

BUSINESS INSURANCE

Global Employee Benefit Programs:
Are They Still Worth It?

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#WorldCaptiveForum

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Key Discussion Points

- Should a global benefits programme strive to achieve 100% market share of available countries?
- Should certain countries be left out due to loss making results year on year?
- Do risk and mitigation strategies control claims costs over the long term and if so how do you maximize the use of such initiatives on a global scale?
- Does spread of risk mean only focusing on those countries that operate on break-even and/or surplus basis?

So....

✦	Let's look at some research	
✦	Key findings	
✦	Are there any top tips for you	
✦	What are companies thinking	
✦	What DHL is doing	
✦	What has DHL achieved	

What does the 2017 research tell us?

Multinational pooling and captive arrangements deliver cost-savings for companies



- Well-managed **pools** can achieve savings of **15%** or more
- Well-managed **captives** can achieve savings of **25%** or more
but incur additional costs to maintain

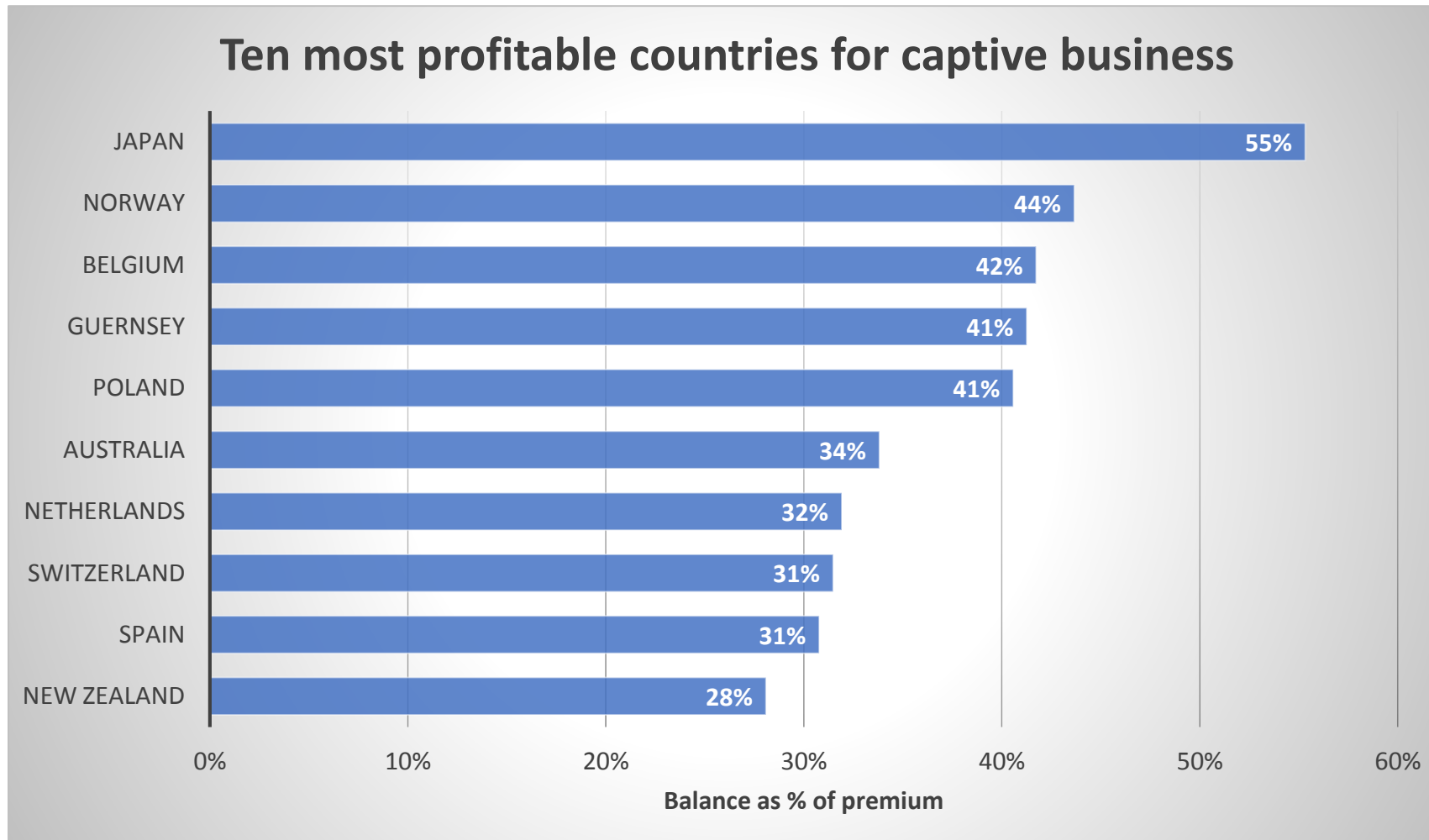


The full report can be downloaded from the [Willis Towers Watson website](#)

Key findings

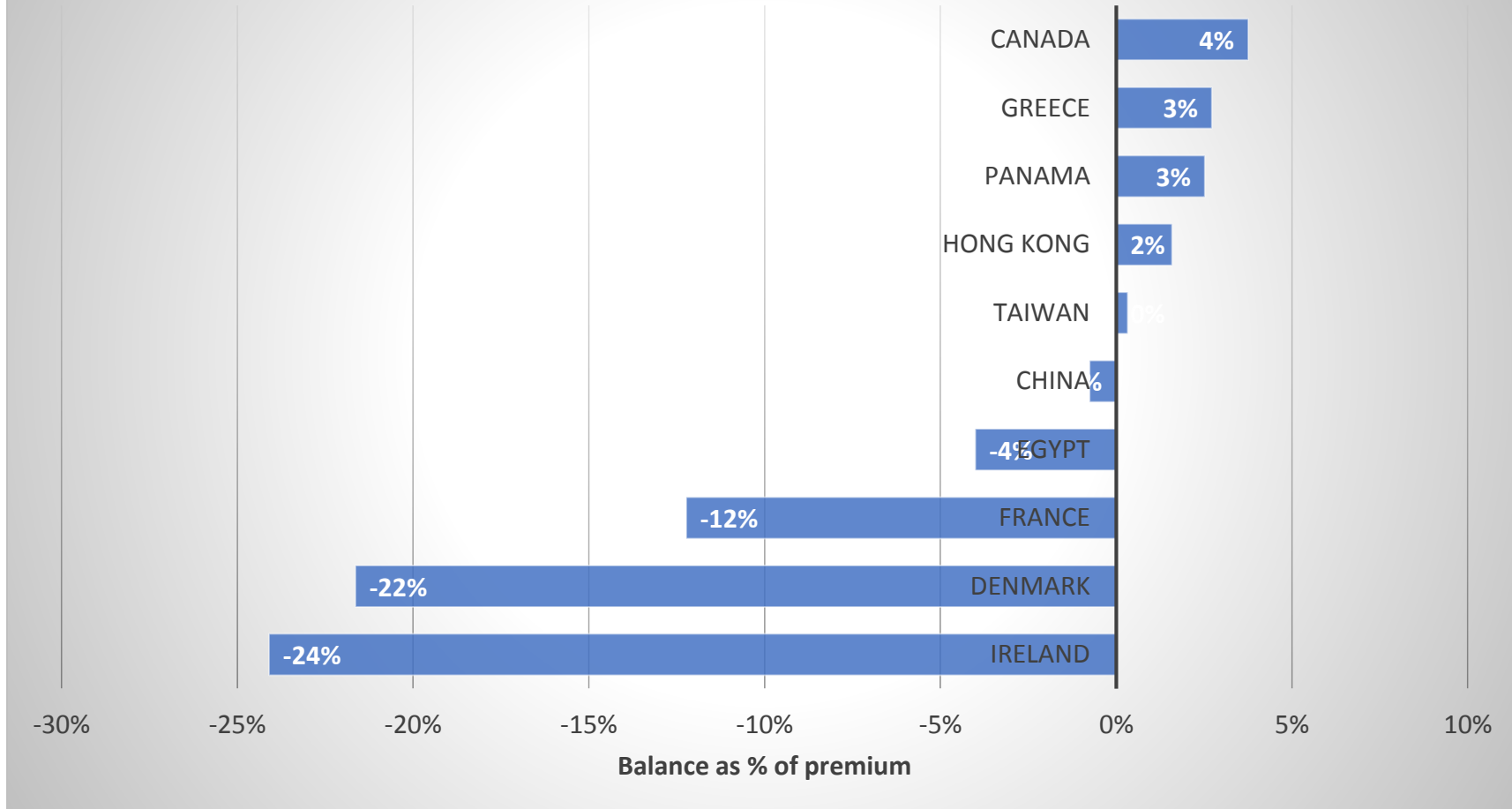
1	The median captive surplus is 14.7% while the average was 8.1%*
2	92 captive reports produced positive results while 35 were negative meaning 72% of captives reports generated surplus.
3	35 out of 40 countries produced surpluses
4	Standalone life business delivered +27% returns while standalone medical contracts delivered 1%.
5	Captive arrangements performed more favourably overall than multinational pooling arrangements within the Study.
	*US\$119m surplus on US\$1,468m premiums paid = 8.1%

Top 10

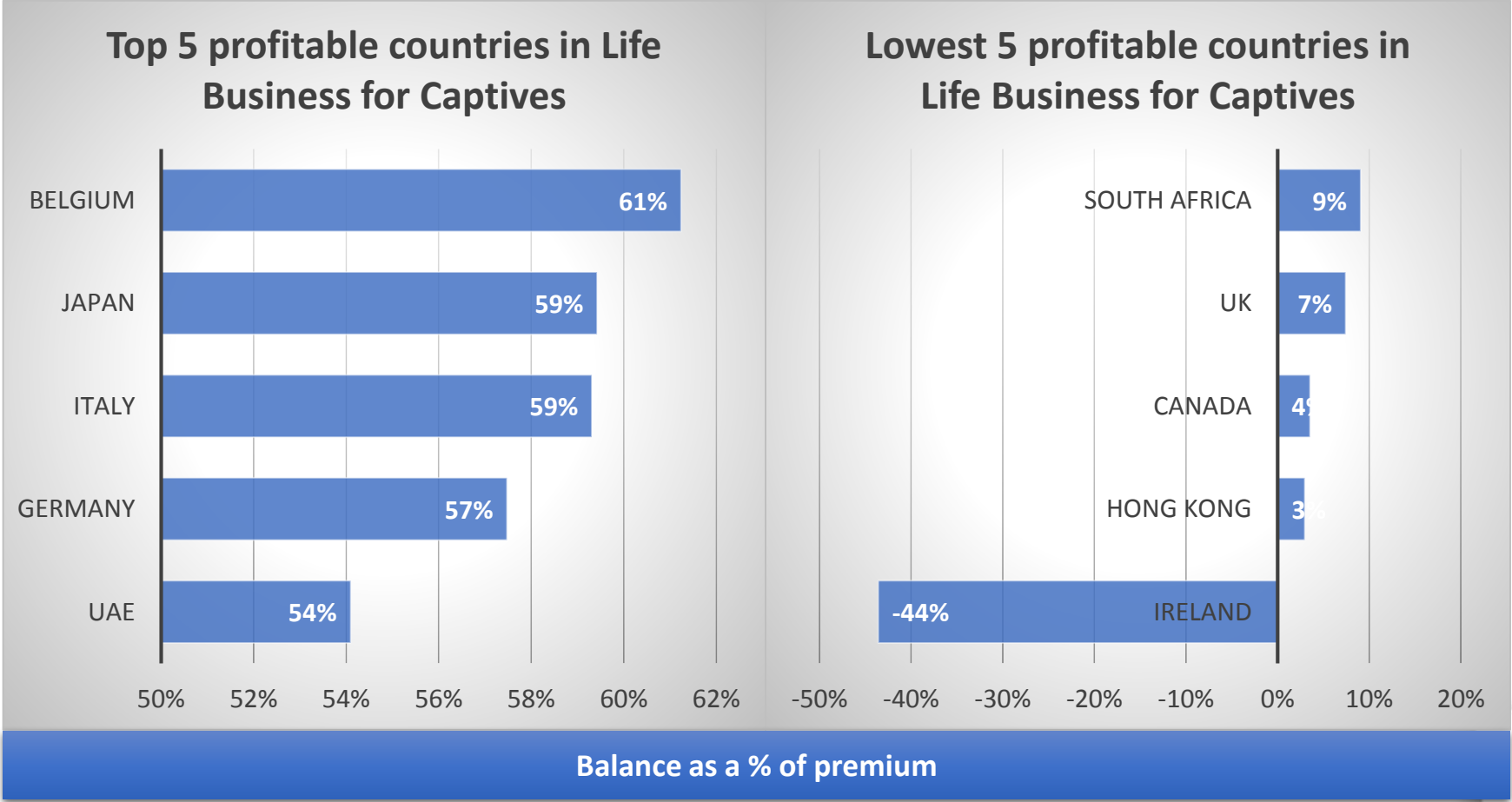


Bottom 10

Ten least profitable countries for captive business

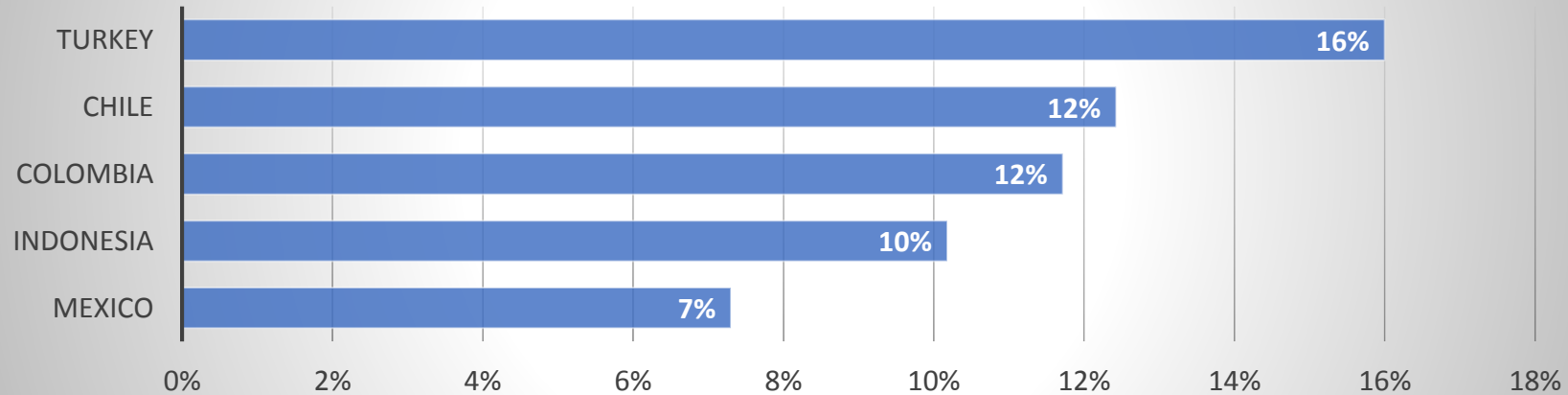


Top and Bottom 5

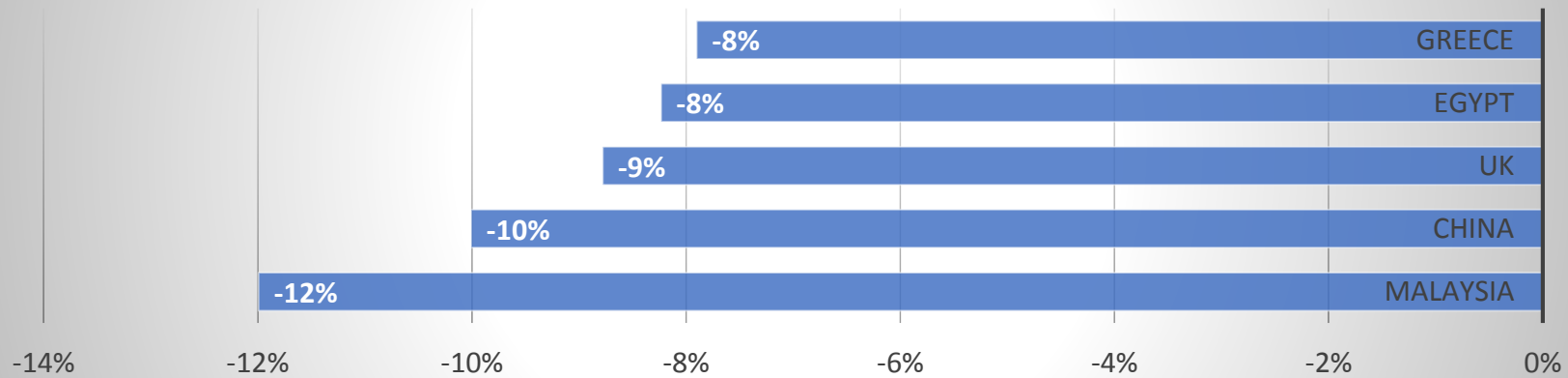


Top and Bottom 5

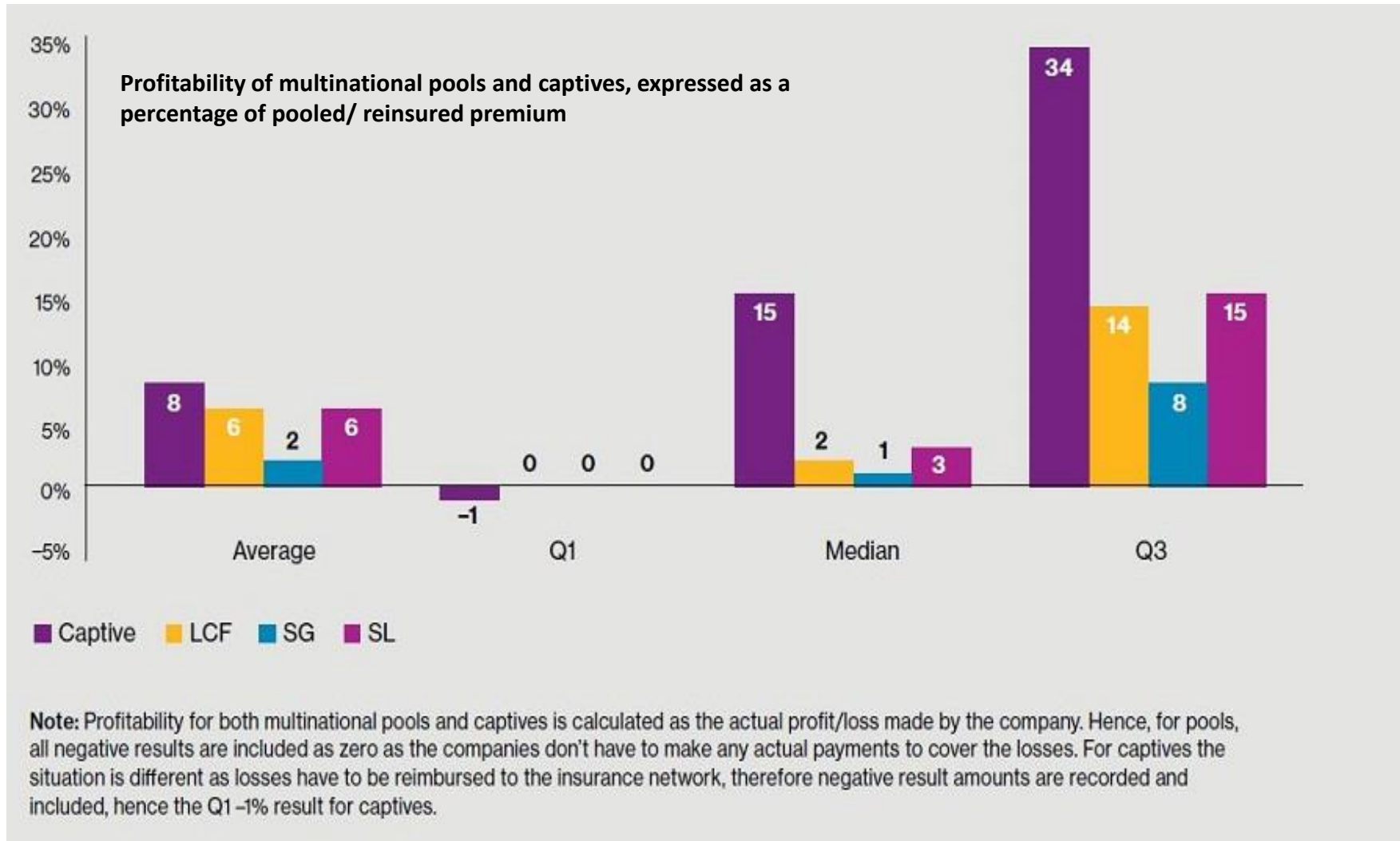
Top 5 profitable countries in Medical Business for Captives



Lowest 5 profitable countries in Medical Business for Captives



Comparing average and median pooling and captive results



Top tips for you

1

- Define and execute on your global risk financing strategy

2

- Communicate strategy and value proposition with all stakeholders, particularly local businesses

3

- Ongoing active management of arrangements is essential for success

Pooling	Captive
<ul style="list-style-type: none">▪ Review loss leading contracts▪ Over performing contracts▪ Network charges▪ Protection levels and charges▪ Claims reserves	<ul style="list-style-type: none">▪ Monitor expenses year on year▪ Monitor cash flow▪ Local advisor/brokers▪ Is the type and cost of collateral optimal▪ Careful watch on the performance of stand-alone medical plans

There are significant cost-saving opportunities for most companies in return for them taking a more proactive and considered approach to the management of their insurable benefits

Multiple business drivers are fueling Global Health & Wellbeing

Company Image/Brand

Increasing Costs


Compliance

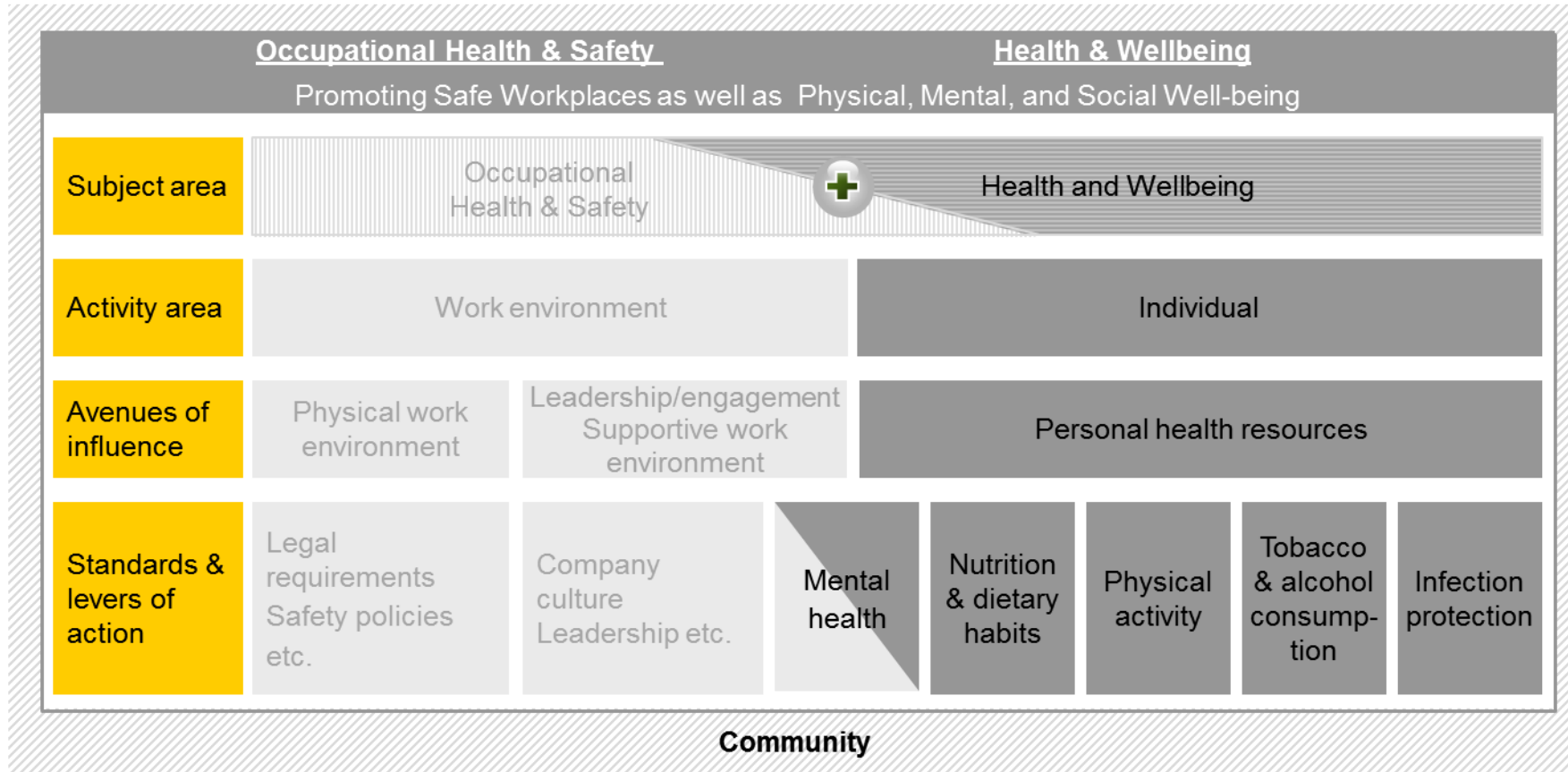
Health risks

Human Capital Value

H&W Landscape

Delineation OHS – H&W

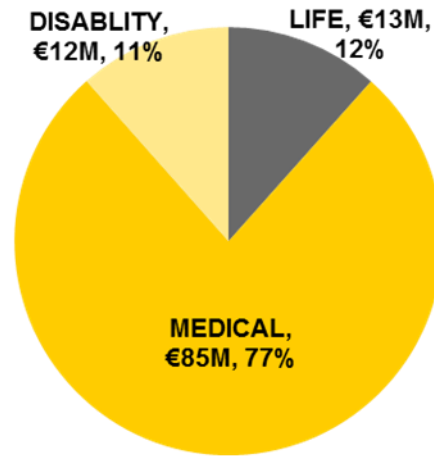
 Spill over effects



H&W Landscape

Highlights

- Total internal market size all entities (ex US) +/- €118m
- Thereof, DPDHL GEB €110m +/- 94% internal market share
- 225,000 FTE's + dependents in 107 countries
- Original value proposition to DHL was €20m p.a. cost savings delivered directly to local BU's
- Substantial H&W risk data available, almost real-time (quarterly) per local BU entity
- Opportunity existed to use above data to drive a proactive global H&W initiative in a measureable way

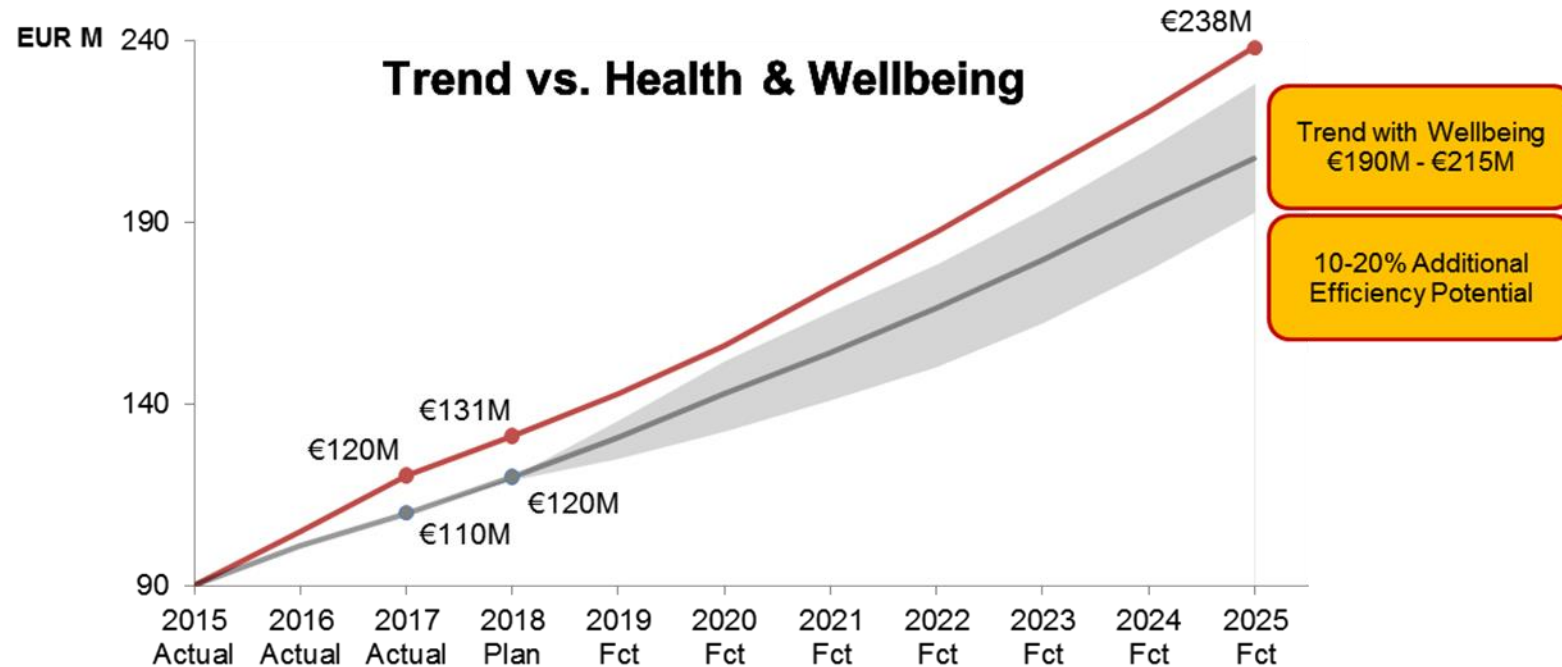


DPDHL Global Benefits Programme Countries			
Algeria	Cyprus	Japan	Qatar
Angola	Czech Republic	Jordan	Romania
Argentina	Denmark	Kenya	Russia
Australia	Dominican Republic	Kuwait	Saudi Arabia
Austria	Ecuador	Lebanon	Sierra Leone
Bahamas	Egypt	Luxembourg	Singapore
Bahrain	El Salvador	Malaysia	Slovakia
Bangladesh	Fiji	Mauritania	South Africa
Barbados	France	Mexico	Spain
Belgium	Gabon	Morocco	Sri Lanka
Benin	Germany	Mozambique	St. Maartens
Bermuda	Ghana	Myanmar	Sweden
Bolivia	Greece	Netherlands	Switzerland
Brazil	Guadeloupe	Netherlands Antilles	Taiwan
Bulgaria	Guatemala	New Zealand	Tanzania
Cambodia	Guernsey	Nicaragua	Thailand
Canada	Haiti	Nigeria	Togo
Caribbean	Honduras	Norway	Trinidad & Tobago
Caroline Islands	Hong Kong	Oman	Turkey
Cayman Islands	Hungary	Pakistan	Ukraine
Chile	India	Panama	United Arab Emirates
China	Indonesia	Papua New Guinea	United Kingdom
Colombia	Ireland	Paraguay	United States*
Congo	Israel	Peru	Uruguay
Costa Rica	Italy	Philippines	Venezuela
Croatia	Ivory Coast	Poland	Vietnam
Curacao	Jamaica	Portugal	
TOTAL 107			

* USA – LTD only written on a quota share basis

H&W Landscape

DPDHL Employer Sponsored Annual Health Insurance: (excluding Germany & USA)



Sources: DPDHL EB Programme, WEF for medical inflation trend, The Workplace Wellness Alliance 2013 for % efficiency potential
^Cost of Wellbeing Initiative costs ~3 - 5% (Can be charged within the EB benefits programme)

H&W Landscape

Business Process

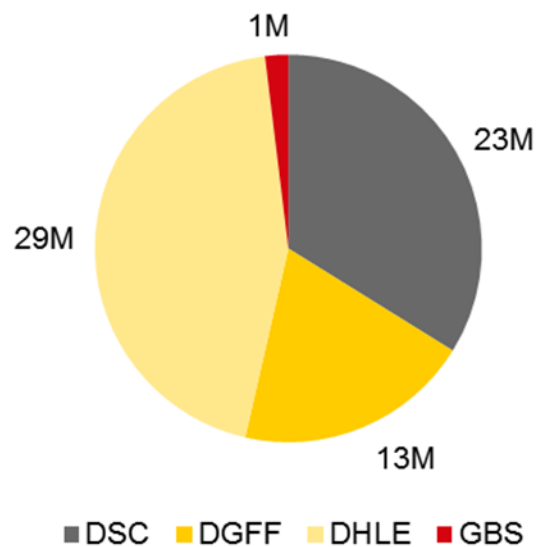
- **IRM identifies medical condition** cause codes & expenses by local BU (International Classification of Disease – ICD 10)
- Top cause & cost conditions are **categorised** enabling a focus on the main claims expense drivers
- **Wellbeing initiatives** targeting these drivers are incorporated into the regular health insurance renewal cycle
- **Two renewal pricing options are** presented to the local BU entity: standard renewal pricing (undiscounted) & a discounted wellbeing option.

DHL H&W Participants

2017 H&W Rollout

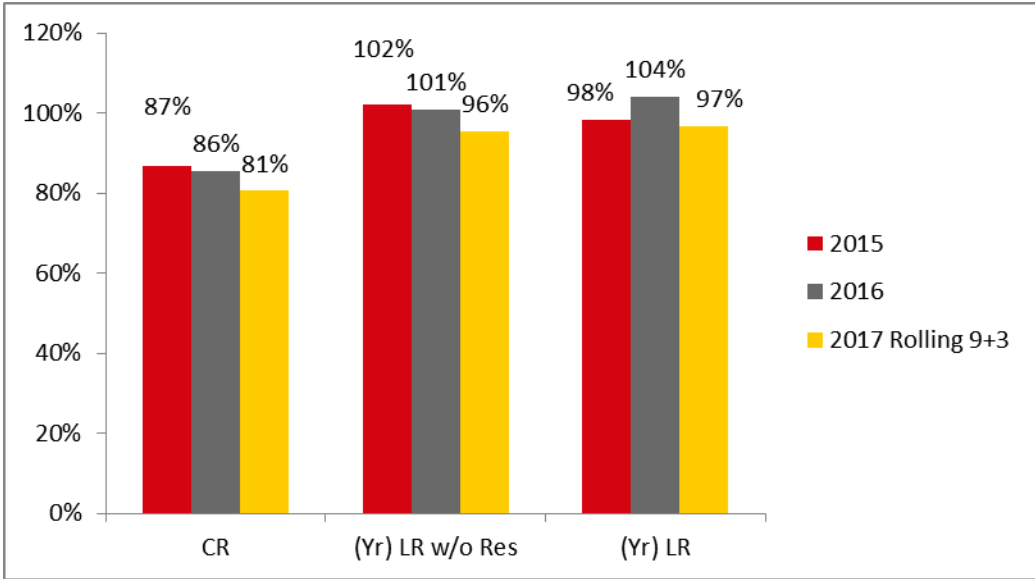
Cumulative Total	# of Countries	Annual Cost (€M)	Percent of Total Programme by Cost	H&W Cost Savings (€M)
2015 Pilot	3	10	9%	1.5
2016	12	24	22%	3.6
2017	24	66	60%	10.0
2018 Plan	30	74	67%	11.0
2019 Fct	41	80	73%	12.0
2020 Fct	50	89	81%	13.4

2017 Total H&W Premium by Business

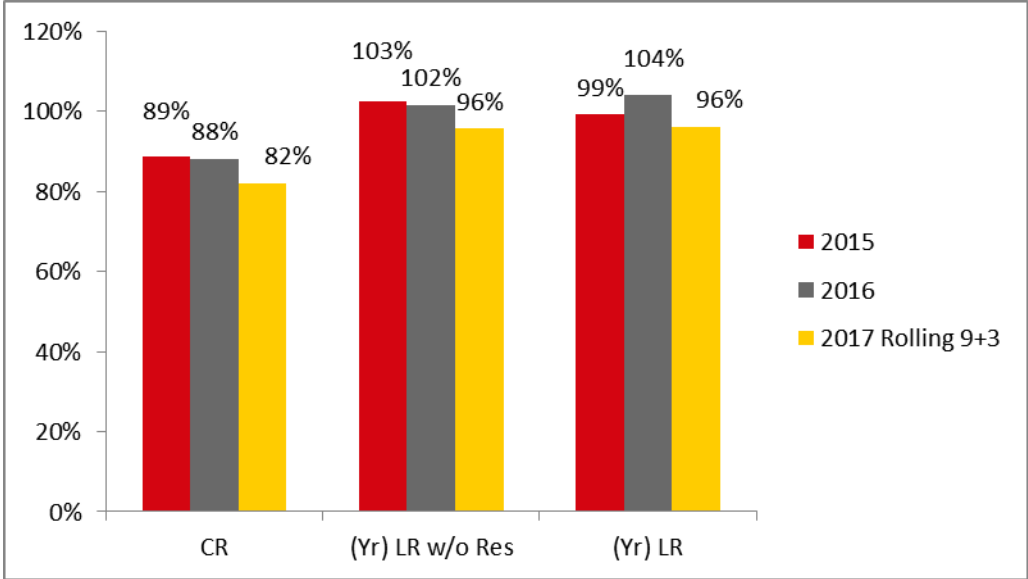


DHL H&W Participants

DHL Express H&W Only



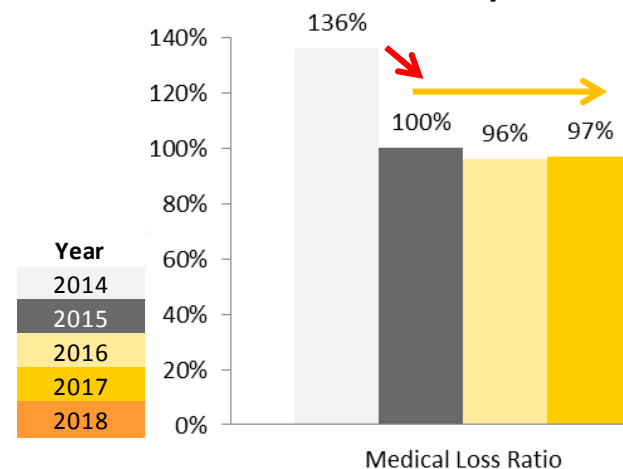
DPDHL – All Business Units H&W





Case Studies – 1

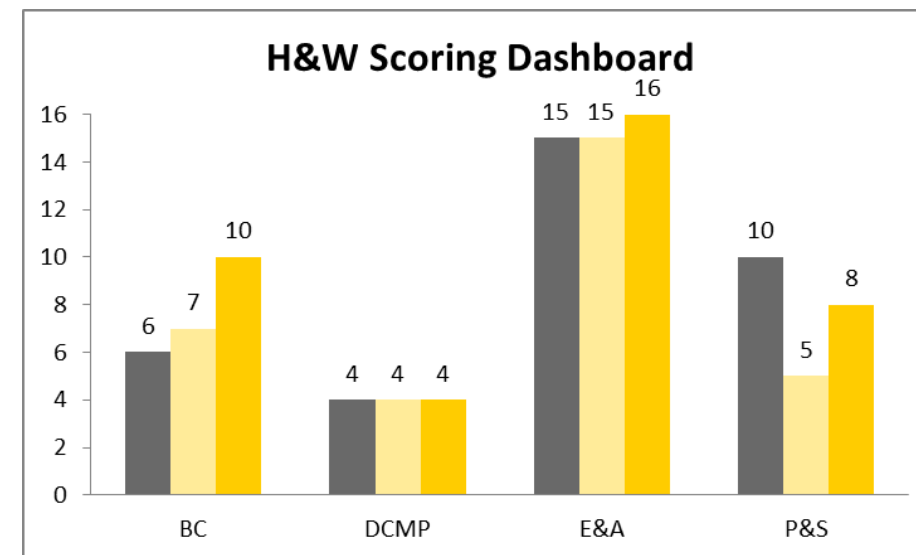
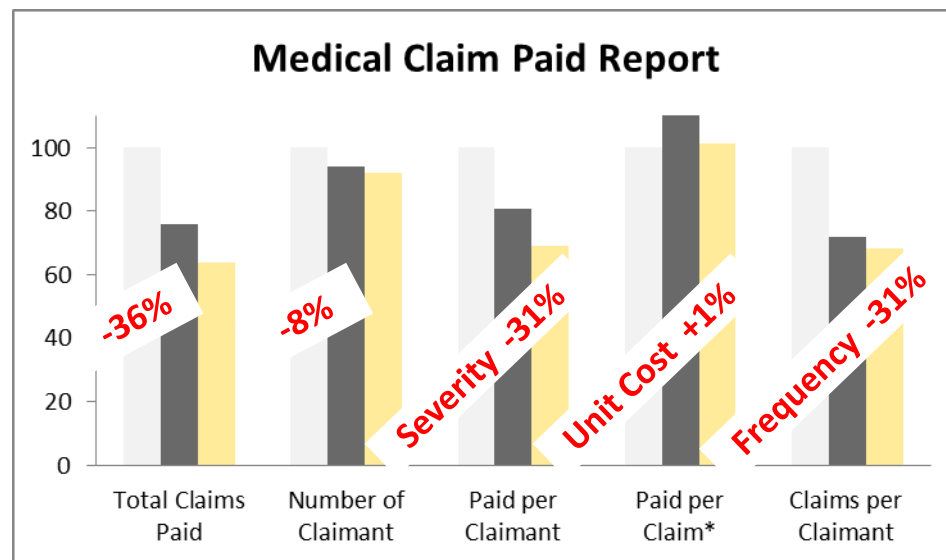
Claim Experience and H&W Discount



Consistently at breakeven since implementation



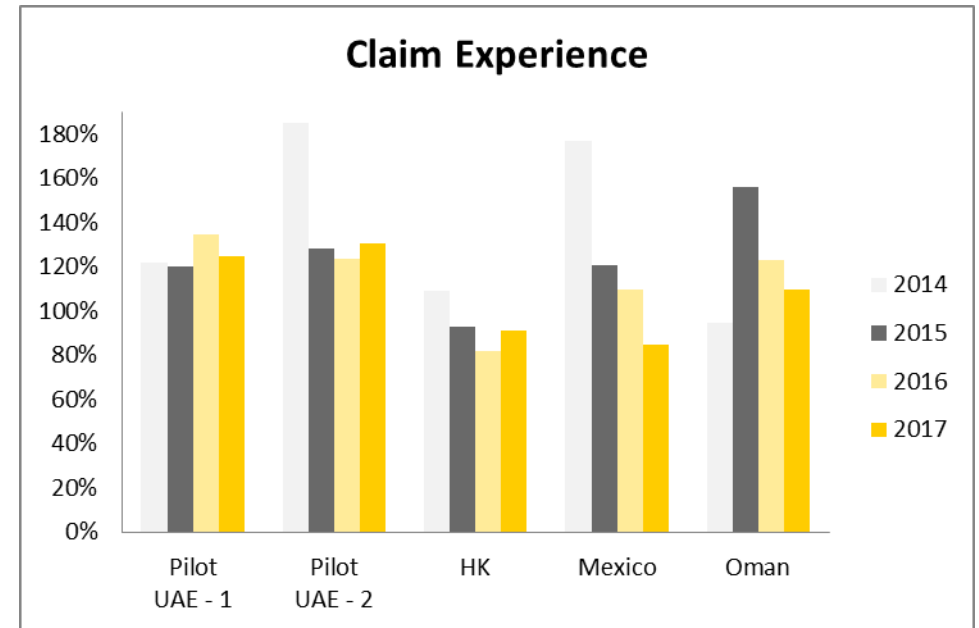
★ Gold Achiever since implementation
H&W Award Winner in 2015, finalist in 2017



Pilot Country
Country Medical trend 12.5% Source: WTW

Case Studies - 2

H&W starting year	Case Studies	2014	2015	2016	2017	2018
UAE - 1						
2015 - Pilot	Medical Loss Ratio	122%	120%	135%	125%	NA
	H&W Initiatives #	NA	22	47	38	NA
	H&W Discount	NA	15%	15%	★ 20%	★ 20%
UAE - 2						
2015 - Pilot	Medical Loss Ratio	185%	129%	124%	130%	NA
	H&W Initiatives #	NA	31	38	56	NA
	H&W Discount	NA	15%	15%	★ 20%	★ 20%
Hong Kong						
2016	Medical Loss Ratio	109%	93%	82%	91%	NA
	H&W Initiatives #	NA	NA	46	61	NA
	H&W Discount	NA	NA	15%	★ 20%	★ 20%
Mexico						
2016	Medical Loss Ratio	177%	121%	110%	85%	NA
	H&W Initiatives #	NA	NA	13	24	NA
	H&W Discount	NA	NA	15%	15%	15%
Oman						
2016	Medical Loss Ratio	95%	156%	123%	110%	NA
	H&W Initiatives #	NA	NA	30	28	NA
	H&W Discount	NA	NA	15%	15%	15%



Future Opportunities

- Increased utilization of networks incurred/paid country reports in analyzing PMPM costs against loss ratios
- Expansion of H&W best practices to other countries; monitor impact to claims spend
- Greater utilization of network/consulting plan benchmarking for the purposes of controlling/driving appropriate provider behavior (e.g. C-Section, Respiratory illnesses, Specialists involvement, Centers of excellence, etc.)
- Global implementation of application driven absence management/return to work strategies/H&W sources
- ???

Q & A

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