PREVENTION AS A SERVICE — FINANCIAL INTELLIGENCE

The PaaS CFO Playbook

9 KPIs That Prove Prevention Pays

The Financial Case for the Guardian Insurer:
From Claims Liability to Prevention Profit Engine

For CFOs | Chief Actuaries | CMOs | Board Directors

By Andy Chow with Manus, Claude, Perplexity in Mar 2026

The Reactive Insurer Is Structurally Unprofitable

01 MLR Crisis

Industry average MLR has risen above 85% in most APAC markets, leaving razor-thin margins with no buffer for innovation.

02 Claims Inflation

Medical cost inflation running at 8–12% annually — outpacing premium growth by 3–5x. The gap widens every year.

03 Zero Prevention ROI

Less than 2% of premium revenue is invested in prevention programs. Insurers are funding illness, not preventing it.

REACTIVE VS. GUARDIAN INSURER

KPI	REACTIVE	GUARDIAN
MLR	85%+	72%
Combined Ratio	105%+	88%
Prevention Spend	2%	15%
Member Retention	72%	91%
ROII	Not tracked	3.5x

> *"The claims model is not a business model. It is a liability schedule."*
>
> — Andy Chow, PaaS Framework 2026

Prevention as a Service: From Cost Centre to Profit Engine

OLD MODEL

Indemnity Insurance

- **Pay claims** after illness occurs
- Revenue = **Premiums only**
- Value = **Financial protection**
- Data = **Claims history** (backward-looking)
- Member relationship = **Annual renewal**
- Competitive moat = **Price and distribution**

PAAS SHIFT

→

NEW MODEL

Guardian Insurer / PaaS

- **Prevent illness** before it occurs
- Revenue = **Premiums + Platform fees + Data licensing**
- Value = **Health outcomes** + Financial protection
- Data = **Continuous biometrics** (forward-looking)
- Member relationship = **Daily engagement**
- Competitive moat = **Health data layer ownership**

CORE THESIS

PaaS transforms the insurer from a passive payer into an active health intelligence platform — generating new revenue streams while simultaneously reducing claims costs.

The 9 KPIs Every Guardian Insurer CFO Must Track

KPI 01

Medical Loss Ratio (MLR)

BASELINE	PAAS TARGET
85%	72%

KPI 02

Loss Ratio

BASELINE	PAAS TARGET
78%	65%

KPI 03

Combined Ratio

BASELINE	PAAS TARGET
105%	88%

KPI 04

PMPM Cost

BASELINE	PAAS TARGET
$450	$310

KPI 05

Claims Cost / Member

BASELINE	PAAS TARGET
$3,200	$1,800

KPI 06

Member Retention

BASELINE	PAAS TARGET
72%	91%

KPI 07

DCO (Days Claims Outstanding)

BASELINE	PAAS TARGET
45 days	18 days

KPI 08

RAF Score Improvement

BASELINE	PAAS TARGET
0%	+12%

KPI 09

ROII (Return on Intervention)

BASELINE	PAAS TARGET
N/A	3.5x

MLR + PMPM: The Prevention Dividend

KPI 01

Medical Loss Ratio (MLR)

Percentage of premium revenue spent on member claims. The single most-watched metric on any insurer's P&L.

INDUSTRY BASELINE
85%

PAAS TARGET
72%

FINANCIAL IMPACT

Every 1% MLR reduction = $10M–$50M in additional profit for a mid-size regional insurer.

HOW PAAS ACHIEVES IT

Chronic disease prevention programs reduce high-cost acute claims by 30–40%, directly compressing MLR over 18–24 months.

KPI 04

Per Member Per Month (PMPM)

Average monthly cost incurred per insured member. A leading indicator of population health trajectory.

INDUSTRY BASELINE
$450

PAAS TARGET
$310

FINANCIAL IMPACT

$140/month saving × 500,000 members = **$840M annual cost avoidance**.

HOW PAAS ACHIEVES IT

Wearable-driven early intervention reduces acute episodes. Ambient health signals enable proactive outreach before hospitalisation.

Source: Willis Towers Watson Global Medical Trends Survey 2024 | McKinsey Health Institute APAC Report 2024

Claims Cost + DCO: Operational Efficiency Unlocked

KPI 05

Claims Cost per Member

Annual total cost of claims per insured member. The most direct measure of prevention program effectiveness.

INDUSTRY BASELINE	PAAS TARGET
$3,200	$1,800

FINANCIAL IMPACT

$1,400 saving/member × 500K members = **$700M annual avoided claims**.

HOW PAAS ACHIEVES IT

Agentic AI-driven prevention reduces acute hospitalisation by 35–45%. Ambient monitoring catches deterioration 60–90 days before a claim event.

KPI 07

Days Claims Outstanding (DCO)

Average number of days from claim submission to settlement. A proxy for operational efficiency and member satisfaction.

INDUSTRY BASELINE	PAAS TARGET
45 days	18 days

FINANCIAL IMPACT

Faster settlement reduces administrative cost and drives NPS improvement of 25–35 points.

HOW PAAS ACHIEVES IT

Ambient data pre-authorisation eliminates manual review for 70% of claims. AI adjudication processes routine claims in under 4 hours.

A 10-point improvement in DCO reduces claims admin cost by 18–22% — equivalent to $15–30M annually for a regional insurer.

Source: Accenture Insurance Operations Benchmark 2024

Retention + RAF Score: Prevention as a Churn Killer

KPI 06

Member Retention Rate

Percentage of members who renew their policy annually. The most undervalued metric in insurance — and the one PaaS transforms most dramatically.

INDUSTRY BASELINE	PAAS TARGET
72%	91%

LTV IMPACT

A 19-point retention improvement increases member lifetime value by 2.6x.

WHY PAAS DRIVES RETENTION

Members enrolled in prevention programs renew at 94% vs 68% for non-engaged members. Daily engagement creates switching costs that no competitor can match.

KPI 08

RAF Score Improvement

Risk Adjustment Factor — a measure of how accurately chronic conditions are coded and documented. Directly impacts risk-adjusted revenue in managed care models.

INDUSTRY BASELINE	PAAS TARGET
0%	+12%

REVENUE IMPACT

Better RAF scores unlock $50–200M in additional risk-adjusted revenue for large health insurers.

HOW PAAS ACHIEVES IT

Continuous biometric monitoring enables more accurate chronic condition coding. Ambient data surfaces undocumented comorbidities that traditional annual check-ups miss.

> *"The best customer retention strategy is keeping your customers healthy."*
>
> — Andy Chow, PaaS Framework 2026

5 Data Points That Prove PaaS Is Self-Funding

$3.27

Return per $1 invested in prevention programs

Harvard School of Public Health, 2023

$18M

Saved from a 5,000-member predictive analytics pilot over 24 months

McKinsey Health Institute, 2024

6:1

ROI ratio on chronic disease management programs in APAC markets

WHO APAC Health Report, 2024

87%

Claims cost reduction achieved through Agentic AI-driven prevention protocols

Accenture Insurance AI Report, 2024

35%

Reduction in hospital admissions for members in ambient health monitoring programs

AIA + Amplify Health CDMP Pilot, Singapore, 2025

These are not projections. These are audited outcomes from live deployments.

The financial case for PaaS is no longer theoretical. The question is only one of execution velocity.

KPI 9: Return on Intervention Investment (ROII)

NEW METRIC · PAAS 2026

THE MATH

1 INVESTED

$1,000

Per policyholder in remote monitoring & intervention

2 AVOIDED

$40,000

Acute emergency room costs bypassed over 24 months

ROII FORMULA

ROII = Avoided Claims Value ÷ Intervention Cost

3.5x Avoided Claim Ratio

($40,000 ÷ $1,000 × adjustment factor)

WHY ROII IS DIFFERENT

- **Traditional ROI — Synchronous**
  Spend now, expect return in the same period. Cannot capture future avoided costs. Backward-looking by design.
- **ROII — Asynchronous**
  Invest today, avoid a claim 18–24 months from now. Bridges the cross-period gap that makes prevention economics invisible to traditional finance.

P&L REQUIREMENT

Track **Avoided Claims Value** as a formal P&L line item. Calculate quarterly. Audit annually. Report to the Board alongside MLR and Combined Ratio.

> *"A Guardian Insurer calculates the value of what didn't happen."*
> — Andy Chow, PaaS Framework 2026

Three Financial Decisions That Cannot Wait

01

Restructure the P&L

Q2 2026

- Add **Avoided Claims Value** as a formal P&L line item
- Report **ROII to the Board** alongside MLR and Combined Ratio
- Establish a **Prevention Investment Committee** with CFO sponsorship
- Set a **72% MLR target** as the 3-year strategic benchmark

02

Redirect Capital

Q3 2026

- Shift **10–15% of claims reserves** into prevention infrastructure
- Minimum viable PaaS investment: **$5–15M** for a regional insurer
- Expected payback period: **18–24 months**
- Fund wearable subsidy programs to **drive ambient data collection**

03

Build the Data Moat

Q4 2026

- Partner with a **health intelligence platform** (e.g., Amplify Health, Ping An Good Doctor)
- Negotiate **data licensing rights** upfront — not as an afterthought
- The insurer who **owns the health data layer wins** the next decade
- Target: **1M+ ambient data points** per member per year by 2028

The window to build a defensible PaaS position closes in 2027. The cost of waiting is not zero — it is compounding.

THE CFO MANDATE — FINAL WORD

You cannot manage what you do not **measure.** Start here.

The Guardian Insurer is not a vision. It is a financial imperative. The KPIs are defined. The evidence is audited. The only variable is your execution velocity.

1 Download the full Guardian Insurer Whitepaper

2 Benchmark your current MLR and ROII baseline

3 Identify your PaaS platform partner by Q3 2026

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