

COMPASS everyone **BENEFITS**

Issue 1
www.jltasia.com

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Coping with rising healthcare costs

Welcome to the first edition of Compass Benefits, the quarterly newsletter of JLT Asia's Employee Benefits Division.

In this issue, we focus on an area of risk that is a relatively new concern for many of Asia's employers – the provision of healthcare to employees. Before the current economic crisis, during the years of growth, when the war for talent was fierce, healthcare was seen as a means to attract and retain staff, as well as to be a socially responsible employer.

JLT has qualified medical professionals on staff.

At the same time, medical inflation across most of the world has outstripped economic inflation, and as the financial crisis bites home, this obligation to employees is increasingly being put to the test.

The good news

On the bright side, there is still a great deal that can be done to identify, control, and manage the risks, and there are still underwriters prepared to help.

JLT's role in this is dual:

- Assist to identify the drivers of health issues for your workforce and introduce methods to reduce the associated costs;
- Provide highly efficient structures to finance medical costs, through the introduction of appropriate scheme rules,

administration procedures, and co-payment/deductible arrangements.

What you stand to gain

Our focus will be on achieving the most optimal returns for you from the insurance market. JLT has qualified medical professionals on staff to provide health and wellness consulting, as well as brokers to provide insurance consulting.

The depth and breadth of our expertise combined with the length of our experience, both in Asia and globally, means that we can design cost-effective healthcare programmes that meet your objectives and budget.

As the issues facing employers differ from country to country, industry to industry and company to company, we would like to encourage you to contact us to discuss your specific concerns. We will help you to define your objectives and deliver the appropriate solutions for you and your employees, so that truly everyone benefits. ☎

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**COMMENTS / QUERIES?
WRITE TO US!**

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By Genova Lee

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Managing health insurance premium increases during a recession

Evidence from past economic cycles indicates that dramatic increases in healthcare utilisation are often linked to economic downturns. Workers become fearful that their employers will cut expenses to manage operations – either through a pay decrease, reduced medical benefits or termination of employment.

experiences such high levels of stress, they become more prone to chronic illnesses and health disorders, resulting in not only a reduction in the functioning labour force, but also a less productive one. There may also be an influx of claims lodged by employees for medical conditions commonly associated with the downturn, such as mental disorders and other stress-related ailments.

with the company, rather than having their benefits removed completely.

Employers can also try to understand and manage the other factors driving up their benefit costs by conducting internal audits. Benefit items that are particularly prone to abuse, as well as certain schemes' eligibility criteria may need to be re-examined. For example, there may be cases where individuals benefitting from the scheme may not have been eligible at all, such as ex-spouses and overage children.

Managing your employees' health during an economic downturn is a strategic and financially relevant issue for the company because of the significant impact it has on your overall benefits costs and workforce productivity. [🔗](#)

Evidence from past economic cycles indicates a link between increases in healthcare utilisation and to economic downturns.

The insurance market may respond to these trends by increasing premium rates, in anticipation of spikes in benefits utilisation and loss of revenue from employers downsizing or dropping benefit schemes. Insurers may also look to recover some of their lost investment income through increases in premiums.

What you can do

As an employer, you can take preventative measures to prepare for this. The most obvious way to reduce utilisation is to restructure the benefits programme and introduce or increase co-payments and deductibles. During an economic crisis, employees are more likely to accept having to share the costs of their benefits

IDENTIFY, MANAGE AND ELIMINATE THE RISKS THAT ARE DRIVING UP YOUR HEALTHCARE AND PRODUCTIVITY COSTS. GET IN TOUCH WITH OUR EMPLOYEE BENEFITS CONSULTANTS.
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In this climate of uncertainty, it is not surprising that people take advantage of their employer-sponsored benefits while they still can. When the workforce



By Leah Gonzales

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The economy or your health?



As more and more employees seek healthcare, the costs of benefits programmes can also escalate.

We can have no doubt that the current economic crisis and its ramifications for job security are among the most concerning issues on everyone's minds.

As we are inundated almost on a daily basis with news of big corporations going bust, or needing bailouts, it is quite easy to forget that the biggest potential casualties are your peace of mind and health.

The times may be stressful, and have the potential to affect your employees'

health, with repercussions for their job performance. In addition, as more and more employees seek healthcare, the costs of benefits programmes can also escalate.

Your interests, our priority

As your insurance and employee benefits service provider, your financial health and your employees' personal health are matters of the utmost concern to us. One of our key priorities is to ensure that

healthcare programmes, while serving the needs of your organisation and its employees optimally, are also kept manageable from a cost perspective.

The challenge is to find an optimum balance between ensuring employee welfare and controlling costs.

Claims management

While the vast majority of healthcare claims are straightforward, the insurance broker's mediation is valuable for certain types of claims, including:

- **Declined Claims** – where the employee may have had a claim wrongly denied
- **Ex gratia Claims** – where the company may be paying unwanted claims
- **Problem Claims** – claims involving long-term treatment or non-responsive insurers

The JLT value proposition

JLT's in-country teams work closely with regional and London employee benefits/healthcare insurance specialists to review and customise programmes. JLT Asia has oversight of around US\$50 million in healthcare premiums in the region, representing over 250,000 insured members. This volume of business and our global presence enable us to negotiate favourable terms with insurers. Our clients are from a cross-section of businesses, from banks and financial services to manufacturing, retail and hospitality. [P](#)

What constitutes the best cover?

An effective healthcare programme will have the following characteristics:

- **Comprehensive scope of cover**
 - Access to the best quality insurers and hospitals
 - Consistency with collective labour agreement requirements
 - Customised to the company's requirements
- **Cost-efficiency**
 - Aggressively negotiated premiums
 - A variety of payment options
- **Exceptional service**
 - A team of healthcare insurance experts that you can call upon
 - Agreed levels of response and compliance, ensured through Service Level Agreements

By Chris Chiu

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International healthcare – an employer’s obligation

The demand for International Healthcare Insurance has never been greater. Increasing affluence, coupled with the need to make secondment packages attractive has created this demand, as companies seek to provide the appropriate cover to meet the unique healthcare requirements of their expatriate employees and senior executives. Organisations also have a responsibility to provide their key employees with quality healthcare, wherever they may be located.

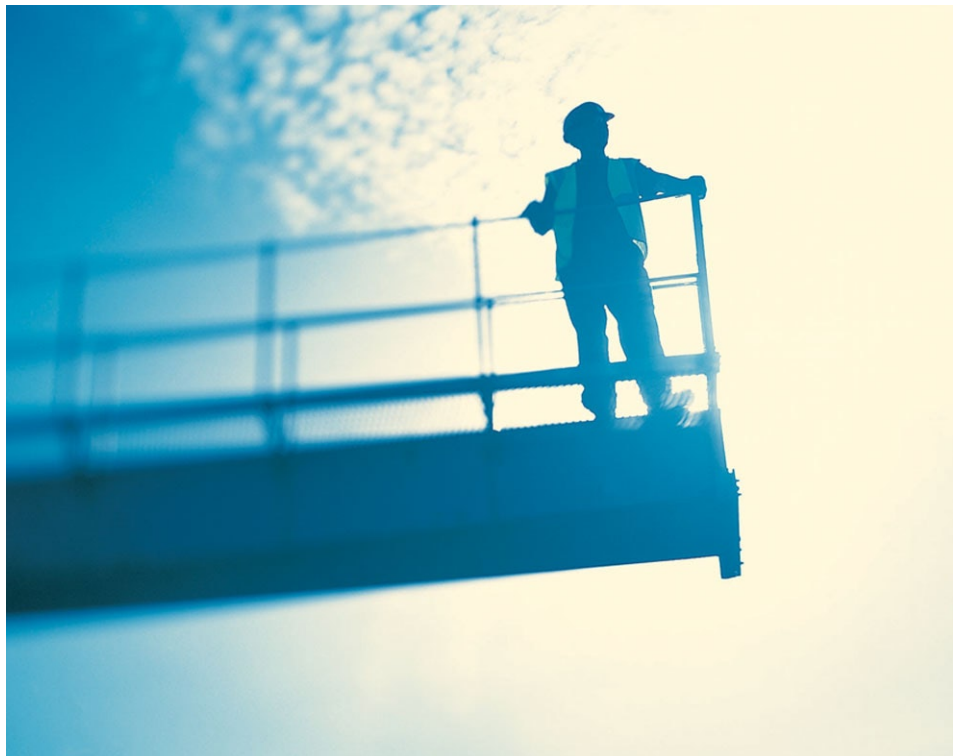
Organisations have a responsibility to provide their key employees with quality healthcare, wherever they are located.

The most common problem that expatriates face in their country of secondment is that local medical facilities are either unacceptable to the standard they are accustomed to in their home country, restrictive or unavailable. Furthermore, medical treatment in a another country can be very costly and difficult to arrange, especially in times of emergency.

Specialised needs, specialised programme

This is why it is imperative for companies to place a specialised medical insurance programme for their international assignees, one that caters to their distinctive needs.

The following are some important considerations when selecting an International Healthcare Insurance plan:



- The reputation of the insurer/ product
- Scope of benefits and limitations
- Coverage zones
- Size and locations of direct settlement clinics and hospitals
- Medical evacuation services
- Types of policy exclusions
- Takeover terms for pre-existing medical conditions
- Portability of cover upon leaving service
- Coverage for chronic conditions
- Claims handling procedures and reimbursement facilities
- Depth of customer service and multilingual helpline support

is not placed to fit the assignee’s requirements or if it is not suitable for the country of secondment.

Given our vast experience in placing International Healthcare Insurance, our Employee Benefits specialists can help you obtain the most optimum coverages, policy terms and conditions for your expatriate healthcare plan – one that is within your company budget and more importantly, one that meets your employees’ needs. 🌐

CONTACT US TO LEARN MORE ABOUT JLT’S INTERNATIONAL HEALTHCARE PROGRAMMES.
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Expatriate healthcare can be fraught with complexities if the right international medical insurance product

By Ray Li

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Protection and compensation for China's overseas workers

The 2008 hijacking of the fishing vessel Qing Feng Hua 168 by Somalian pirates, and the murder of a sailor of that vessel are perhaps apt illustrations of the dangers and risks that China's workers face when venturing overseas.

Piracy represents just one spectre of the dangers that overseas Chinese face today.

Premier Wen Jiabao has signed a decree requiring companies and organisations contracting foreign projects to undertake the purchase of Personal Accident Insurance.

On March 14, 2004, nine Chinese workers of CNPC Kazakhstan Company Limited were killed during debris flow at Tardbrock Village, in the suburb of Alma-Ata, the former capital of Kazakhstan.

On June 10, 2004, an armed gang broke into the Kunduz highway project asphalt mixing site contracted by the 14th Bureau of China Railway Construction Corp, killing 11 and injuring four.

On February 15, 2005, a terrorist attack targeting the Chinese occurred at Hub Town in Baluchistan, Pakistan, resulting in the death of three Chinese engineers.

Opportunities versus difficulties

No doubt, globalisation has opened up more opportunities for Chinese enterprises to contract overseas projects and, as a result, to send employees to work overseas. This has happened in tandem with strong economic growth and development of China's economy. According to statistics, some 200,000 to 300,000 labourers are sent overseas each year. As of the end of 2007, there were 4.62 million Chinese working in over 100



countries, extensively distributed across industries such as manufacturing, farming, forestry, animal husbandry & fishery, transportation, construction and mining. As China's overseas interests continue to expand, the safety of its overseas personnel is becoming an increasing concern.

Government decree

Given the rising political uncertainties as well as the dangers that Chinese workers face from natural disasters, in July 2008, Premier Wen Jiabao signed a decree requiring companies and organisations contracting foreign projects to undertake the purchase of Personal Accident Insurance for employees sent to work overseas. The decree also requires companies undertaking foreign projects to maintain imprest funds to cater for any emergency situation that employees may face, either in their personal capacities, at home, or as compensation for the loss

of life. The decree came into effect on September 1, 2008.

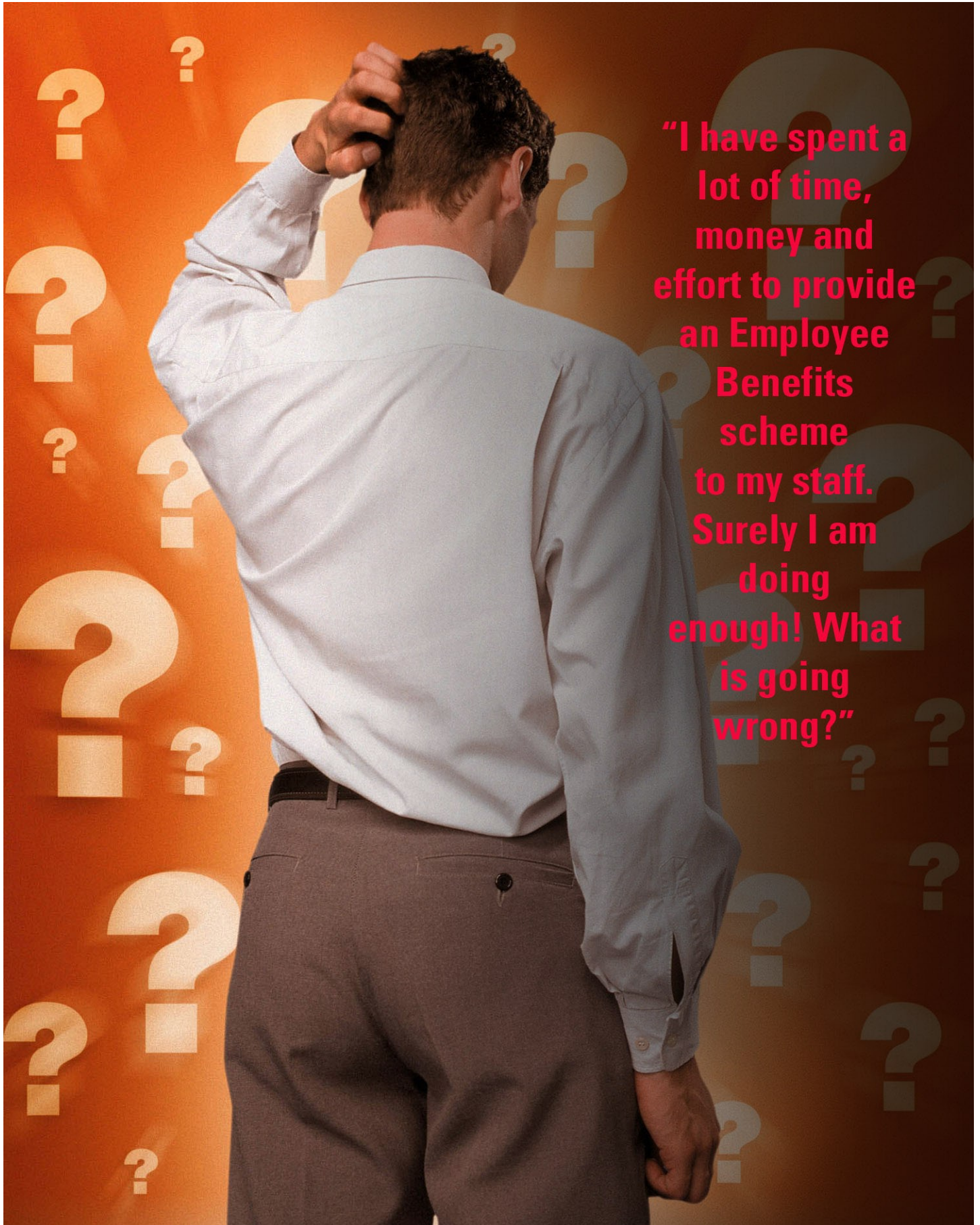
In 2007, an engineer from a domestic communications company working in Ulan Bator, Mongolia, was taken hostage and sustained a serious head injury. He was evacuated home for treatment, and because the employer had purchased Personal Accident Insurance, the cost of the emergency evacuation was fully covered by the insurance company.

These cases illustrate how a comprehensive Personal Accident Insurance scheme enhances Employee Benefits, providing greater peace of mind to employees who are sent overseas.

Personal Accident plans are flexible – they can be customised according to needs and budgets, as well as location and the type of work and industry. ☎

Because the employer had purchased Personal Accident Insurance, the cost of the emergency evacuation was fully covered by the insurance company.

COMMENTS / QUERIES? WRITE TO US!
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“I have spent a lot of time, money and effort to provide an Employee Benefits scheme to my staff. Surely I am doing enough! What is going wrong?”

By Genovena Lee

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Communication – where benefits programmes often fail

You may already be a conscientious and supportive employer by providing your staff with Employee Benefits. However if you fail at an important last step – that of educating your employees about the existence of a comprehensive programme, let alone its details – what you may well end up with is a programme that is unsuccessful, underutilised or inappropriately used.

You will know that you have succeeded in the communications phase when your employees truly appreciate the value of the benefits. The net effect: greater staff retention and satisfaction.

Return on investments

Employee Benefits programmes usually constitute one of the largest expenses relating to a company’s human resources. They should be regarded as long-term investments by the employers to attract, motivate and retain employees. Too often, the communications process is overlooked once a benefits programme is implemented. When employers fail in the education process, they in essence fail to maximise the returns of these significant and symbolically important investments. Increased awareness and understanding of a benefits programme have a positive impact on an employee’s satisfaction.

A poor understanding of benefit entitlements can lead to misuse, and if things go wrong as a result of a misunderstanding, you as the employer could be blamed. Additionally, misuse of employer-sponsored benefits will increase utilisation and drive up the cost of your insurance premiums.

An effective communications programme encourages employees to take greater initiative and responsibility in managing

their own health. It will contribute to employees being more proactive in optimising their benefits and utilising their medical insurance. You will know that you have succeeded in the communications phase when your employees truly appreciate the value and cost of the benefits you have provided them with. The net effect: greater staff retention and satisfaction.

Managing expectations

At the bare minimum, employees should be made aware of what they are covered for under the scheme design, the claims process and features that are unique to the programme. Any limitations and exclusions

in benefits should also be communicated to avoid any misunderstandings and to ensure that expectations are managed.

JLT’s Employee Benefits team has broad experience and expertise to help you in the final stage of rolling out a successful Employee Benefits programme – the communication process. [🔗](#)

WE WILL HELP YOU DESIGN A COMPREHENSIVE AND EFFECTIVE BENEFITS COMMUNICATION PLAN – ONE THAT IS CUSTOMISED TO THE UNIQUE REQUIREMENTS OF YOUR WORKFORCE. SPEAK TO US.

CompassBenefits@jltasia.com

Employee Benefits communications tools:



Employee Benefits Guide

A comprehensive document detailing in very plain terms all the benefits that staff are entitled to. This is a tool that all new employees should be introduced to.



Benefits Summary

A reference guide that summarises all the benefits for a quick glance. This summary will include important contact details. When benefits change, this summary should be the first to be updated as it is likely to be the document most frequently referred to.



Newsletters

Ongoing and regular updates to ensure that employees are aware of their benefits. In addition, the newsletter can provide valuable tips on health and wellbeing.



Surveys

Effective communication is a two-way process. Feedback from your employees is important to gauge the extent to which staff are aware of the benefits, the extent to which they are being utilised and their satisfaction with the programme. This will help you to evolve and improve the programme as necessary.

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JLT's Employee Benefits Services

JLT Asia has wide experience in the design and placement of Employee Benefits programmes for companies in the region. We also have access to the broader resources of JLT Group, a leading benefits consultant in many areas of the world. Leveraging our solid relationships with leading insurance providers, we will negotiate highly competitive policy terms and conditions for our clients. As brokers, we will guide you through the entire process, from scheme design to implementation.

The escalating costs of Employee Benefits programmes, especially Healthcare, are a cause for concern to employers. We will work with you to help formulate a cost-effective Employee Benefits programme that meets your company requirements and budget. We will help you to define your objectives, and deliver the appropriate solutions for you and your employees so that, truly, everyone benefits.

We will work closely with the insurance market to ensure that the insurance terms, pricing structure and conditions are appropriate to your needs and those of your employees.

Product Propositions

- Employee Benefits Advisory Services
- Benefits Communications
- Benefits Administration
- Healthcare Insurance Broking and Consulting
- Benefits Harmonisation
- Global Benefits Plan Coordination
- Business Travel Insurance
- Flexible Benefits
- Healthcare Insurance (Expatriates)
- Key Person Insurance
- Voluntary Benefits Programmes

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