

December 2017

viewpoint

Out with the old, in with the new?

Well a new year maybe, but from what our research is telling us, the employee benefits related issues employers will be looking at, will be very familiar.

Over the course of 2017, there has, as always, been a large number of topics for companies to focus on including: delivering best-practice benefits to staff, capitalising on new technologies, managing the costs of delivering cross-border employee benefits programmes and so on. And, at the same time employers have been trying to keep abreast of fast-changing attitudes to issues such as diversity and looking after the financial wellbeing of staff. All of which have combined to keep employee benefits very much in the spotlight and employers very much on their toes.

On a more technical level, the use of captive vehicles and pooling structures to cost-effectively manage international employee benefits programmes continues and we have started to see some newer ways to use captive structures becoming more mainstream – such as for helping corporations manage their liabilities from Defined Benefit pension schemes.

Part of our MAXIS year involved carrying out some qualitative research with consultants, multinationals and insurers, which sought to capture their views on the employee benefits industry and the evolution of the role that data analytics will increasingly play in managing the costs of delivering employee benefits. It also looked at the new breed of digital tools and solutions that will deliver a more sophisticated, flexible service for employees.

‘...employers have been trying to keep abreast of fast changing attitudes to issues such as diversity and looking after the financial wellbeing of staff.’

Multinationals warned, for instance, that key challenges for them include the pressure to reduce costs but still provide benefits that support and retain staff.

Insurance firms revealed that increasing product similarity, low interest rates, increasing loss ratios and procurement-led purchasing are putting pressure on margins to the point that in some markets multinationals are switching employee benefits providers for cost savings of just two or three per cent.



Feedback from clients, network members and consultants has always and will continue to be integral to the development of our services and solutions and will inform our thought leadership. In 2017, we used our research and regular contact with the market to publish editorial on topics such as:

- gender bias in the workplace
- the impact of longer commutes on staff health and well-being
- the importance of financial wellness
- the growing need to plan for long-term care

- the use of Captives for DB pensions Schemes
- the use of modern mobile communications and whether it has become excessive.

We welcomed content from our network members and partners in our attempt to bring you discussions that are current and relevant in the employee benefits world today. Our library of Viewpoint articles can be accessed by clicking here.

The ideas discussed in our thought leadership in 2017 have, for the most part, been mirrored by that of other firms and by market research.

And into the new year ...

Looking ahead, the expectation is that 2018 will be a very busy year in the employee benefits space. The momentum from 2017 will carry through, encouraged by ongoing global corporate activity, new opportunities and a strong focus on how benefits can support the growth and success of global businesses. We hope to continue to add new members to our network and deliver the solutions that will help our member insurance firms and our shared multinational clients meet their employee benefits needs. We're particularly interested in the role that innovative, new technologies and data management/ analytics will play in realising these ambitions.

We also expect a continued focus by all stakeholders and interested parties on key social and people management issues. 2017 saw subjects like gender equality and treatment hit the headlines in a major way, dramatically impacting many corporations in the process. The expectation is that such issues will only intensify in 2018.

'... a report by Aon found that 96% of employers see a direct link between an employee's health and their performance. The survey... showed that health and wellbeing is rising up the corporate agenda...'

For instance...

Willis Towers Watson's 2017 Global Benefits Attitudes Survey¹, published recently in November, concluded that "employee benefits matter more than ever". Based on more than 31,000 employee responses in 22 markets, the survey found that employees – particularly younger employees – want more benefit choices. It also found that employees are increasingly looking to their employers for support in improving their health and well-being, and becoming more financially secure.

The Willis Towers Watson report also concluded that, although companies are responding with programmes that support physical, emotional, financial and social well-being, employees are lukewarm about what they have seen so far. As a result, therefore, employers will likely boost engagement by designing programmes that leverage the workplace environment and, in particular, promote the use of new technologies.

Separately, a report by Aon², also published in November this year, found that 96% of employers see a direct link between an employee's health and their performance. The survey of 200 UK organisations showed that health and wellbeing is rising up the corporate agenda:



with **96%** of employers either agreeing or strongly agreeing that they are responsible for improving employee health behaviours



77% said they were looking to improve on their existing health and wellbeing programmes in the next 12 months



95% said they were concerned about the current and future issues of employee mental health.

We'll aim to address as many of these key, topical and relevant issues as we can in our Viewpoint series, as well as through our longer studies. We have already pinpointed some of the topics that we believe will be key for HR departments and captive and risk managers including:

- **Beating the January blues** – financial, mental, health related – how can employers help staff through what can be a difficult time of year?
- **Captives** – AXA will share more insights with us on Captives in DB Schemes with a focus on regional use.
- **Working practices** – do Multinationals help to raise employee benefits standards when they enter new markets?
- **Disability absence reporting** – how do organisations differ in their processes for recording and analysing information about employee absence?
- **GDPR** – how does this impact employers gathering data about employee health and wellness?
- **Migraines and other chronic conditions** – suffered regularly by 15/100 people but are the mental and physical health impacts of trying to work when regularly ill taken seriously by employers?
- **Spreading the word** – ensuring employees are aware of the employee benefits and choices available to them and recording the impact.
- **The rise of flexible benefits** – the importance of tailoring these benefits to each individual as supported by MetLife's EBTS reports.
- **Maternity and paternity cover** – how are requirements and expectations changing and what are employers doing about it?
- **Mental health** – are benefits programmes beginning to understand mental health better and how can employers improve their awareness?
- **'Sitting is the new smoking'** – or so they say but is a standing desk more beneficial if you do it all day – we'll try and draw some conclusions on the optimum working position.
- **Office environments** – what do people want from an office environment – is hot desking still 'hot'? Does the vending machine still reign supreme?
- **Cancer care cover** – do companies offer enough support in terms of flexible working? Is guidance readily available?

As always, we'll be discussing these issues and more and trying to find the best way forward. And, as always, your feedback will be vital in letting us know what you think and the topics you want to explore.

Each year we publish two whitepapers. Our first in June this year looked at the corporate benefits of frequent business travel vs the impacts on employee health... the report provided some fascinating but scary insights into the negative outcomes of overly frequent travel, but also provided some useful tips for companies whose staff are required to trot the globe! You can read more here.

Our most recent whitepaper studied the role that optimism plays in running a successful business. The paper, entitled *'Optimism: Tapping Its Positive Power'*, examined why developing a positive mental outlook among employees should be a central component of any corporate health and wellbeing strategy. Studies quoted in the paper highlighted that a happy and motivated workforce could improve employee productivity by as much as 12 per cent and that positive employee behaviours and attitudes can influence business outcomes. Moreover, employee satisfaction, behaviour and turnover can predict the following year's profitability and these aspects have an even stronger correlation with customer satisfaction.

As Mauro Dugulin, our CEO commented:

"Having a positive mental outlook is not only hugely beneficial for the individual, it has tangible organisational benefits for an employer. Reduced sickness absence, improved productivity and improved mental health are wins both for the employee and employer."



1 <https://www.willistowerswatson.com/en/insights/2017/11/2017-global-benefits-attitudes-survey>

2 <http://www.aon.com/unitedkingdom/employee-benefits/news/articles/aon-health-survey.jsp>

The MAXIS Global Benefits Network ("Network") is a network of locally licensed MAXIS member insurance companies ("Members") founded by AXA France Vie, Paris, France (AXA) and Metropolitan Life Insurance Company, New York, NY (MLIC). MAXIS GBN, registered with ORIAS under number 16000313, and with its registered office at 313, Terrasses de l'Arche - 92 727 Nanterre Cedex, France, is an insurance and reinsurance intermediary that promotes the Network. MAXIS GBN is jointly owned by affiliates of AXA and MLIC and does not issue policies or provide insurance; such activities are carried out by the Members. MAXIS GBN operates in the UK through UK establishment with its registered address at 1st Floor, The Monument Building, 11 Monument Street, London EC3R 8AF, Establishment Number BR018216 and in other European countries on a services basis. MAXIS GBN operates in the U.S. through MetLife Insurance Brokerage, Inc., with its address at 1095 Avenue of the Americas, NY, NY, 10036, a NY licensed insurance broker. MLIC is the only Member licensed to transact insurance business in NY. The other Members are not licensed or authorised to do business in NY and the policies and contracts they issue have not been approved by the NY Superintendent of Financial Services, are not protected by the NY state guaranty fund, and are not subject to all of the laws of NY.

