Life and Health Insurance Industry Investments in Fast Food

Arun V. Mohan, MD, MBA, Danny McCormick, MD, MPH, Steffie Woolhandler, MD, MPH, David U. Himmelstein, MD, and J. Wesley Boyd, MD, PhD

Previous research on health and life insurers' financial investments has highlighted the tension between profit maximization and the public good. We ascertained health and life insurance firms' holdings in the fast food industry, an industry that is increasingly understood to negatively impact public health. Insurers own $1.88 billion of stock in the 5 leading fast food companies. We argue that insurers ought to be held to a higher standard of corporate responsibility and we offer potential solutions. (*Am J Public Health*. Published online ahead of print April 15, 2010: e1–e2. doi: 10.2105/AJPH.2009.178020)

Life and health insurance firms profess to support health and wellness, but their choice of financial investments has raised doubts. We recently noted their investments in the tobacco industry,[1] but few data on insurance company investments in other potentially unhealthy products exist. We investigated the insurance industry's investments in fast food.

Unlike tobacco, which is inarguably harmful and addictive, fast food can be consumed responsibly. However, most fast food has high energy density and low nutritional value.[2] Indeed, fast food consumption is linked to obesity and cardiovascular disease, 2 leading causes of preventable death.[3–5] The industry markets heavily to children and often builds restaurants within walking distance of schools.[6,7] Children who live near fast food restaurants consume fewer servings of fruits and vegetables, drink more high-calorie soft drinks, and are more likely to be overweight.[7,8] In addition, fast food restaurants are more prevalent in Black and low-income neighborhoods, likely contributing to the burden of obesity among these groups.[9] And, finally, the fast food industry exacts a heavy environmental toll.[2]

In 2009 Americans were expected to spend $185 billion on fast food, and consumers globally were expected to spend $481 billion.[10] In addition, there has been a greater than 5-fold increase in fast food consumption by children and adolescents aged 2 to 18 years between 1977 and 1995.[7]

In response, many municipalities in the United States have moved to control fast food. In 2008 Los Angeles restricted the construction of new fast food restaurants and several other cities have used zoning restrictions to similar effect. In addition, San Francisco and New York have passed laws that require restaurants to visibly post the nutritional content of foods.[11–14]

Given the potential disconnect between insurers' financial investments and their professed missions, we sought to determine the extent to which insurance companies own stock in the fast food industry.

METHODS

We utilized shareholder data from the Icarus database, which draws upon Securities and Exchange Commission filings and reports from news agencies, to assess health and life insurance firms' shareholdings in the 5 leading publicly traded fast food companies. Our data reflect the most up-to-date information available. We obtained stock prices and market capitalization data from Yahoo! Finance (http://finance.yahoo.com). All data were accessed June 11, 2009.

RESULTS

Major insurers own $1.88 billion of stock in the 5 leading fast-food companies, representing 2.2% of total market capitalization of these companies on June 11, 2009 (Table 1). United States–based Prudential Financial, an investment firm that also provides life insurance and long-term disability coverage, has fast food holdings of $355.5 million, including $197.2 million in McDonald's, $43.7 million in Burger King, and $34.1 million in Jack in the Box. United Kingdom–based Prudential PLC offers life, health, disability, and long-term care insurance and owns $80.5 million in stock of Yum! Brands, owner of KFC, Pizza Hut, Taco Bell, and others. Standard Life, also based in the United Kingdom, offers both life and health insurance and owns $63 million of Burger King stock.

Canada-based Sun Life and Manulife offer life, health, disability, and long-term care insurance. Sun Life owns almost $27 million of Yum! Brands stock, and Manulife owns $146.1 million in fast food stock, including a $89.1 million stake in McDonald's. Holland-based ING, an investment firm that also offers life and disability insurance, owns $12.3 million in Jack in the Box, $311 million in McDonald's, and $82.1 million in Yum! Brands stock.

Guardian Life, MetLife, New York Life offer life, health, disability, and long-term care insurance. Northwestern Mutual and Massachusetts Mutual Life Insurance Company offer life, disability, and long-term care insurance. All of these companies are invested in the fast food industry to varying degrees. Northwestern Mutual's stake is the biggest, with its total investments in excess of $422 million, including $318.1 million in McDonald's alone. Massachusetts Mutual owns more than $366 million of fast food stock, with its single biggest investment being $267 million in McDonald's.

DISCUSSION

Our data show that life and health insurers are substantial investors in the fast food industry. Although fast food can be consumed responsibly, the marketing and sale of products by fast food companies is done in a manner that undermines the public's health.

Though investing in companies whose products undermine health while selling life or health insurance may seem inconsistent, there are several potential explanations. The first is that the practice has net profitability: the return on investment in fast food companies more than offsets the potential financial liability associated with their policyholders consuming fast food. A second possible explanation is that insurers are unaware of the social impact of their investments as there has been little attention paid to the issue historically. A third possible explanation is that because insurers tend to be large organizations, one division (e.g., claims and underwriting) may be unaware

TABLE 1—Health and Life Insurance Industry Holdings in the Fast Food Industry, by Fast Food Company: United States, June 11, 2009

Insurance Company	Jack in the Box Holdings, Millions $	McDonald's Holdings, Millions $	Burger King Holdings, Millions $	Yum! Brands[a] Holdings, Millions $	Wendy's/Arby's Group Holdings, Millions $	Total Holdings, Millions $
Prudential PLC				80.5		80.5
Prudential Financial	34.1	197.2	43.7	80.5		355.5
Massachusetts Mutual	23.1	267.2	58.8	17.4		366.5
New York Life	2.4					2.4
Northwestern Mutual	40.9	318.1		63.2		422.2
Sun Life				26.8		26.8
Standard Life			63.0			63.0
ING	12.3	311.7		82.1		406.1
Manulife		89.1		53.7	3.3	146.1
Guardian Life	7.2				9.5	16.7
MetLife					2.2	2.2
Total	120.0	1183.3	165.5	404.2	15.0	1888.0

[a]Owner of KFC, Pizza Hut, Taco Bell, and others.

of the activities in another (e.g., investments). And, finally, some of the larger investment companies have subsidiaries whose investments are made in the name of the parent company, even though the parent company might have little actual oversight of its subsidiaries' investments.

From our perspective, insurance companies have 2 ethical options. The first is to divest themselves of holdings in fast food companies as well as other industries that have a clearly negative public health impact. Socially responsible investment funds have shown that profits are not incompatible with social good.

A second option is that insurers could mitigate the harms of fast food by leveraging their positions as owners of fast food companies to force the adoption of practices consistent with widely accepted public health principles. Such moves could include encouraging companies to improve the nutritional quality of their products, reduce calorie density, serve smaller portions, and change marketing practices. To maximize their impact, insurers might turn over their proxy votes to an independent nonprofit organization that could pool votes in a way that effects meaningful change.

Health reforms being proposed in the United States would likely expand the reach of the insurance industry. Canada and Britain are also considering further privatization of health insurance. Our article highlights the tension between profit maximization and the public good these countries face in expanding the role of private health insurers. If insurers are to play a greater part in the health care delivery system they ought to be held to a higher standard of corporate responsibility. This responsibility includes aligning all of their resources—including financial investments—in ways that improve health or, at the very least, do not harm it. ■

About the Authors

At the time of the research, all authors were with the Department of Medicine at Cambridge Health Alliance, affiliated with Harvard Medical School, Cambridge, MA.

Correspondence should be sent to Arun Mohan, Department of Medicine, Cambridge Health Alliance, Cambridge, MA 02139 (e-mail: amohan@cha.harvard.edu). Reprints can be ordered at http://www.ajph.org by clicking the "Reprints/Eprints" link.

This brief was accepted September 17, 2009.

Contributors

A.V. Mohan originated the study, participated in data collection and analysis, and led the writing. D. McCormick, S. Woolhandler, and D. Himmelstein assisted with data analysis and writing. J.W. Boyd supervised the study, led data collection and analysis, and participated in the writing.

Human Participant Protection

Institutional review board approval was not obtained as human participants were not involved in the research reported in this article.

References

1. Boyd JW, Himmelstein D, Woolhandler S. Insurance-industry investments in tobacco. *N Engl J Med.* 2009;360(23):2483–2484.

2. Schlosser E. *Fast Food Nation: The Dark Side of the All-American Meal.* New York, NY: Houghton Mifflin; 2001.

3. Pereira MA, Kartashov AI, Ebbeling CB, et al. Fast food habits, weight gain, and insulin resistance (the CARDIA study): 15-year prospective analysis. *Lancet.* 2005;365(9453):36–42.

4. Morgenstern LB, Escobar J, Hughes R, et al. Fast food and stroke risk: abstracts from the 2009 International Stroke Conference. *Stroke.* 2009;40(4):e105–e276

5. Bowman SA, Gortmaker SL, Ebbeling CA, Pereira MA, Ludwig DS. Effects of fast food consumption on energy intake and diet quality among children in a national household study. *Pediatrics.* 2004;113(1 pt 1):112–118.

6. Davis B, Carpenter C. Proximity of fast food restaurants to schools and adolescent obesity. *Am J Public Health.* 2009;99(3):505–510.

7. Nielsen SJ, Siega-Riz AM, Popkin BM. Trends in food locations and sources among adolescents and young adults. *Prev Med.* 2002;35(2):107–113.

8. Block JP, Scribner RA, DeSalvo KB. Fast food, race/ethnicity, and income: a geographic analysis. *Am J Prev Med.* 2004;27(3):211–217.

9. McGinnis JM, Gootman JA, Kraak VI. *Food Marketing to Children and Youth: Threat or Opportunity?* Washington, DC: National Academies Press; 2006.

10. *The Way We Eat Now.* Chicago, IL: Euromonitor International; 2008.

11. McBride S. Exiling the Happy Meal. *Wall Street Journal.* July 30, 2008. Available at: http://online.wsj.com/article/SB121668254978871827.html. Accessed February 16, 2009.

12. Saletan W. Food apartheid: banning fast food in poor neighborhoods. *Slate.* July 21, 2008. Available at: http://www.slate.com/id/2196397. Accessed February 16, 2009.

13. Mair J, Pierce M, Teret S. *The Use of Zoning to Restrict Fast Food Outlets: A Potential Strategy to Combat Obesity.* Washington, DC, and Baltimore, MD: Center for Law and the Public's Health at Johns Hopkins and Georgetown Universities; October 2005.

14. Ashe M, Jernigan D, Kline R, Galaz R. Land use planning and the control of alcohol, tobacco, firearms, and fast food restaurants. *Am J Public Health.* 2003;93(9):1404–1408.