating certain mental health conditions, particularly for PTSD and treatment-resistant depression. Ketamine has been particularly helpful in providing relief for those with chronic suicidal ideation. However, the effects tend to wear off in a few weeks for many people.
- For depression, a new nasal spray drug therapy (esketamine) approved by the FDA is said to provide relief to people with severe treatment-resistant depression within hours. Non-traditional medical treatments such as acupuncture have also been shown to help some patients with some mental health conditions.
- Novel interventions or notable modifications of established psychotherapies, typically cognitive or behavioral frameworks, have been producing better outcomes during the past five years with symptom reduction for depressive disorders. Here are some examples:
  - Brainspotting therapy led by a trained therapist helps patients release negative stored emotions and move forward with positive emotions and reactions by mimicking eye movements of REM sleep.
  - Cognitive control training uses computer games to “train the brain” so that patients notice when they lose focus on a subject, learn to reign in impulses, and refocus on tasks at hand.



- Transcranial Magnetic Stimulation (TMS), a non-invasive form of brain stimulation, involves a machine placed over the head that sends magnetic pulses to targeted parts of the brain that are affected by depression. Approximately half of patients who have tried and failed to benefit from first-line medications experience relief with TMS, with around one-third of them experiencing full remission without further symptoms. However, results are not permanent, and patients after several months or a year may require subsequent treatment.

The rapid advancement in digital technology is also accelerating mental health treatment innovation. The internet, big data, and artificial intelligence support digital interventions that also offer mental health advantages such as high accessibility, anonymity, and accurate patient identification. These apps provide psychological assessment, psychological support, and personalized online mental health activities. Intervention apps thus may help people quit smoking, manage symptoms of anxiety, depression, eating disorders, post-traumatic stress, or insomnia, and more. For example, the US Food & Drug Administration has recently granted clearance to a prescription digital therapeutic app that delivers cognitive behavioral therapy to treat generalized anxiety disorder in patients aged 22 and older.

## Prevention

To effectively reduce the risk of developing severe disorders, it is essential to focus on prevention at both individual and collective levels. Each person can help others develop the right reflexes and utilize tools to preserve their mental health. But at the same time, collective efforts such as raising awareness, providing training, and promoting mental health are highly critical in preventing mental health issues.

One example of proven preventive measures at the individual level is establishing healthy lifestyle habits, which consist of three key factors:

- Healthy eating habits - contribute to a healthy body and brain
- Physical activity - reduces stress, stimulates the brain and promotes concentration
- Sleep hygiene - improves alertness and stress management, as well as benefitting overall health

Certain personal circumstances can also contribute to the protection of mental health, including:

- Living in a violence-free community where people are accommodating and caring
- Having healthy, stimulating relationships, which help establish enriching attachment relationships
- Clean, well-maintained housing free from chemical and environmental hazards
- Pursuing an education that leads to personal growth and financial stability
- Having a stable and fulfilling job



## Workplace Impact of Mental Health Issues

How is this phenomenon of an expanding global epidemic of mental health issues affecting people's work lives? It is an important subject for insurers as it will affect many aspects of their employee insurance business including life, health, disability, and workers' compensation.

Contrary to the common assumption that working poses negative effects on people such as stress and anxiety, work can have both positive and negative consequences for employees' mental health. For example, the WHO emphasizes the positive side of work that can protect employees' mental health. Engaging in quality work in a healthy and fulfilling environment is conducive to workers' good mental health because it provides them with benefits such as:

- Providing the means of financial and social subsistence
- Giving purpose, self-confidence and a sense of achievement
- Enabling positive relationships with coworkers and community involvement
- Defining a structuring framework.

In addition, fulfilling work can contribute to the recovery and inclusion of people with mental health problems, boosting their self-confidence and improving their social functioning.

Conversely, work can also have deleterious effects on mental health. Risks to mental health can stem from heavy workloads or excessively long hours, inadequate resources and autonomy, limited career prospects, underutilization of skills, conflicting work and family demands, or workplace violence or harassment. All these factors can lead to serious mental health problems of employees in the medium term, such as anxiety, depression, or burnout.

Employers need to take this risk seriously and implement appropriate preventive and treatment measures to safeguard not only the health of their employees but also the overall health of

the company itself. Worldwide, it is estimated that depression and anxiety result in 12 billion lost working days every year, resulting in \$1,000 billion a year in lost productivity. According to the Ipsos and AXA study "Mind Health Report" in 2024, three of four people experience a work-related mental health problem. Employee mental health problems are the leading cause of long-term sick leave, according to the Teale Barometer of employee mental health in 2023, and this issue continues to escalate every year. The situation is even more worrying among young employees. A recent AXA study shows a significant jump in the proportion of young workers on long-term leave due to burnout between 2019 and 2023.

Is there any cure for this concerning phenomenon? According to the Diot Siaci Observatory of Absenteeism at Work, more than two-thirds of workers firmly believe that absenteeism could be avoided if:

- It was easy to talk about health problems or concerns at work
- Managers listened to and addressed staff concerns
- Managers engaged in more regular and open dialogue with their workers
- Employees received more support from their peers, managers and leaders

Similarly, it is important to support the return to work of people with mental health problems to avoid an increase in work stoppages or even disability due to mental health problems.

There is an urgent need to promote a holistic, preventive, proactive, and positive approach to mental health issues. We should celebrate and support the return to the workplace of the employees who had mental health challenges in the same way as anyone with physical health issues. Business leaders have a major role to play in this regard and need to take the initiative for the health of their employees as well as their company's long-lasting future success.



## Implications for the Insurance Sector

Due to social stigma, mental health conditions have often been under-reported and underdiagnosed. This makes personal medical history and family history insufficient and unreliable for underwriting considerations, particularly when conditions may not have been formally diagnosed by a medical specialist. Medical classifications in the mental health category are broad, and historical trends on the prevalence of mental health conditions are often unavailable or unreliable.

This uncertainty complicates predicting how future trends in incidence and recovery rates will evolve, particularly when mental health trends are typically long-term and on unpredictable timelines. Accurate pricing and reserving under such ambiguous conditions would be complicated.

For insurers, underwriting these risks effectively and objectively is a significant challenge. Because there are no reliable biomarkers or lab tests to diagnose many mental health issues such as stress, anxiety, or depression, the severity of the symptom is often self-assessed by the patient. This makes diagnosis and assessment of the person's mental health state less reliable.

Additionally, diagnosis and treatment recommendations may vary substantially among medical specialists, further complicating mental health risk assessment. This can lead to lost opportunities when low-risk individuals are denied coverage or vice versa.

The lack of consistency and insufficient detail in mental health data impedes insurers' ability to design and price products. For the P&C (re) insurers, Liability covers such as Employer's Liability and Directors and Officers (D&O) may experience an increase in claims if employers are found to have not provided sufficient duty of care over employees' mental health. For the Life business, mortality and morbidity covers could be impacted due to a downward trend in mental wellbeing, which can impact chronic conditions and suicide rates in severe cases. Operational impacts are also possible due to lost productivity and/or staff absences.



## Conclusion

As our world has become increasingly uncertain during the past decades, society's needs for protection and resilience are higher than ever. As this article discussed, understanding mental health issues can be complex and highly uncertain for insurers due to the vast array of risk scenarios and outcomes, making them hard to underwrite, model, and price. SCOR has a long history of being actively committed to staying at the forefront of assessing the rising mental health risks as well as integrating its expertise into solutions such as [Vitae Mental Health](#), a risk calculation tool for underwriting assessment. SCOR remains committed to focusing on mental health in the long term and pledges to provide knowledge and solutions to clients. We understand the key role that (re)insurers play in protecting society by expanding covers and services, pushing the boundaries of insurability for the common good.



## Resources

1. <https://www.sciencedirect.com/science/article/abs/pii/S0022395623005629>
2. <https://www.tandfonline.com/doi/full/10.2147/NDT.S19617>
3. <https://www.researchsquare.com/article/rs-58186/v1>
4. <https://www.jpost.com/health-and-wellness/article-818796>
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6. <https://www.who.int/data/gho/data/themes/mortality-and-global-health-estimates/global-health-estimates-leading-causes-of-dalys>
7. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8061589/#:~:text=Shift%20to%20an%20ecological%20paradigm&text=It%20could%20best%20be%20named,factors%2C%20both%20biographical%20and%20present>
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10. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10294129/#:~:text=Digital%20interventions%2C%20carried%20out%20via,health%5B12%2D15%5D>
11. <https://www.health.harvard.edu/blog/transcranial-magnetic-stimulation-for-depression-2018022313335>
12. <https://jamanetwork.com/journals/jamapsychiatry/fullarticle/2671413>
13. [https://www.thelancet.com/journals/lanpsy/article/PIIS2215-0366\(21\)00395-3/fulltext](https://www.thelancet.com/journals/lanpsy/article/PIIS2215-0366(21)00395-3/fulltext)
14. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10667493/>

## Related SCOR resources:

1. [Managing Suicide and Mental Health Risks for Life Insurance | SCOR](#)
2. [Mental Health - The Hidden Crisis | SCOR](#)
3. [SCOR launches Vitae Mental Health | SCOR](#)
4. [SCOR Endorses ifeel | SCOR](#)
5. [The Long-Term Health Risks for Post-COVID-19 Patients & the Implications for Reinsurance Underwriting | SCOR](#)

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