



# **2045: THE FUTURE OF WORK**

## THE CHANGING FACE OF EMPLOYEE BENEFITS

# The future of work and the changing face of employee benefits

## “Change is the only constant in life”<sup>1</sup>

Greek philosopher Heraclitus is widely credited to have coined the popular phrase back in 500BC, yet it’s probably more true in the year 2020 than ever before. Technology has revolutionised the way modern society functions, making it possible to be connected with almost anyone in the world within a matter of seconds, no matter where you are.

The low cost of new technologies has made them accessible to the masses, meaning almost anything you need is readily available at the touch of a button. And, of course, technology has not only impacted consumers. Businesses are constantly adapting to new technology, creating new products, adapting processes and innovating, either to be one step ahead of the competition or even simply to stay in business.

The World Economic Forum describes the era we are entering as the “Fourth Industrial Revolution”. It says this is a “new chapter in human development, enabled by extraordinary technology advances... These advances are merging the physical, digital and biological worlds in ways that create both huge promise and potential peril. The speed, breadth and depth of this revolution is forcing us to rethink how countries develop, how organisations create value and even what it means to be human.”<sup>2</sup>



## Some trends defining the Fourth Industrial Revolution<sup>3</sup>

- Billions of people connected by mobile devices, with unprecedented processing power, storage capacity and access to knowledge
- Artificial intelligence (AI)
- Robotics
- The Internet of Things (IoT)
- Autonomous vehicles
- 3-D printing
- Nanotechnology
- Biotechnology
- Quantum computing.

## The changing world of work

Technological advancements have already had a huge impact on the way individual employees work, and the incredible pace of change only looks set to continue.

If you look back to 1995, the world of work would be almost unrecognisable to an 18-year-old joining the workforce today. The internet was still in the early days of adoption, pagers and fax machines were essential for communication, floppy disks were still used for storage and good old-fashioned pen and paper was still a vital part of day to day business. Jobs for life and the traditional, office-based, “9-5” shift pattern dominated the world of work and the “gig economy” was an alien concept, with contract and seasonal work considered the only real examples of this in practice.

Fast forward to 2020 and some of the working practices of the 90s may seem alien even to those who lived and worked through the decade, with technology dominating the workplace through computers, email, cloud-based technologies and video conferencing. Flexible shift patterns and locations have become more prevalent as businesses look to offer employees the remote working options they crave. Not forgetting those who are giving up traditional full-time employment completely in favour of contracting and “gig” work.

“...some of the working practices of the 90s may seem alien even to those who lived and worked through the decade, with technology dominating the workplace through smartphones, email, cloud-based technologies and video conferencing.”

## The future of employee benefits

And the transformation has not stopped, with more change widely predicted. Yet the technology and trends that will have the biggest impacts on the world of work are hard to predict with any accuracy. These trends will be hugely important for HR, employee benefits (EB) and risk professionals, shaping both the employee benefits of the future and how they are delivered.

In this paper we will look at the trends we are seeing that could impact the way people and employee benefits packages work. To do this, we have created a fictional company, Autolec, in the year 2045, and have featured case studies of four employees who work there. In their own words, they share their experience in the world of work and how their employee benefits packages support their lives outside of it.

We will then explore these trends in more detail, featuring insights from industry experts, and looking at the innovations that will be needed to keep up with the pace of change.

### Why 2045?

Quite simply, a quarter of a century is ample time for technology to adapt and become embedded in society and for trends to turn into normality. All you need to do is look from 25 years in the past to today to see this.

Taking 1995 as an example, we can now see how it was a pivotal time. While there weren't huge technological breakthroughs in that year, companies began to take advantage of the technological trends that emerged in the early 1990s. Amazon.com was created, Microsoft launched Windows '95, match.com opened for business and the internet as we know it began to take shape, with Google arriving shortly afterwards in 1998.<sup>4</sup>

The trends we are beginning to see now could well become established as the new norm. Of course, others may just be a flash in the pan, just like the PalmPilot, one of 1995's biggest inventions!

## Introducing Autolec

I'm P, the Global Head of Employee Benefits at Autolec, based at our headquarters in Shanghai, China. We are a global automotive technology company that specialises in the design and manufacturing of autonomous electric vehicles. As well as being a strong consumer brand on our own, we are widely respected within the automotive industry and provide AI solutions and parts to multiple other autonomous vehicle manufacturers the world over. With 70% of car sales this year (2045) being autonomous vehicles,<sup>5</sup> it is hardly surprising Autolec is thriving.

It's great working for a truly global company, with employees based in 98 countries around the world, on every continent. We employ a large number of engineers, project managers, designers, robotics and AI specialists, as well as traditional functions such as sales, marketing, legal and finance.

Like most organisations in 2045, we have a large number of freelancers or "giggers", making up 65% of our global workforce. The senior management of the business agree that working with giggers allows them to be flexible with their recruitment budgets and they can hire the specialists they need at the time they need them. Plus, the people with the skills they need want to have the flexibility and variety that gig work provides them.

**Company name:** Autolec

**Headquarters:** Shanghai, China

**Locations:** Based in 98 countries worldwide

**Industry:** Automotive – specialising in designing and manufacturing electric, autonomous vehicles.



## Employee benefits at Autolec

As there's a global skills shortage for top engineering, technical and digital talent, we see employee benefits as the ideal way to attract the best talent in the market, whether they are full-time, permanent employees or giggers. Everyone who works with us has access to our benefits platform.

They get a set standard number of "crypto EB credits" to spend on a variety of insured benefits and perks to suit their lifestyle, selecting how to spend their benefits from a menu of options. Gig workers can have other employers contribute to the platform and all our employees can transfer contributions from previous employers they might not have spent yet. Benefits are truly portable nowadays.

Our workforce is so diverse and loves the flexibility of choice the platform gives them – many even choose to top up their credits with salary to get more benefits. We see this as an essential way to keep them happy, healthy and productive.

Lots of the insurance products remain similar to when I started my EB career in 2020, with medical, life and disability all options within the platform. Within the medical insurance, the scope for coverage is much wider and more tailored to the needs of individuals. Our employees have access to a variety of technology solutions that provide treatment for medical conditions that would not previously have been covered.

We use smart automation tools to help communicate our benefits, so everyone knows what they can choose. I particularly like the fact that everyone gets suggestions based on their profile and the automatic translation tool makes it really easy to show the value of benefits no matter the language our workers speak.



## T's story

Hey, I'm T.

I'm really tired today. My colleagues, well mates I suppose now, kept me up playing pool in the EPC (employee pod campus) last night. They do that a lot because they know I always want to win. It's cool though – I like my job and living here is the only way I can afford my own pod even though I've started work already and I'm only 26. And, I like the old games where you actually get to play real people – I reckon they're making a comeback.

The pods in the city are quality but way too overpriced as the company only subsidises the ones here at the main rural hub. Most of my mates are not even working yet so they don't have half the stuff I get with this job, even though I'm only an AI intern.

As well as the cheap one-person pod, I get financial advice and tech contents cover which is really important with all my stuff. I can also eat vegan and cheap on site and, by signing up to the healthy living programme, I earn extra EB credits which is what I use to cover my dog Loki's pet insurance.

I like our company, it's great for stuff likes sports and activities and living on site helps me save money so I can pay off some student loans – I've got loads of debt after a degree and a masters. I chose to work here mainly because they have loads of benefits but I do like my job too.

The most important thing though is that the company culture is great and everyone seems understanding when I tell them I'm planning to transition. I have to wait until I've been here two years, but then the insurance cover kicks in and I can do it. It'll change my life in the only way that really matters so I'm really lucky. And I can still stay up late and play pool!

**Initials:** T.S.R

**Gender:** Transgender

**Age:** 26

**Job title:** AI intern

**Location:** Outside of London

**Benefits paid for with EB credits:**

Private medical

Subsidised on-site pod housing, meals and sports facilities

Financial wellness support

Tech / contents insurance

Pet insurance paid for with extra credits from healthy living programme

**Benefits desired:**

Transgender insurance coverage after two years



## E's story

"Would you like to submit a suggestion for improvement?" "Plenty," I think as I stare at the virtual-assistant (or benefits bureaucrat as I like to think of it) on my screen. Fat chance of speaking to a real person, so I'm left to grapple with the AI engine which is trying to convince me, once again, not to have a child.

It shows me current air pollution, city growth trends and infrastructure algorithm. It highlights my hormone levels and estimated cell age. No luck. My uterus looks older than the date on my citizen-chip, plus it's not the right time to implant the eggs anyway because I live in a dirty suburb of Lagos which has by far outgrown its capacity.

I don't have time for this. Six months ago it was the same recommendation, but a different employer. I'm a highly valued Blockchain Solutions Analyst – or so they tell me – but I can only use my flexible benefits with services that align with my risk assessment. This company offer the latest options in virtual fertility clinics and pregnancy concierge services (there's even the little implant warning of potential genetic disorders, which is hard to beat) and the best mental health coach to help with fertility anxiety (I've had a demo with Mindy the Cat and was swept away – yes, it's a little freaky to share your worries with a talking cat, but what other virtual coach out there beats the relaxation of petting real fur?).

However, to access these services, I have to go through endless questionnaires about my personal life and I need to cheat their recommendation engine. I know our current project is almost finished but I've worked for this company, on and off, for almost five years... if they won't invest in my wellbeing, who will?

In the meantime, my eggs are withering away in a freezer somewhere, kindly sponsored by my previous employer. Worst of all, I've already made a... erhm... *small tweak* in my personal finance app... In other words, I've lied. I said that I'm pregnant. Wishful thinking! A red, menacing alarm flashed: "financially unviable - please add partner's

### FACTS

**Initials:** E.B.L.

**Gender:** Female

**Age:** 38

**Job title:** Blockchain Solutions Analyst

**Location:** Nigeria

### Benefits included:

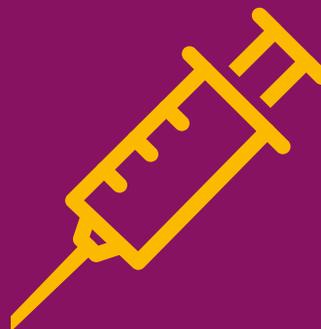
Life insurance

Private medical

Personal finance app

Virtual fertility clinic

Mental health coaching



name." Apparently, my salary won't be enough without sharing childcare with someone else. Despite that, the app automatically adjusted my top-up contributions for life insurance, medical coverage, pension and savings account. So now I don't even have money to travel to the company's office, and they ask me to come to Shanghai at least once a year. Stupid app! Perhaps I'll add my mum, or my friend Habib, as my "partner".

## S's story

Well what can I say? I cannot quite believe I am 53... my life has been somewhat challenging, but I wouldn't change it.

I didn't really start this career until I was 35 and I quickly learnt how to manage the variety of projects thrown at me. My career progressed in a short period of time – considering before engineering I had a few different jobs that worked around my childcare.

I sometimes wish I could manage my family life as efficiently as I manage my projects at work...

My eldest daughter – well step-daughter, but I consider her one of my own – is expecting her first baby very soon. She still lives at home with us so to be very honest I am slightly worried, not just because of my new role as a grandmother but also the financial impact this will have on our family. Of course, it goes without saying I am also bursting with excitement!

Having autonomy over how I manage my money helps. The financial wellness training on the app helps me manage my salary and means I can avoid taking out emergency loans. Having a flexible system where I can organise my salary and benefits is really important to help keep my family financially sound.

Thankfully this flexibility also extends to medical cover. My youngest daughter lives at home too and suffers from an autoimmune disorder, which many people don't understand. She depends on me completely and this chronic condition will affect her for the rest of her life. I do try my best to help her in every way I can but sometimes it can be very hard. She's my primary dependent on my medical plan so it feels like she gets the best treatment available – thankfully they can tailor her medicine to her genetic makeup, which I still find amazing!

As my parents get older they need me more than ever too, so I will probably look to add them to my medical plan. It might be worth me spending a few credits on the concierge service to help sort their weekly shop for them as well.

**Initials:** S.J.P

**Gender:** Female

**Age:** 53

**Job title:** Engineering Project Manager

**Location:** Japan

**Benefits included:**

Pension

Life and medical insurance

Financial planning support

Mental health coverage

**Benefits desired:**

Concierge services



All of this can take its toll. I suffer from severe anxiety and stress, which can affect my work and home life and my ability to cope. I have basic cover with work which gives me access to virtual talk therapies and a few different mental health apps that help me understand my triggers and be more resilient.

I am honestly so grateful for my benefits as there's no way I would be able to afford all of this on my salary and wouldn't know where to start looking for some of the tools they have recommended. Some more advice to help me better manage my flexible credits to get all the support I need would be great, especially with my grandchild on the way.

## D's story

You know when people ask you if you want the good news or the bad news first? Yes, I've had exactly one of those situations this morning.

I'm normally a "glass half full" kind of guy, so I will share the good first. My annual blood tests and check-up results came back from my GP (who I haven't seen in person for a while!) and the latest "age calculator" estimates I will now live to 104. Another 30 years... not bad given I got diagnosed with prediabetes about 10 years ago and my back has hurt for as long as I can remember... The marvels of modern medicine, hey! A few extra years with the grandkids!

On a less positive note, I've plugged my new age projections into my pension calculator and it now tells me I will need to save for another two years before being able to retire. It might sound like one of those old 1980s cop movies from my childhood, but "I was so close to retirement, man".

I've tried to mess around with my pension contributions on my EB app, add a few more credits, sacrifice a bit more salary, cut all those silly "sports credits" the kids living in the pods use, but no luck. I'm going to keep persevering though – there's so many different options on this platform that I must be able to find some way of moving things around. Maybe I will chat to our HR Director. We used to talk about retirement plans all the time, but neither of us go to the office any more – got to claim the extra "green credits" for avoiding commuting!

### FACTS

**Initials:** D.C.M

**Gender:** Male

**Age:** 74

**Job title:** Senior Sales Executive

**Location:** Wisconsin, USA

**Benefits included:**

Life, medical, pension, financial wellness



I do miss the buzz of the sales floor in the 1990s and 2000s, with the hum of phones ringing, client calls and the thrill of making a big sale. I don't know if it's just because I'm checked out, waiting for the day I can 'hang up my cleats', but I definitely don't get the same satisfaction from the job anymore. I've been working for 50 years – the last 15 here at Autolec – and just when I thought it was done, two more years to go! Got to keep going though, the loyalty scheme for being a full-time employee means I get a couple of bonus credits. Every penny counts now!

"522 work days to go" according to my screen... this age predictor'd better be right.

# The trends defining the future of work and employee benefits

Obviously nobody knows exactly what the future of work is going to look like. But what we can do is make educated guesses based on the trends we are seeing in the world of employment and first-hand experience shared by our multinational clients, local insurers and leading consultants.

Our fictional 2045 workplace, Autolec, and the experience of its four employees, is built on some of these key trends and imagines what employee benefits could look like in the future. In the second half of this paper, we will look in more depth at some of these trends and why they will play an important role in the future of employee benefits and the world of work.

“Obviously nobody knows exactly what the future of work is going to look like... but what we can do is make educated guesses based on the trends we are seeing...”

## 1. A flexible future – how and where we work

We couldn't talk about the future of work without mentioning the growing trend towards flexible working.

Two changes have enabled and intensified this trend. On one hand, new technologies like ultra-fast internet and video conferencing make it possible and easier to work from remote locations. What wasn't an option twenty years ago, now is. On the other hand, more than half of the world's population now live in urban areas.<sup>6</sup> The UN estimates that 2007 was the year when the balance tipped from rural areas into cities and this fantastical growth of mega-cities around the world puts great pressure on housing and transport infrastructure. Enter flexible and remote working, which can address this wider societal challenge.

The global political and regulatory environment and data privacy concerns will have an impact on when and how quickly these innovations develop. Global EB networks will be well positioned to share best practice and innovations on a global basis – of course dependent on local regulation.

But it's not just about external factors and constraints. Many workers intrinsically desire flexible working, wanting patterns that allow them to work the hours that best suit them and in a location that fits their lifestyle. A 2019 survey found that 99% of respondents said they would like to work remotely at least some time for the rest of their career. 40% said that the biggest draw of remote work was the flexibility of schedule, while 30% said that working from any location was the biggest benefit.<sup>7</sup>

While remote and flexible working isn't an employee benefit in the traditional sense, with the growing demand for flexible schedules and location, multinational employers need to cater for the needs and wants of the future workforce when planning their benefits and work environment. The trend could also see productivity boosts and cost savings on office spaces.<sup>8</sup>

In our future workplace, Autolec has reimaged how and where their employees work, with 'E' based remotely in Lagos, Nigeria, and 'D' working from home in Wisconsin, USA. 'T' also tells us about an employee campus – employer sponsored housing where an employee can live affordably, using EB credits to help supplement accommodation expenses.

“Many workers intrinsically desire flexible working, wanting patterns that allow them to work the hours that best suit them and in a location that fits their lifestyle.”

The employee campus is an example of a 'lifestyle benefit' of the future. Lifestyle benefits – where the employee can use salary sacrifice or benefits allowances to finance an employee benefit that suits their lifestyle – are an example of another way employers can support their people.

These typically include childcare vouchers, cycle to work schemes and discounted gym memberships but the scope for these could grow as employee needs and wants change. They could include different insured benefits like contents, technology and pet insurance – as 'T' mentions.

## The growing gig economy

One of the natural consequences of this demand for increased flexibility for employees is the development of the “gig economy”. In the last decade, increasing numbers of people have moved away from traditional, full-time employment to undertake short-term contracts or ‘gigs’ as their main source of income.

### Defining the gig economy

Gig economy workers are often considered to be those specifically engaged in online platform-based work (Freelancer, TaskRabbit, Upwork), but the term can be used to refer to all independent workers whether contracted through an online platform or more traditional channels.<sup>9</sup>

We also use the term “gig economy” to include the “sharing economy” and online marketplaces, workers who make money off selling, renting or sharing assets, such as homes, vehicles or other goods (Uber, AirBnB, eBay).

The growth of gig working in many countries is undeniable. According to a Gallup survey, 36% of US workers are now in the gig economy – equating to about 57 million people.<sup>10</sup> And those workers generate big business. A 2019 Mastercard whitepaper found that the global gig economy currently generates US\$204bn in gross volume and gig economy transactions are projected to grow by a 17% compound annual growth rate, reaching total volume of around US\$455bn by 2023.<sup>11</sup>

### Why are workers turning to the gig economy?

- There are plenty of opportunities – 72% of freelancers surveyed have the amount of work (or more work) that they want and 92% expect opportunities will increase.<sup>12</sup>
- Technology makes it easier to find these opportunities – one third of independent workers use social media and online talent marketplaces to find work.<sup>13</sup>
- Over half of gig workers are satisfied with their experience and like the independence and flexibility it provides.<sup>14</sup>



## The challenge of delivering benefits for the gig economy

Mattieu Rouot, Vice President Employee Benefits at AXA, says that catering for the gig economy is one of the key challenges facing employers of the future. “With the evolving contractual relationship between employers and workers, multinationals will need to offer attractive, compliant benefits to stand out from competitors when looking to attract the best freelance talent.”<sup>15</sup>

With all the signs suggesting that the trend of gig working and freelancing is here to stay, multinational employers are faced with the challenge of attracting quality employees.

As gig and freelance workers are traditionally not considered employees, they are not always included in employee benefits plans. A 2019 study found that only 30% of gig workers said they had insurance to cover their independent work, while 89% of uninsured respondents said they were unaware of insurance policies that would cover the unique risks incurred through their work.<sup>9</sup>

Of course, it is in the best interest of employers to have everyone who works for them – whether they are permanent or gig workers – happy, healthy and productive. As the gig economy continues to grow and play a larger role in everyday life, providing insurance benefits for this group will be critical. In many countries the regulatory framework may also need to change, so employers are allowed to offer these benefits to independent gig workers.

## How can employers cater to gig workers?

And so, while it may not be commonplace yet, some large companies are beginning to provide insured benefits to gig workers.

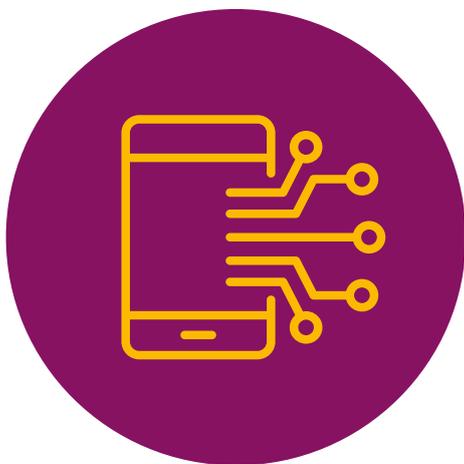
- Survey Monkey provides medical, dental and vision plans, covering 85% of employee premium and 50% of dependent premium, as well as transport subsidies and extended vacation, sick leave, parental leave and more, to their gig workers.<sup>16</sup>
- Uber has partnered with AXA to provide insurance to protect eligible drivers in the UK and France.<sup>17</sup>
- Etsy gives its sellers access to Stride Health in the US to give them access to affordable health insurance. While this isn't funded by Etsy, it is providing valuable financial education to sellers.<sup>18</sup>

“With the evolving contractual relationship between employers and workers, multinationals will need to offer attractive, compliant benefits to stand out from competitors when looking to attract the best freelance talent.”

As we have imagined in our future scenario at Autolec, one way gig workers could access benefits in the future is via a platform that allows multiple employers to offer benefits to the same employee, via credits or standard payments.

This “portable benefits” model is one that is being widely talked about and is by no means a new discussion. In 2016 The Aspen Institute outlined the need for a “shared safety net” to protect workers who choose the additional flexibility of gig work. It noted that this system should be:

- portable – not tied to any one employer
- pro-rated – employer contributions are defined by how much the employee works
- universal – available for all workers to access the critical benefits they need.<sup>19</sup>



## The role of digital platforms

Delivering these portable solutions isn't going to be the responsibility of any single employer. Insurance providers, benefits consultants and brokers could work in collaboration to create a system that helps deliver these benefits to gig workers. There are plenty of regulatory and compliance challenges that will need to be tackled in order to provide universal, portable benefits portals. Yet, given the growing gig economy, there is likely to be a huge market for such a platform.

Online benefits platforms – cloud-based systems that bring all benefits into one place, offering employees the choice to tailor their programme to their individual needs, are the major growth area in EB delivery. Chris Bruce, Managing Director and Co-founder of Thomsons Online Benefits, says these systems are vital for multinationals looking to give choice to their employees. “An online benefits platform is the only way to provide employees with the truly personalised benefits experience they now demand. By using an online system, employers can provide their people with flexible allowances to spend as they wish on specific areas aligned to their strategic people goals, for example wellness or personal development.”<sup>20</sup>

The capability to ‘build your own’ benefits in these systems is crucial both now and in the future. In our case studies, all four of our employees talk about managing their benefits via their online platform. They spend their flexible benefits credits on both traditional insured and lifestyle benefits, topping up with their own salary to get the benefits they desire and fit their needs.

“Speed and efficiency is key in this market... ultimately, the gig economy is a great opportunity for innovators to supply flexible services for workers and the platforms behind them.”

**Russell Corbould-Warren, Head of Insurance, EMEA, Uber<sup>21</sup>**

## 2. The future of healthcare – and how medical benefits might need to evolve

Just like workforce trends, the future of healthcare is something that is widely talked about in the press, whitepapers and journals the world over. Bill Gates, Microsoft founder and Co-Chair of the Bill and Melinda Gates Foundation, made an interesting prediction in 2019. He said, “Within two decades, I believe every country on earth will be able to focus on not just keeping you alive but healthy and well... The shift from longevity to wellness doesn’t just change how we approach healthcare, it unlocks all sorts of amazing opportunities for people and societies to thrive.”<sup>22</sup>

The agenda for wellness isn’t something that’s limited to countries and public institutions. Multinational employers know well enough the productivity benefits – and potential savings on medical costs – from keeping their workforce happy and healthy, as medical costs continue to rise globally.<sup>23</sup> Multinational employers are faced with the challenge of tackling these rising costs while providing coverage for the demands of the employee of the future. They must also consider and attempt to mitigate for currently unknown scenarios such as pandemics and the potential costs of new super drugs.

“Multinational employers need a concerted and dedicated approach to health and wellness programmes that looks to increase engagement, give more control to employees and reduce long-term costs.”

**Mauro Dugulin, CEO MAXIS GBN**

### The potential of personalised medicine

One area of healthcare that has great potential is personalised medicine – tailoring medical treatment and drugs to the genetic makeup of the person receiving the treatment.<sup>24</sup> There are already more than 250 drugs on the market enabling personalisation and the industry only looks set to continue growing.<sup>25</sup>

In her story, ‘S’ talks about her medical coverage giving her daughter access to personalised medical treatments to help manage her illness.

This personalised approach can also be used in prevention, tackling underlying issues which may affect diseases like obesity, asthma, allergies and autoimmune disorders. Imagine, for example, being able to create probiotic pills with ideal combinations of bacteria tailored to individuals and their specific gut makeup.



With the growing prevalence of personalised and precision medicine, it's worth considering what the impact of this will be for the cost of healthcare and to multinationals providing healthcare for employees. A paper by the International Actuarial Association commented on the potential impact on medical insurance costs.

“As medication will be designed and prescribed for particular genetic profiles, it is likely that the cost of treatment per patient will increase. Cheaper generic alternatives may no longer be indicated for people with particular genetic profiles. Further imperfect genomics processes may lead to erroneous results, resulting in medical malpractice with the unintended consequence of higher costs. This has clear consequences for indemnity health insurance and social or national health insurance.

“On the other hand, because there will be less ‘trial and error’ in prescription, and because patients are likely to recover at a higher rate, or have better health outcomes, the cost savings inherent in this may well offset the potentially higher cost of treatment.”<sup>24</sup>



Personalised medicine could have a profound impact on the general health of employees, helping with absenteeism rates and improving productivity – not forgetting the peace of mind for employees, knowing they and their dependents are receiving treatment tailored to them. Multinationals looking to attract the best talent may need to offer this personalised approach, but still need to consider the cost implications.

“Simply put, I think the future of healthcare will be all about the 3 Ps – preventative, personalised and precise.”<sup>26</sup>

**Dr Leena Johns, Head of Health & Wellness,  
MAXIS GBN**

## Widening the scope of medical coverage – transgender, fertility, mental health

And it's not just about personalised medicine. As 'T', 'S' and 'E' said in their stories, they all have specific coverages they want and need from their insurance. One-size-fits-all medical coverage will surely no longer be fit for purpose in 2045.

'T' talked about joining Autolec due to the transgender insurance benefits. In the last decade, the increase of people choosing to transition has increased nearly fourfold and the "Sex Reassignment Surgery Market will exceed US\$968 million by 2024" in the US.<sup>27</sup> With LGBTQ+ rights improving in most societies and the growing demand for gender reassignment, more multinationals will need to consider making transgender insurance benefits available in the future.

Another area worth considering when looking at widening the scope of medical coverage is fertility. According to research by MAXIS GBN in 2019, 56% of employees surveyed believe that fertility treatments should be wholly or partially funded by an employer,<sup>28</sup> yet only 5% of large US employers are currently offering fertility treatments in their employee benefits programmes.<sup>29</sup>

In our case study, 'E' talks about her previous employer offering egg freezing and Autolec providing access to a virtual IVF clinic and pregnancy concierge. Virtual fertility treatments already exist today, with companies like Apricity offering a virtual clinic to help manage these treatments. Apps and new technology mean users can manage part of their treatment remotely, lessening the impact on their work and home life.



Technology is also likely to play a bigger role in the future treatment of mental health too. One example we are seeing today is from Oxford VR. It has designed a virtual reality (VR) programme that can be used to treat a variety of mental health problems including anxiety and some phobias. So far their results have been very promising, as MAXIS GBN network member AXA Hong Kong attests.

**“56% of employees surveyed believe that fertility treatments should be wholly or partially funded by an employer, yet only 5% of large US employers are currently offering fertility treatments in their employee benefits programmes.”**

Given the alarming statistics around mental health, it is hardly surprising treatment will be a growing priority for multinationals. A study from The World Health Organization (WHO) suggested that by 2030 depression will be the world's most widespread disease.<sup>30</sup> It makes economic sense for employers to provide tools and treatments to help employees become more resilient. The WHO says “every US\$1 invested in scaling up treatment for depression and anxiety leads to a return of US\$4 in better health and ability to work... Failure to act is costly... low levels of recognition and access to care for depression and another common mental disorder, anxiety, result in a global economic loss of a trillion US dollars every year.”<sup>31</sup>

With greater understanding of the signs and effects of poor mental health, it's going to be critical for the employer of the future to invest in prevention and treatment. Technology should help make talk therapies, medication and other tools more accessible for all.

“In 2045, insurance companies will not only provide technology for mental health issues to companies, moreover, they will provide best practice advice to organisations to help them with good leadership, improve management skills and even select the right managers so that productivity increases, without effects on the mental health status of their employees”

**Jeroen Kemperman, Strategy and Business Development Director, Zilveren Kruis – the health insurance arm of MAXIS GBN member insurer in The Netherlands, Achmea.**



## The impact of new healthcare technology

We have commented on a few specific cases here, but the overall impact that technology can have on the future of healthcare is profound. It has been estimated that US\$150 billion of global healthcare costs can be reduced through the implementation of AI and machine learning.<sup>32</sup> This could allow huge strides to be made, empowering patients and improving detection and diagnostics – in January 2020 Google announced the impressive results of its AI programme that improved breast cancer detection.<sup>33</sup> Every improvement to medical technology that improves health and reduces cost is ultimately of benefit to multinationals and their bottom lines.

Also, as life-expectancy increases, employees are going to face the challenge of caring for their elderly relatives alongside their children and managing their careers. Technology could also play a role in long-term care.

According to a study by AXA, “Many new technologies provide day-to-day assistance to dependent people. Robotics and smart homes can facilitate their daily lives. Other applications can assess a dependent person’s health remotely and adjust the treatment they are receiving.

“However, it would be preferable to think about prevention strategies in addressing the issue of long-term care. New technologies are a particularly useful tool for encouraging people to adopt healthier lifestyles.”<sup>34</sup>

### 3. Insurtech innovations shaping the future of EB

Whatever the industry, it is tough to ignore the impact that technology and innovative new solutions will have on future business models. Employee benefits is no different. While the insurance industry may be evolving a little slower than say retail or banking, the world of insurtech is definitely growing and changing, looking to provide customers and insurers with better products and processes.

AI, blockchain and machine learning are all technologies worth exploring, automating manual processes, speeding up data analytics, streamlining employee benefits communication and improving services offered by insurers.

#### The potential of blockchain

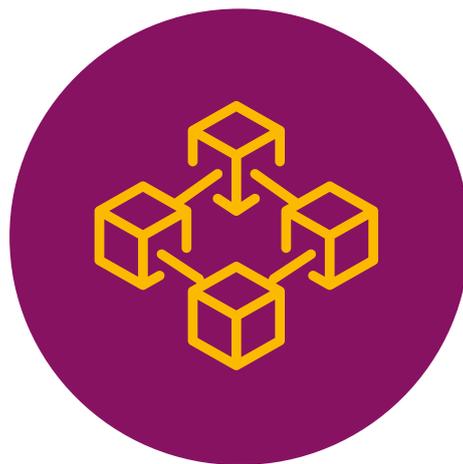
One of the most exciting areas of innovation is blockchain. Distributed ledger technologies (DLTs) are already being used in some parts of the insurance sector, such as the Insurwave product created for Maersk by EY, AXA XL and Guardtime among other partners, using a blockchain platform to support marine insurance. The platform supports more than 500,000 automated ledger transactions and helps manage risk for more than 1,000 commercial vessels.<sup>35</sup>

While there aren't many examples of blockchain in action for employee benefits, there are a number of proof-of-concepts and pilots appearing. For example, MetLife's innovation centre in Singapore, LumenLab, tested the use case of offering insurance for gestational diabetes to pregnant women, using blockchain and bypassing the need to make a claim. The proof-of-concept connects to the patient's electronic medical records. Once diagnosed with gestational diabetes, an automatic payout is triggered.<sup>36</sup>

"In today's world, people expect experiences to be simple, automated, and digital. We saw an opportunity to test how blockchain can make insurance more seamless and we've partnered with some of the best companies in their fields to create a blueprint to launch new parametric insurance products in the future," Zia Zaman, MetLife's Chief Innovation Officer in Asia and Chief Executive Officer of LumenLab.<sup>36</sup>

#### What is parametric insurance?

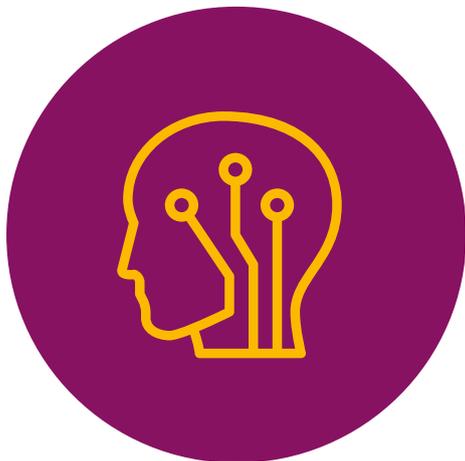
More commonly used in property and casualty (P&C), parametric insurance is when insurance payouts are automatically triggered by an event exceeding an index level. An example of this could be natural catastrophes like earthquakes – if an earthquake exceeds 4 on the Richter Scale, a payout is triggered. Blockchain, offering a trusted system across different partners, could enable many more insurance products and solutions using this parametric concept.<sup>37</sup>



Given that blockchain and other DLTs have started to show practical functionality, the potential for their use in the EB industry more widely is being discussed.

Despite being both developed and operating in the background – unseen by end-users – it's predicted that blockchain will have a highly significant and positive role for employees with insurance products, reducing the stress of completing claims forms and the time spent waiting for payouts. Multinational employers and EB professionals will also have access to far more powerful insights and greater accuracy in calculating return on investment. In addition, the parametric insurance model could streamline the underwriting and claims process – potentially reducing the cost for the employer.

**“We’re seeing some really exciting Insurtech developments which will revolutionise the whole administrative and contractual process, with much quicker implementation and settlement times.”**



## The impact of AI and automation

AI, machine learning and automation are undoubtedly going to change not only what jobs are available, but also how we work. They have the potential to play a role in the insurance industry and employee benefits, too.

In the article “Insurance 2030 – The impact of AI on the future of insurance”, the consultancy firm McKinsey & Co talks about the potential of AI to change the insurance industry.

“Artificial intelligence (AI) has the potential to live up to its promise of mimicking the perception, reasoning, learning, and problem solving of the human mind... in this evolution, insurance will shift from its current state of ‘detect and repair’ to ‘predict and prevent’, transforming every aspect of the industry in the process.”<sup>38</sup>

The “predict and prevent” model is a theme that runs throughout our report – from precision medicine to AI advisors that make EB recommendations to employees.

In our case studies, the Autolec employees talk about AI working within their employee benefits tools, making suggestions based on their preferences, and connecting to data from other devices and sources. This concept is now normal in the retail industry, with websites using cookies to capture data and make recommendations based on what you view.

Helga Viegas, Director of Digital & Innovation, MAXIS GBN says, “We’re seeing some really exciting Insurtech developments which will revolutionise the whole administrative and contractual process, with much quicker implementation and settlement times. It’s likely that insurance products will become invisible to the consumer, simply embedded in our day-to-day lives.”

#### 4. The changing role of employers

As multinationals are aware, their people are the most crucial asset, so investing in keeping them happy, healthy and motivated is vital for the success of their business. And, despite automation looking set to play a larger role in the future of work, we don't see this changing.

Most employers provide financial security through salaries, employee benefits and pension contributions. But given shifting trends towards less state and government support in some countries, might employers have to play a wider role in society and the lives of their employees?

Awareness, education and prevention are things that employers can offer with relative ease and that make a big impact – for both the employee and the performance of the business. As many of the most-costly medical conditions facing employees are down to poor lifestyle, awareness and prevention programmes could help see improvements in the health of employees.

Another area of interest now and in the future is financial wellness. In 2019, MetLife's Employee Benefit Trends Study singled out financial wellness as a key issue for employers. It found that "one in three employees admit to being less productive at work because of their financial stress" – which is a significant issue that can lead to absenteeism and a high turnover of staff.<sup>39</sup>



Supporting employees with financial wellness programmes could be an important trend to tackle in the future too. The MetLife survey also found that 80% of employees want access to financial planning workshops or financial wellness tools, while only 20% of employers offer those programmes currently. 68% of millennials (those born between 1981 and 1996) and 66% of Generation Z (born between 1997 and 2012) surveyed believe that employers have a responsibility for their financial wellbeing. Given these will be the dominant generations in the workforce of the next 25 years, it is important for multinationals to consider financial wellness programmes. In our case studies, 'S', 'T' and 'D' talk about their financial wellness programmes that are helping them manage their short-term and long-term savings goals.

"Savvy employers are realising that a financial wellness solution isn't just a nice to have, it is a must have for the future. Employers looking to build a best-in-class financial wellness programme need to gather and assess employee data, provide a personalised approach, make it easy for their employees to participate, engage and measure the impact of their programme."

**James Reid, Executive Vice President, Global Employee Benefits at MetLife.**

## Conclusion – creating benefits programmes fit for the future

At our event in London in November 2019, we asked “what’s the most important thing to consider when considering employee benefits and the future of work?” John Whitaker, Benefits Director at Workday, replied “The one-size-fits all model will need to change... flexibility and choice will be key for all.”<sup>40</sup>

And as the gig economy continues to grow, working patterns become more flexible and employees become accustomed to having choice in every element of their lives, greater personalisation of their benefits will undoubtedly be an important factor for the future. According to MetLife’s 2019 Employee Benefits Trends Study, having access to customised benefits is one of the top five factors that affects happiness in the workplace.<sup>41</sup>

Whether via wider healthcare coverage, easy and intuitive systems or new and innovative lifestyle benefits, providing the best EB packages could be vital for employers to continue to attract the talent they need.

And that won’t be particularly easy. Multinationals face the significant challenge of managing costs, while offering more flexible benefits. Historically, the economies of scale of one-size-fits-all plans have been assumed to save on overall costs, but as we move into a world of flexible and personalised plans, multinationals and benefits providers will have to deliver against this or risk being left behind.

The impact technology will have on medical costs is unclear, as precise medicine could be more costly upfront yet improve effectiveness and costs in the long term. Apps, video and new technologies such as VR and AI could also help reduce the need for expensive consultations and make treatments more accessible. The need to shift from treatment to education and prevention is a recurrent theme. Employers need to invest in prevention and demand more solutions in this space from their benefit providers and other partners.

With employees working remotely around the world and taking advantage of the benefits of the gig economy, employers will face the challenge of catering for this mobile workforce, ensuring their employee benefits are relevant, available and compliant within each market. The regulatory landscape is hard to predict, but the accessibility of mobile technologies globally means employees in most countries can have access to the same or equivalent benefits, assuming local regulations allow.

Whatever the future holds, it is clear that a package of additional benefits on top of pay will continue to play a vital role in attracting, retaining and protecting the workers of the future – no matter where or how they work. For multinationals and EB professionals, now is the time to start preparing for the future.

“With employees working remotely around the world and taking advantage of the benefits of the gig economy, employers will face the challenge of catering for this mobile workforce, ensuring their employee benefits are relevant, available and compliant within each market.”



### **The MAXIS Data & Digital Innovation Lab**

The MAXIS Data & Digital Innovation Lab is an innovation programme delivering digital and data services to multinational employers and exploring new solutions for the future of work.

We work on innovative tools and dashboards for employee benefits professionals, host and participate in regular events and hackathons with industry experts around the world, speak to ground breaking insurtech start-ups uncovering the latest trends and concepts, and develop new proofs-of-concepts exploring the latest technologies.



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