

# FINAL WORD



David Schupak from MAXIS Global Benefits Network talks about Covid-19 and the impact it is having on the employee benefits sector

**Captive Review (CR):** With the pressure on the employee benefits sector with Covid-19, what are you seeing in the market?

**David Schupak (DS):** Understandably, employers everywhere are looking to give the best quality of care to their employees during the Covid-19 pandemic. Multinationals that run global employee benefits programmes through a captive, pooling solution or global risk/underwriting solution, are most interested in understanding the local market terms and conditions where their employees are based so they can understand what coverage they have locally, should they or a dependent need treatment for Covid-19 related symptoms.

**CR:** How is it impacting the captive sector? Are they faring better than the 'mainstream' employee benefits market?

**DS:** The main difference between captives and other global employee benefits programmes during the Covid-19 pandemic is that captives are the ultimate risk bearer. This gives captives the control to remove any exclusions that might sit within the local policy terms and conditions.

As the risk bearer, captives may see an increase in the number of claims they are paying out, as more of their workforce could require medical treatment. But on the other hand, the steps being taken globally to limit the spread of Covid-19 may see a reduction in non-essential medical treatment such as optical, dental, elective procedures and so on. And in respect of mortality risks, the limited statistics which are currently available suggest the working population is not as heavily impacted as the

general population. It's too early to tell yet, but Covid-19 could have an impact on the underwriting profit of the captive.

**CR:** Some employee benefits experts are saying this may lead to an increased interest in putting employee benefits into captives, what do you think of that?

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**DS:** According to lots of the global brokers, the appetite to add employee benefits to a captive has been a growing trend – and we have certainly seen that in our client base too. Captives certainly give multinationals more control in times of uncertainty, such as the Covid-19 pandemic.

We believe that captives are the most effective and efficient way for multinationals to deliver global employee benefits, but it isn't something that comes together overnight, it needs the multinational to be centralised, have good collaboration between HR, finance and risk management and have a long-term employee benefits strategy.

**CR:** What are the main concerns in the employee benefits industry at the moment? What are clients asking?

**DS:** The role of an EB network, like MAXIS, is really to facilitate the relationship between our local network partners and our multinational clients. Our clients want to fully understand local market terms and conditions and local market practice, so they understand the situation

everywhere. Likewise, our local network partners are looking to understand the positions of our captive clients, whether they are looking to remove all exclusions, or make no changes to local policy terms and conditions or take the approach on a country-by-country basis. 

