

It makes sense to include employee benefits within a global programme and ideally via a captive. This concept is catching on within Europe's leading companies, but clearly resistance from local management and HR still needs to be overcome

Partnership with HR key to including benefits in global programme

◆ MAXIS GBN

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DEMAND FOR INCLUDING EMPLOYEE benefits within global programmes, ideally using a captive, continues to grow, according to Nicola Fordham, director of underwriting at MAXIS GBN, the EB network joint venture of MetLife and AXA. Companies are waking up to the benefits of a centrally managed approach to what has traditionally been carried out by local human resources managers, she said.

Rising interest in this centrally managed approach, and the efficiencies it offers, is good news for risk and insurance managers because it gives them further opportunity to prove their value, Ms Fordham told *Commercial Risk Europe* in a recent interview.

But risk managers and the specialist employee benefits insurance market that supports them, still have plenty of work to do. They need to convince HR managers and their colleagues of the benefits of this approach.

"We have definitely seen a rise in interest among companies in the advantages offered by working with a global benefits network and bringing employee benefits into the captive and global programmes," said Ms Fordham.

EYE ON COST

"Cost containment remains very important for all companies and return on investment is high on the radar. Companies and, importantly, a rising number of HR managers, are beginning to understand that by working with their risk and insurance management colleagues, significant savings can be made through a centralised approach to procuring and managing benefits along with traditional P&C risks," she continued.

But barriers still exist that need to be overcome by both risk managers and the companies that support them, such as MAXIS GBN, conceded Ms Fordham.

"Ideally, the employee benefits will be included within the global programme via the captive. This enables the risk and insurance manager to gather and analyse all the data, identify trends and ultimately secure better terms with the insurance market, and at the same time, deliver a better and more consistent service to employees. It's a win-win. But taking the plunge into a captive is a big step. We are currently talking to a number of companies that want to get there, but it can take up to five years," she continued.

"Traditionally, a company will start a global programme as a pool and then transition towards the captive, but this centralisation process can take a lot of time. You need to convince all the parties involved across the business of the benefits of a global programme and show that it is the way forward. This continues to be a challenge for some clients," said Ms Fordham.

The main barrier is, as ever, communication, she explained. "You have to be very clear about what you are trying to achieve as a risk and insurance manager. The programme can fall down when there is not regular and consistent communication. There needs to be a follow-up to bring the programme together and ensure that everyone is involved that needs to be involved," said Ms Fordham.

As with the internal sale of traditional P&C cross-border insurance programmes, two big barriers are language and culture. To help overcome these barriers, risk managers and EB networks such as MAXIS GBN need to ensure that programmes are adaptable and their benefits obvious to local managers. Effective communication, again, is key.

"HR's traditional role is to help manage the workforce, not to buy insurance. We want to lessen the burden of insurance procurement for HR so that they can focus on what they are trained for. Sometimes this is made that much more difficult because the local HR manager has a long and positive relationship with their local broker and insurer, especially if claims have been dealt with well in the past," explained Ms Fordham.

To help overcome local resistance, risk managers need to work with carriers offering a genuinely international network of partners. But this is a challenge for today's insurance companies as they struggle to deliver decent returns in a stubbornly competitive global market.

Many of the leading international insurers have recently adopted a strategy of divesting local operations to control costs. But to compensate for this, insurers are entering network agreements with previously owned companies, other local firms, brokers and broking networks.

Ms Fordham said MAXIS GBN was built to deliver a level of consistent service in the employee benefits market to a standard that few others can hope to match.

She explained that the company was co-founded by MetLife and AXA in 1998. It has a network of almost 140 insurance companies in more than 120 markets and now works with some 750 multinational companies.

Importantly, more than 60% of the group's local member insurers are owned by MetLife or AXA. "This covers over 80% of total premium, a significantly higher share than any other global benefits network," pointed out Ms Fordham.

NETWORK GROWTH

And this network continues to grow in emerging markets where customers are investing. Most recently in Egypt.

The company announced last month that AXA Egypt had become the latest local insurer to join the network. It is the second MAXIS partner in the country, alongside MetLife Egypt.

AXA Egypt was established in 2015 and operates as a multiline insurance group across general insurance, life and protection insurance, and health insurance plans. After a record three-year period, the insurer is now ranked fourth in terms of market share with almost one million customers, more than 650 employees and

working with 2,500-plus providers in Egypt.

Ayman Kandeel, CEO of AXA Egypt, summed up the benefits of being part of an international network at a time of rising demand for employee benefits. "We are delighted to join the MAXIS network and see this milestone as further validation of our successful development. It reinforces our commitment to using data-led analytics and technology to deliver customer-centric solutions, resulting in both better plans and coverage," he said.

Mr Kandeel's mention of the magic word "analytics" is significant. As well as delivering traditional global programmes benefits – cost savings, consistency and compliance – the centralised approach offers big benefits when it comes to data gathering and analysis.

"We saw a lot more interest among captive clients in the data that can be gathered and used, during negotiations with underwriters in the third and fourth quarters of last year as they prepared for renewals," explained Ms Fordham.

But interest in analytics is not just based on risk transfer and cost savings. MAXIS GBN is finding fast-rising demand among customers to use data to help provide the best possible service to employees and help manage risks before transfer is even considered.

At the start of last year, for example, the company launched MAXIS Global Wellness. This is a suite of products powered by more than four years of global health data analytics, across almost 40 countries. It provides multinationals with the tools and data required to understand their healthcare cost drivers across multiple jurisdictions, explained Ms Fordham.

WELLNESS FOCUS

In 2018, MAXIS Global Wellness commissioned research among more than 200 employee benefits managers worldwide. It revealed that monitoring employee wellness is a major concern for 70% of multinationals. Ms Fordham explained that an increase in mental health claims is a problem and was identified by 63% of multinationals, despite still being seen as taboo in many markets.

She explained that, with worldwide medical inflation running at 8.4%, global employers are looking for comprehensive ways to manage their costs down through data, education and prevention, while at the same time delivering competitive employee benefits programmes to employees.

MAXIS Global Wellness was designed to try and answer these needs by providing a suite of products and services to help reduce costs, providing efficient wellness programmes that better address current deficiencies in healthcare provision in certain markets.

"MAXIS Global Wellness is all about helping companies understand their healthcare data, giving them access to health and wellness programmes to help address negative trends, and providing tools that help companies engage their employees need," said Ms Fordham.

"Benefits need to be flexible with the new generation of workers in the 'gig' economy and benefits need to be appropriate. There can't be a 'one-size-fits-all' approach anymore. Centralising the whole benefits process and using a captive and a global programme can be a really significant help," she concluded.



Nicola Fordham