

Healthcare related group risk products

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Today

- Range of Employee Benefits
- Healthcare focus
- Business drivers
- Working together to deliver results

Employee benefits range

- Short term -
Gym membership, retail/childcare vouchers,
massage, laundry service, holidays, flexible hours
- Medium term -
Life cover, income protection, critical illness
cover, healthcare, counselling/rehabilitation
services
- Long Term -
Pension, long term care

Today's healthcare focus



- Group Income Protection - past and present
- Group Critical illness
- Added value services

Total Market Growth*

	1998		1999		2000	
	Schemes	Members	Schemes	Members	Schemes	Members
GIP	20,555	1,448,950	20,701	1,538,512	21,544	1,671,356
GCI	593	45,373	819	67,725	1,117	83,883

% Increase 1998 - 2000	Members	Premium
GIP	+15%	+66%
GCI	+84%	+100%

*Source: GE Frankona Risk Market Survey, March 2001

Business drivers for GIP

- Profitability
- Sickness absence costs
- Staff retention
- Disability Discrimination Act




Focus on early intervention

Profitability issues

Employers -


- Budget
- Cost control



Profitability issues

Employers -

- Budget
- Cost control



Providers/Reinsurers -

- Interest rates
- Changing disability patterns

Sickness absence costs

- 192 million working days lost in 2000*
- Direct costs average £434 per employee each year*
- £10.7 bn lost to UK businesses*
- Indirect costs = double whammy!
- Disability Discrimination Act compliance

* Source: 2001 Absence and Labour turnover survey.

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DDA - The facts



- Took effect 2/12/96
- Applies to most employers with >15 employees
- Applies to all policies written or renewed since '96
- Key objective to avoid discrimination

DDA impact

- Affects all areas of employment law and practice
- Applies to new **and** existing employees

Disability:

A physical or mental impairment which has a substantial and long-term adverse affect on a person's ability to carry out normal day-to-day activities.

Employer's responsibilities for existing employees



- Consider modifying the job
- Allow time to adjust to disability
- Provide job coaching
- Transfer to different job
- Reasonable adjustments
- Employer's Liability

What about occupational and insurance schemes?

- Trustees and scheme managers cannot discriminate against disabled people re scheme access
- Insurers must also comply with the Act - ABI best practice guide in place
- Flat rate can apply even if ineligible for some benefits
- No cash compensation if valid justification for not providing a benefit

Impact of early intervention

- Overcomes employer's difficulties with DDA compliance
- Speeds employee's return to work wherever possible
- Improves claims experience
- Helps reduce employer's costs

Group Critical Illness

- Employer cost v benefit
- Employer-paid : Voluntary
- Group v individual
- Ongoing 'threats'

?

Added value services



- Offer discount for good employer practices re Health and Safety and absence control
- Offer discount alongside sickness/absence control programme

Actuarial challenges

Free Cover -

- Minimise business disruption for company
- Control acceptable risks
- Maintain profitability

Price -

- Pressure to drop prices from IFAs
- Right price for the right risk

Current issues

Links to the public sector -

- Common interest re rehabilitation
- Government policy on welfare

Aftermath of 11 September -

- Possible knock-on effects re claims

This information is based on our understanding of current taxation law and Inland Revenue practice, which may change in the future.

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