



9TH ANNUAL EMPLOYEE HEALTH AND BENEFITS STUDY

BENEFITS ON DEMAND: BUILDING AN EFFECTIVE VOLUNTARY BENEFITS STRATEGY

EXECUTIVE SUMMARY



ABOUT THE SURVEY

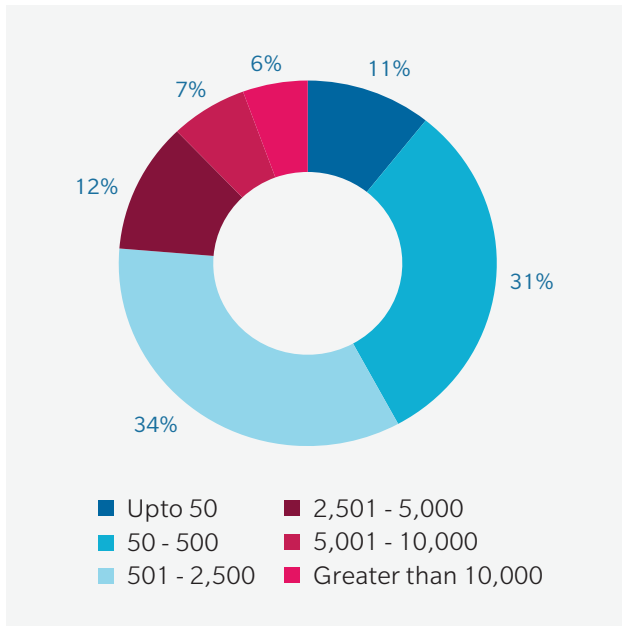
Employees are recognized as a critical asset in today’s knowledge-based economy, and the workplace is an integral aspect of an employees’ life. A company’s employee benefits program is a key driver in recruiting and retaining its workforce. Benefits help determine employee satisfaction, and potential recruits look closely at a company’s benefits package during the hiring process. Consequently, well-designed benefits plans should be based on the desires and needs of employees in addition to supporting business objectives.

In this edition, we have tried to analyze both employer and employee perspectives to arrive at a holistic result.

EMPLOYER SURVEY

The employer inputs were captured through online questionnaire and one-on-one interviews during the months of October to November, 2016 with a focus on understanding organizations’ goals and long-term objectives in detail. About 503 employers responded to the survey. Participation increased by 25% as compared to last year.

Participant employer profile – Headcount



EMPLOYEE SURVEY

About 2,029 employees participated by responding to the survey. We tried to survey a heterogeneous group of respondents from diverse industries, demography, and location to reflect the typical workforce of a representative organization.

Employee demography in a representative organization

Millennials	56.30%
Gen X	39.40%
Baby Boomers	4.30%



EXECUTIVE SUMMARY

What do employees think about the benefits offered by their employers? What are their current out-of-pocket expenses? What are their expectations from their employers? Are they willing to participate in their employers' offered benefit programs? Are employers meeting the changing needs of their employees?

Many employers, which participated in Marsh India's 9th Annual EH&B Survey, said they need to be far-sighted and insightful about the kind of benefits they provide to their employees as they are an important tool to reduce employees' financial concerns and hire and retain the best talent.

JUST HOW SERIOUS ARE EMPLOYEES ABOUT BENEFITS.

More than half of the employee respondents stated that their current health and benefit program is inadequate, and they use their savings to meet unexpected costs. In addition, about 92% of the employees said their employers should cover more risks by facilitating voluntary benefit plans.

The employee respondents appreciated the advantage of their employers' negotiating power for reducing costs and expanding coverage. More than 70% of the employee respondents are willing to spend up to 5% of their salary on voluntary benefits, thereby expanding the overall employers' benefit program.

These findings indicate that benefits are important for employees. A corollary that follows from this is that employers need to design their benefit strategy to appeal to the changing needs of their employees.

WHAT ARE EMPLOYEES LOOKING FOR IN BENEFITS.

About 70% of the employee respondents said they review their company provided insurance coverage at least once a year.

Five of 10 employees said they experienced or are apprehensive of the higher risk due to the prevalence of chronic conditions in the family, their lifestyle, the increased risk of injuries, and long-term problems, given hectic and erratic work schedules.



Benefit preferences among different employee age groups

Age group	Baby Boomers	Gen X	Millennials
Spending capacity (as a percentage of the annual income)	3% - 5%	1% - 2%	3% - 5%
Conventional products	Outpatient expense insurance	Outpatient expense insurance	Medical top-up insurance
	Accident top-up insurance	Critical illness insurance	Parents medical insurance
	Critical illness insurance	Medical top-up insurance	Outpatient expense insurance
Non- Conventional Products	Motor insurance	Motor insurance	Motor insurance
	Income protection insurance	Children education/ marriage plans	Home insurance
	Retirement income protection insurance	Travel insurance	Travel insurance

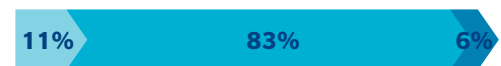
HOW EMPLOYERS ARE RESPONDING TO CHANGING NEEDS OF EMPLOYEES.

The survey shows that reducing financial concerns of employees, (82%), out-of-pocket expenses (79%), and addressing chronic medical condition (74%) are the three most important employers' objectives.

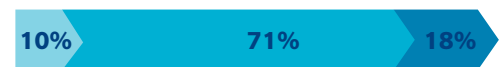
For the first time in past five years, employers have increased the benefit limits and coverage of their medical insurance plans. Voluntary benefit plans, especially for parents and top-ups in existing insurance are rising.

Employers are also crafting structured programs to address changing their changing needs and that of their employees. The priority is to maintain costs in line with their budgets, followed by benefit enhancements and choice based plans.

Maintaining cost as budgeted






Enhancing benefit



Offering choice to employees



-  Planning to implement starting next year
-  On track
-  Non achieved

The top three strategic measures adopted by the respondent employers are

Maintain cost as budgeted	Enhance benefits	Offer choice to employees
Networks for better cost efficiency	Support diversity	Parents plans
Preventive wellness programs	Advancement in medical technology	Top-up plans
Voluntary benefits	Chronic and long-term care needs	Outpatient (OPD) coverage

HOW TO BUILD AN EFFECTIVE STRATEGY FOR VOLUNTARY BENEFITS

Many employer respondents said complex administration and long-term sustainability of voluntary benefit plans are their two major concerns.

FACTORS THAT MATTER TO EMPLOYEES WHEN THEY BUY VOLUNTARY PLANS

- Comprehensive policy coverage
- Negotiated cost
- Service delivery guarantee (claim settlement and better turnaround time)
- Payment through salary deduction
- Ease of access and technology support
- Portability of the plan
- Equated monthly deduction facility

FACTORS THAT MATTER TO EMPLOYERS WHEN THEY OFFER A VOLUNTARY PLAN

- No minimum participation guarantee from the insurance company
- Competitive rates from the insurance company
- Least administrative involvement; Technology platform for enrollment and optional payment facility
- No cost impact on the company sponsored plan
- Communication support
- Stable premiums

THREE KEY ATTRIBUTES FOR SUCCESSFUL IMPLEMENTATION OF VOLUNTARY PLANS ARE:

PRODUCT FIT

- Develop and execute a multi-year strategy
- Solicit feedback from employees
- Payment through payroll deduction
- No minimum participation guarantee
- Flexibility for enrolment

SERVICE DELIVERY

- Effective benefits education
- Easy to Use portal
- Use of Personalized Information
- Holistic Insurance experience

PARTNERSHIP

- Leverage on vendor's resources to increase the bandwidth of benefits administration staff
- Engagement with stakeholders on an ongoing basis

INDIA BENEFITS TRENDS

The benefit landscape has changed significantly in the last couple of years. There is a shift in employer's outlook towards insured benefits and an evolved strategic approach is being adopted towards benefits decision making. Employers are keeping a close watch on the market trends, employee feedback and policy utilization. In addition to implementing efficient cost containment strategies, employers are keen on exploring effective cost management measures.

Snapshot of benefit trends

Benefit Type	2010	2011	2012/13	2014/15	2016/17
Group Medical (GMC) prevalence	100%	100%	100%	100%	100%
Median sum insured	300,000	300,000	300,000	300,000	350,000
Corporate floater prevalence	65%	67%	70%	72%	76%
Facilitate parent's coverage	70%	65%	54%	76%	80%
Room rent restrictions	57%	76%	86%	85%	84%
Co-pay on claims	13%	33%	32%	34%	37%
Maternity Limit	INR 50,000	INR 50,000	INR 50,000	INR 50,000	INR 50,000
Group Personal Accident (GPA) prevalence	97%	92%	90%	86%	92%
Median sum insured	3 x CTC	3 x CTC	3 x CTC	3 x CTC	3 x CTC
Group Term Life (GTL) prevalence	63%	73%	70%	66%	74%
Median sum insured	2 x CTC	2 x CTC	2 x CTC	2 x CTC	2 x CTC

Employers are looking at enriching the existing policy coverage by including benefit enhancements into their medical plans. Industries like IT/ITES, Manufacturing, and retail are the forerunners of this movement. These enhancements concur with the environmental changes, lifestyle changes, and medical advancements. Top benefits introduced are:

- Ayurvedic Treatments
- Cyber knife/FESS treatments
- Oral Chemotherapy
- External Congenital Diseases
- Infertility Treatment/IVF



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marshemployeebenefits.india@marsh.com

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