MARSH

SOLUTIONS...DEFINED, DESIGNED, AND DELIVERED.

8TH ANNUAL EMPLOYEE HEALTH & BENEFITS STUDY

Employee Choice in Benefits – Insights from India & Asia

MARSH & McLENNAN COMPANIES

Agenda

1. About Employee Health & Benefits Study
2. Do we need to offer choice?
3. Survey Findings from Asia and India
4. Way Forward

Marsh India
Leading Multinational Broker

11 Years
Dedicated service to our clients

10 offices
Strong presence in all metro cities

350+ Employees
Our People, our strength

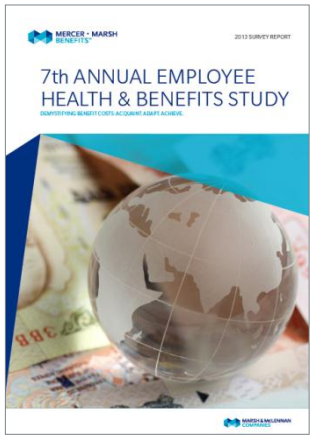
INR 2,500 Crores in premium
Our market leverage is unrivalled

2,800+ Clients
Advisors to top Indian & MNC clients

First licensed composite foreign broker in India

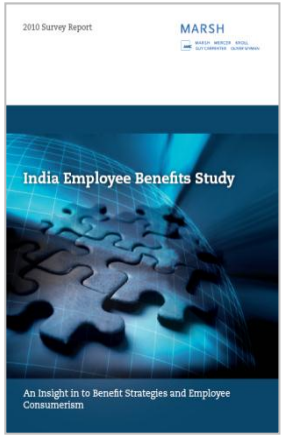
Introduction to Annual Employee Health & Benefits Study

Impact of economic downturn

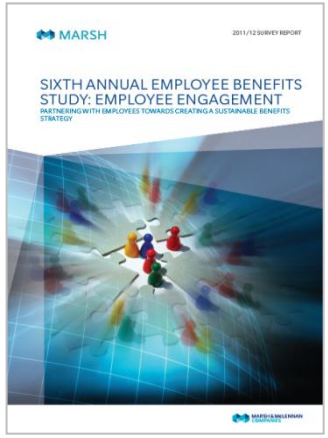


Demystifying Benefit costs

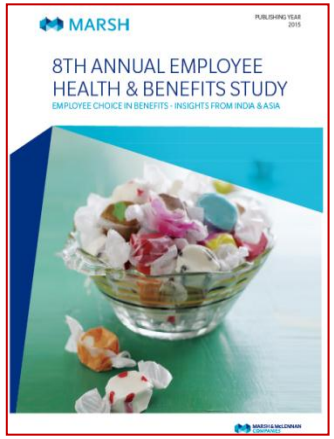
2009 | **2010** | **2012** | **2013** | **2015**



Importance of consumerism



Employee Engagement



Employee Choice in Benefits

8th Annual Employee Health & Benefits Study
Overview

- This study draws distinct parallels between India and Asia on how employee choice in benefits shaping and organization views around offering choice.
- 1,035 organizations from following 12 countries participated in **Mercer Marsh Benefits 2013 Asia Total Health & Choice in Benefits Survey**
  - **China** - **Hong Kong** - **India**
  - **Indonesia** - **Japan** - **Korea**
  - **Malaysia** - **Philippines** - **Singapore**
  - **Taiwan** - **Thailand** - **Vietnam**
- 382 organizations participated in **Marsh India 2014 Employee Health & Benefits Survey**

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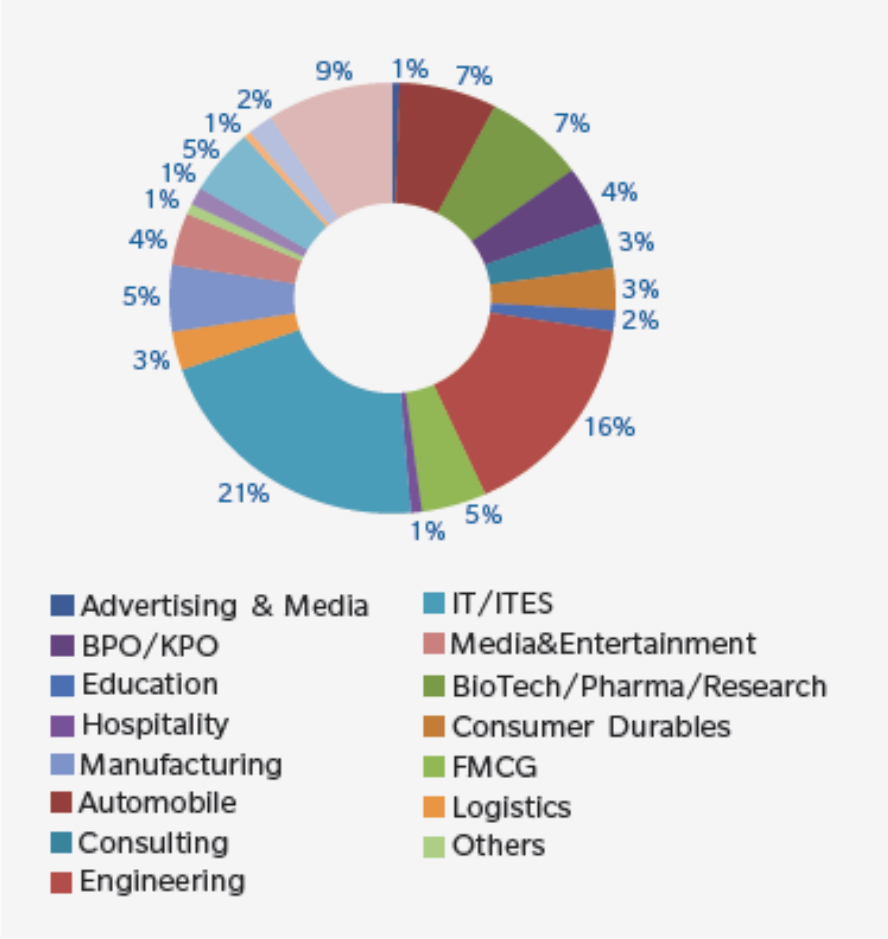
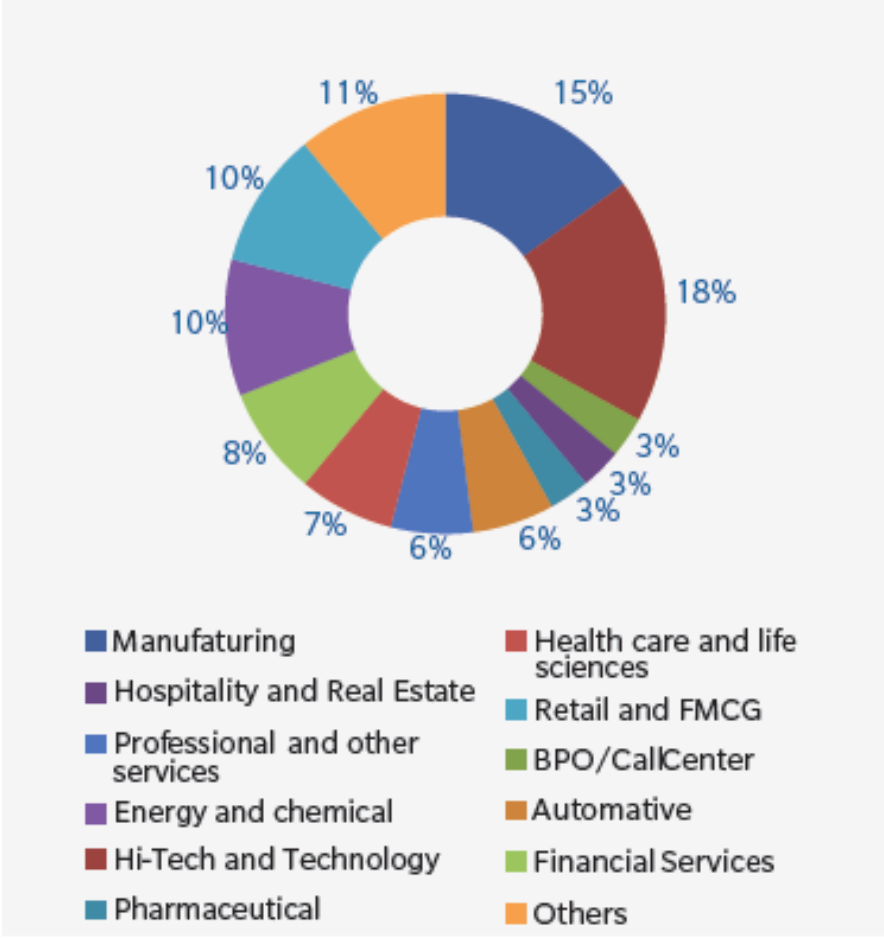
Participant Profile – Industry Sector

Marsh India 2014 Employee Health and Benefit Survey Industry Sector:



Mercer Marsh Benefits 2013 Asia Total Health and Choice in Benefits Survey Industry Sector:



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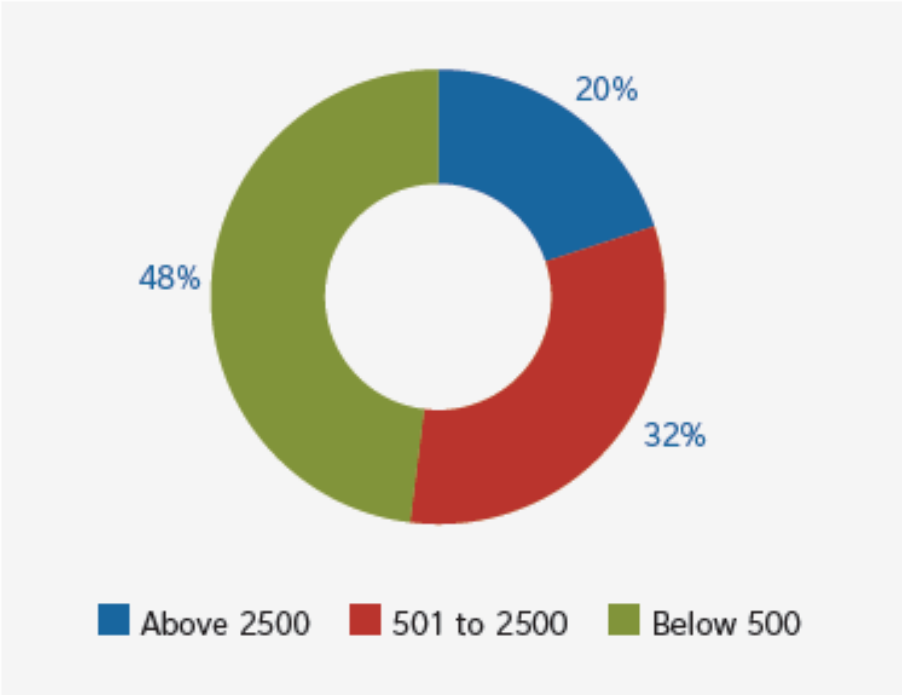
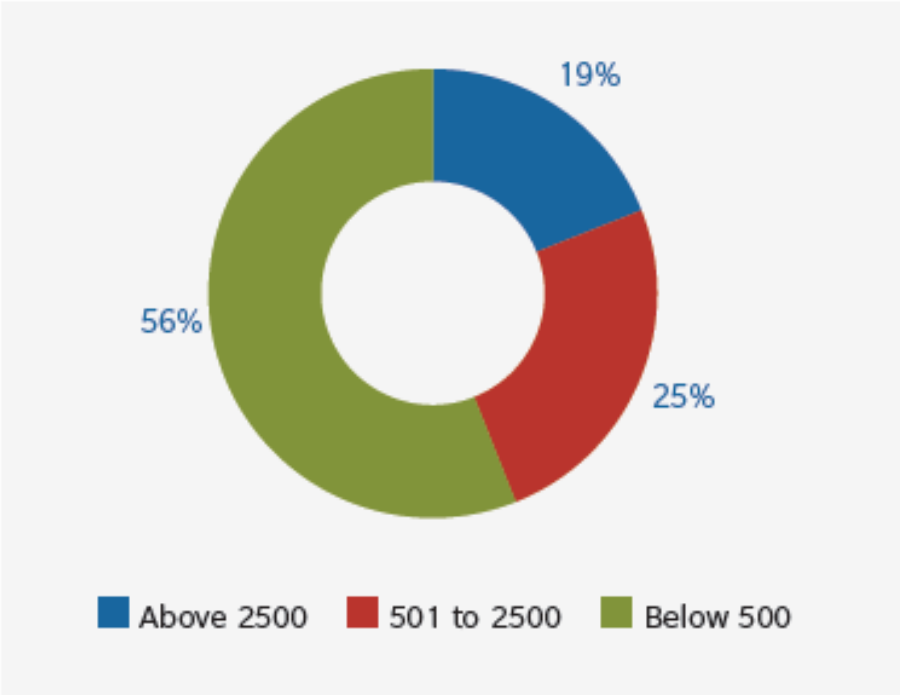
Participant Profile – Employee Count

Marsh India 2014 Employee Health and Benefit Survey



Mercer Marsh Benefits 2013 Asia Total Health and Choice in Benefits Survey



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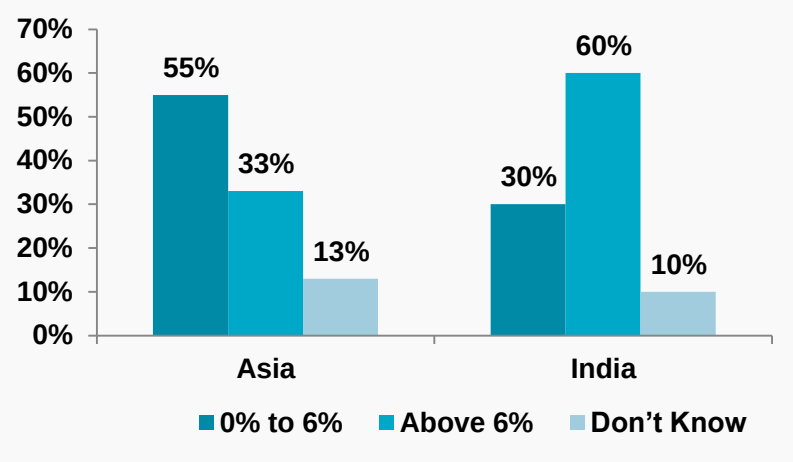
Setting the Context – Asia Trends

Mercer Marsh Benefits Asia Total Health and Choice in Benefits Survey

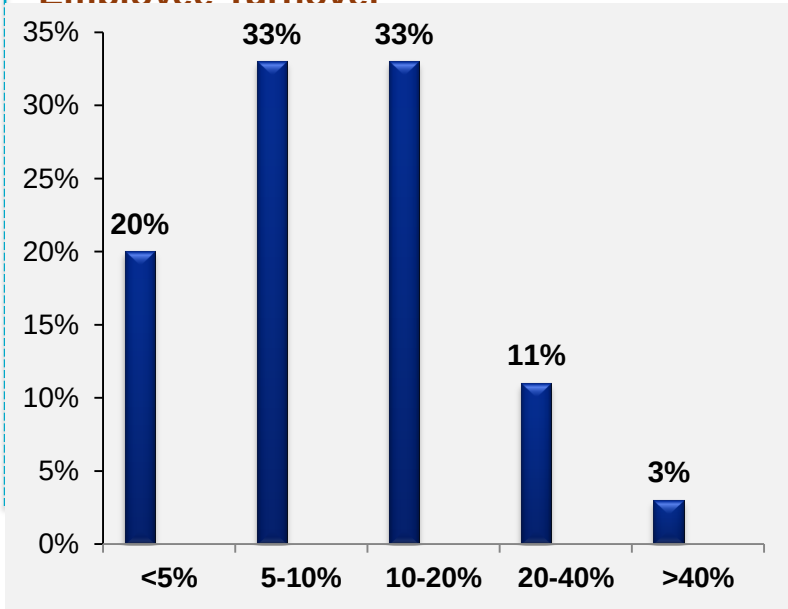
Country	General Inflation	Medical Inflation	Expected Change in medical premiums
China	2.7%	5%-7%	10%-12%
Hong Kong	3.5%	4%-5%	10%
India	10.9%	18%	16%-22%
Indonesia	7.3%	12%-13%	10%-12%
Japan	0.1%%	3%-4%	**0.3%
Malaysia	2%	15%	10%-15%
Philippines	2.8%	8%-10%	10%-20%
Singapore	2.3%	3%-4%	4%-8%
South Korea	1.4%	2%	7%
Taiwan	1.20%	2%-3%	4%-6%
Thailand	2.2%	18%-22%	15%-20%
Vietnam	8.8%	20%-25%	15%-20%

- Almost 75% of the countries surveyed are likely to have double digit premium increase.

Benefits spend as a % of payroll



Employee Turnover



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Asia Snapshot

49%
Organizations support employee choice in Benefits

33%
Organizations spend more than 6% of payroll on benefits

75%
Organizations expect double digit premium increase

89%
Organizations feel Choice program will help better meet employee needs

76%
Organizations stated that Choice helps them remain competitive

36%
Organizations saw Significant impact on Employee understanding of benefits & cost

30%
Organizations said Choice helped in success of benefits harmonization strategy

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Asia Perspective on Employee Choice

Why?
Top five drivers for employee choice:

- **89%** Better meet needs of employee
- **84%** Attract and retain talent
- **64%** Greater value from existing benefits
- **62%** Benefit enhancement
- **48%** Market differentiation

What?
Areas that are impacted significantly due to choice:

- **51%** Meeting diverse needs of employees
- **36%** Employee appreciation of benefits cost
- **34%** Total rewards strategy
- **31%** Employer competitiveness
- **31%** Employer branding

How?
Employee reaction to Choice program

- **79%** Satisfied with employee participation in choice programs
- **63%** Employee attitude is more positive than negative

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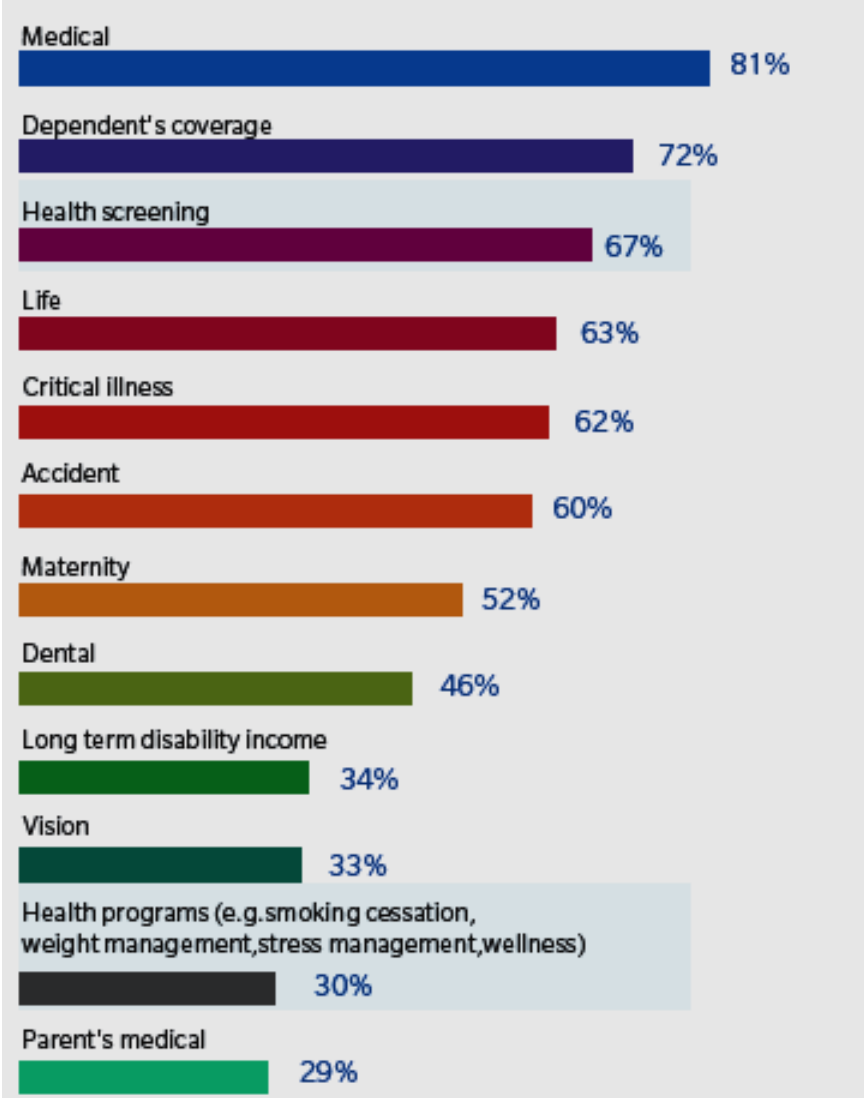
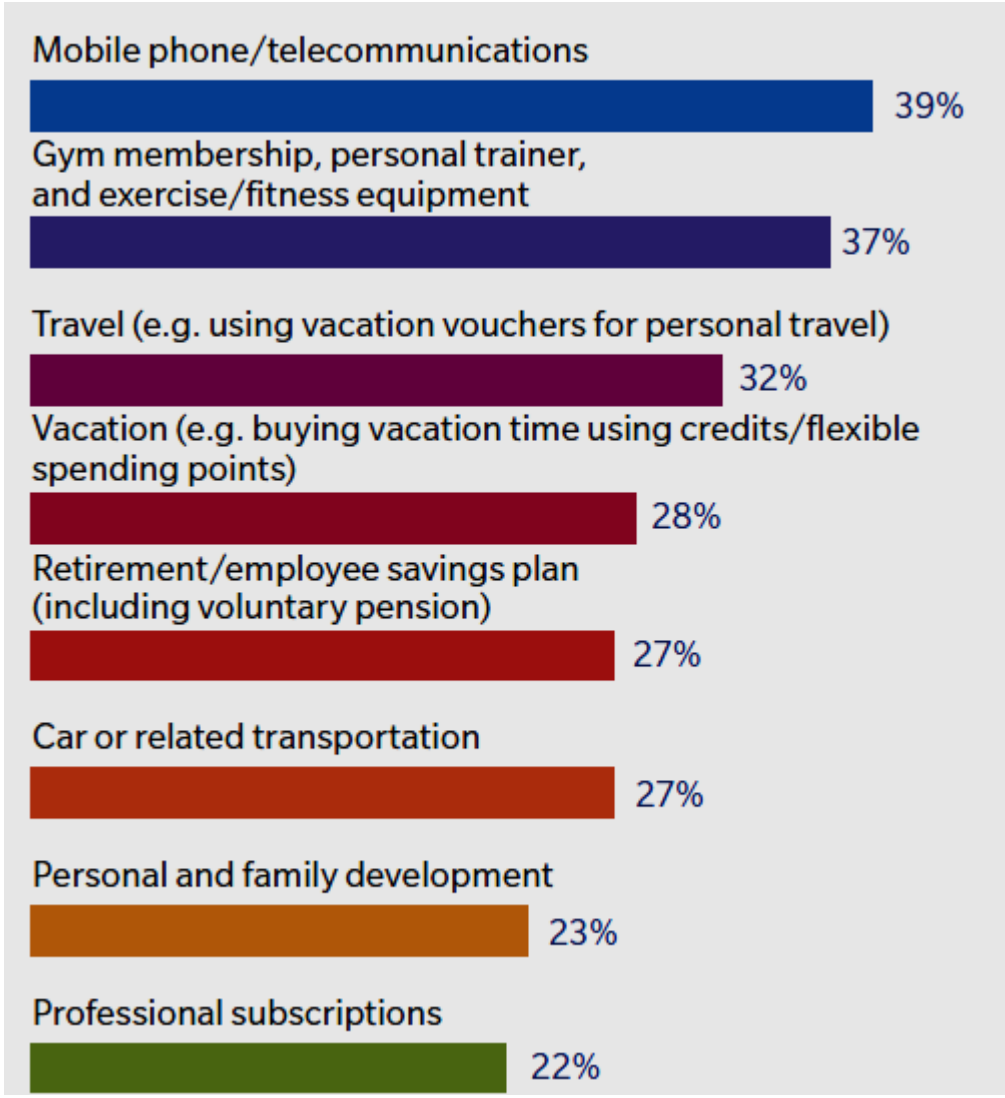
Asia – Programs offered in Choice

Insurance Benefits included in Choice



Lifestyle and Wealth Benefits included in Choice



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India Perspective on Employee Choice

21% Support Employee Choice. 50% would like to offer Choice in next 3 years

Why?
Top five drivers for employee choice:

- **68%** Attract and retain talent
- **60%** Better meet needs of employees
- **44%** Benefit enhancement
- **43%** Greater value from existing benefits
- **40%** Cost Management

What?
Areas that are likely to be impacted significantly due to choice:

- **46%** Talent attraction & retention
- **43%** Employee productivity
- **41%** Employer branding
- **39%** Total reward strategy
- **17%** Cost containment

How?
Possible employee reaction towards Choice program

- **72%** Expect positive response from employees

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India – Key Trends in Benefits

41% sponsor Parents cover and 35% require employee contribution.
(19% organizations who had not covered parents last year have introduced it this year)

There is a marginal increase in prevalence of OPD, Dental, Health check and Vision benefit

Emerging trend in implementing Flexible Benefits comprising Insurance and Non Insurance Benefits

Parent Coverage

Voluntary Programs

Plan Enhancements

Health Management

Flexible Benefits

18% offer voluntary & top-up programs

16% offer Wellness / Lifestyle benefits to their employees

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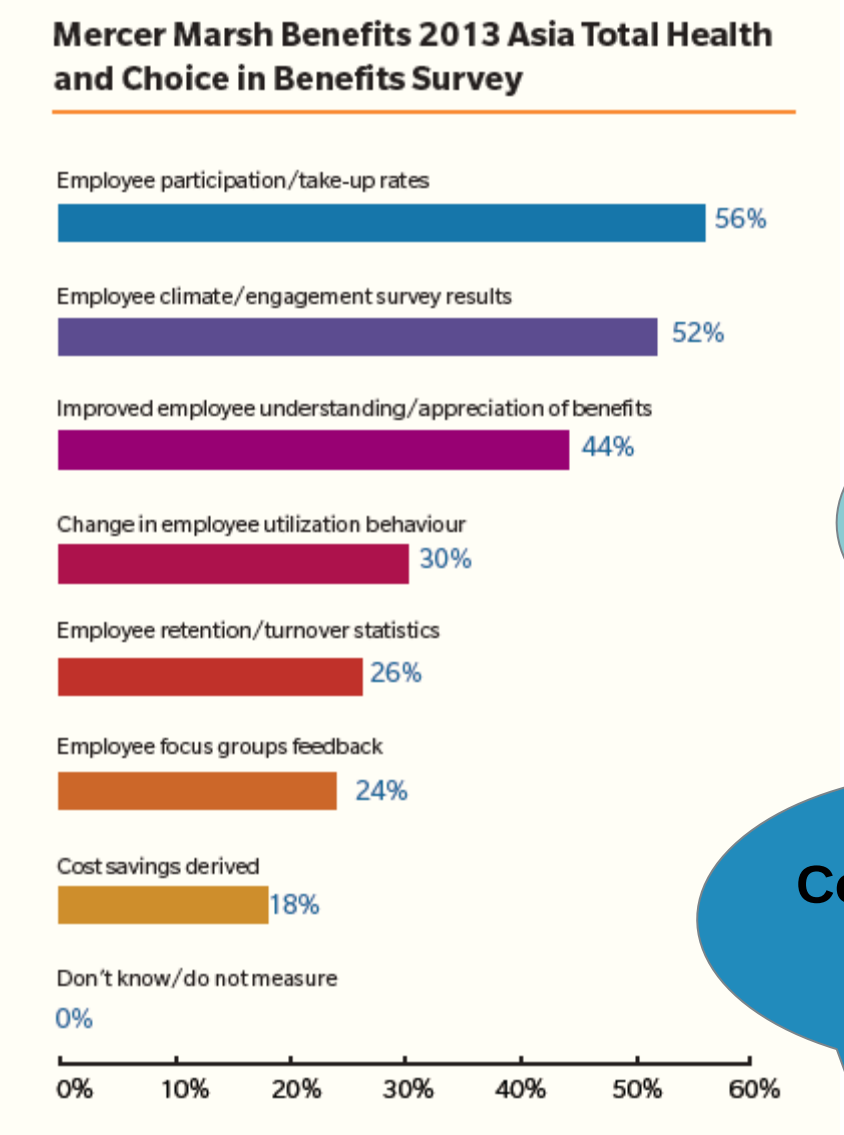
Measuring the Success of Employee Choice Programs



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Major Barriers & Mitigation

Complexity of Administration

- Robust technology platform
- Well-defined administration process around payroll, enrollment, and claims
- Voluntary & Top-up plans are first steps towards Choice
- Carrier & TPA are supportive of Choice programs

Employee Communication

- Well thought through communication strategy is a must
- Use of multi-media & approaches is critical
- Business & Top-management support will add value
- Communication must be through the year and not just at enrollment

Our Employees have not asked

- Review means of collecting feedback and introduce alternates if required like Focus groups, Surveys, etc…
- Most organizations have less than 15% of their employees utilize medical insurance hence its critical to have a holistic approach towards Choice to get people attention

Cost of such program is high

- Case studies suggest where choice program resulted in marginal increase
- Choice program introduce the concept of Defined Contribution (DC) which help organization better control its spend and get employee contribution
- In Asia, 25% stated that Choice had significant impact on cost containment while another 53% said there was some impact

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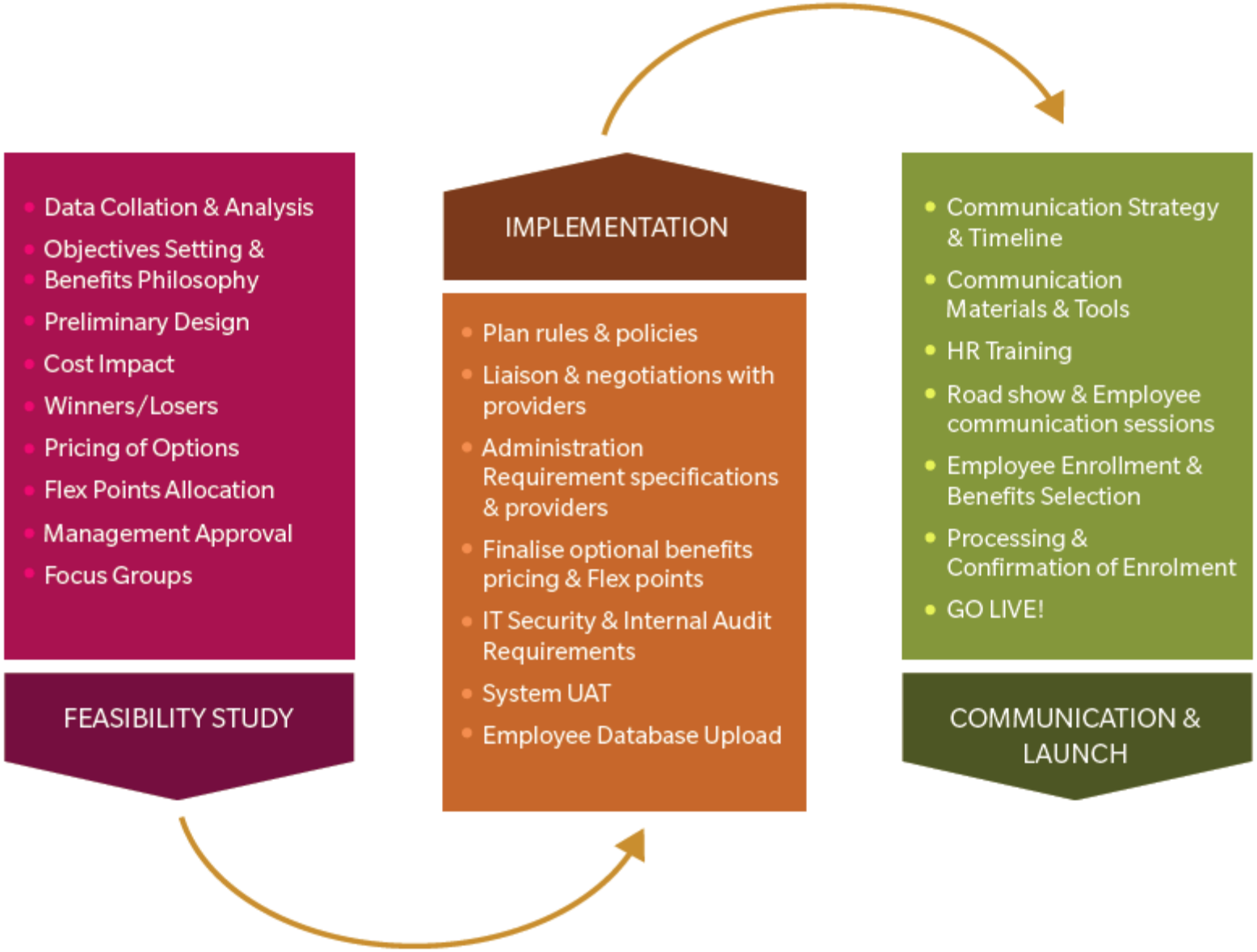
Marsh's Approach to Implement Choice Programs (Flexible Benefits)



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In Conclusion

Essential features for a successful employee choice plan:

- ✓ Understanding employee needs
- ✓ Suitable and customizable plan design
- ✓ Simplified administration
- ✓ An effective employee communication plan
- ✓ Long term sustainability

We are now open for questions.

Questions?

Feedback

Please provide your feedback online. Email with details will reach you by tomorrow.

Email

For further information, please write to us at employeebenefits.india@marsh.com

Thank You

Legal/regional regulatory statement to be added here if required.

Benefit Trends
Overview

Benefit Type	2010	2011/12	2012/13	2014/15
Group Medical (GMC) Prevalence	**100%**	**100%**	**100%**	**100%**
- Median sum insured	300,000	300,000	300,000	**300,000**
- Corporate floater prevalence	65%	67%	70%	**72%**
- Facilitate Parent's Coverage	70%	65%	54%	**76%**
- Parents' coverage @ 100percent employer sponsored	51%	40%	35%	**41%**
- Room rent restrictions	57%	76%	86%	**85%**
- Co-pay on claims	13%	33%	32%	**34%**
- percent of organizations with > 100percent claims ratio	65%	52%	28%	**31%**
Group Personal Accident (GPA) Prevalence	**97%**	**92%**	**90%**	**86%**
- Median sum insured	3 x CTC	3 x CTC	3 x CTC	**3 x CTC**
Group Term Life (GTL) Prevalence	**63%**	**73%**	**70%**	**66%**
- Median sum insured	2 x CTC	2 x CTC	2 x CTC	**2 x CTC**