

# Future of Benefits 2024 and beyond

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**Today's trends  
and tomorrow's  
possibilities**



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# From the CEO's Desk



**Sanjay Kedia**  
CEO, Marsh McLennan India  
President and CEO, Marsh India

I am delighted to present to you our highly anticipated Employee Health and Benefits report, the Future of Benefits 2024. In 2023, we conducted a comprehensive survey of over 500 clients to gain valuable insights into the evolving landscape of benefits and what lies ahead. This year, our objective is to examine the ongoing evolution of benefits over the past five years and to explore the future of benefits in the years to come.

IRDAI is actively introducing regulatory changes in the health insurance domain to enhance penetration and accessibility and to address the existing gaps and challenges in the market, making health insurance more affordable and inclusive. By implementing measures such as standardizing policy terms, simplifying product offerings, and promoting transparency in pricing and claim settlement processes, the regulator seeks to build trust and confidence among consumers. Additionally, the regulator is encouraging innovation in insurance products and distribution channels to cater to the evolving needs of the population.

While these are more from the retail health insurance perspective, on the other hand, Group Health Insurance has always customized policies where the scope for including progressive coverages is always an option. Introducing new benefits may pose a challenge and one of the best practices that will help us stay ahead, remain relevant and competitive is to benchmark with the market as well as with peers.

Given the extensive client base that Mercer Marsh Benefits caters to, we have successfully analyzed over 10,000 policies. The analysis is granular. It comprises detailed breakdowns based on industry, location, and employee head count. Additionally, in a pioneering effort from our side, we have conducted an industry-first claims study encompassing over 4 million claims from the past five years.

On a parallel note, we are watching the role of Artificial Intelligence keenly with its potential to transform the employee benefits landscape in the coming years. AI has the capability to do predictive analytics, enable personalized recommendations and data-driven decision-making. It is also expected to be a key driver in fraud detection. More insights on this to follow in the next few editions.

I am optimistic that this year's report will further enhance our understanding and enable us to develop the most effective benefits programs for your employees, ultimately serving their best interests and contributing to the greater good.

I encourage you to share your thoughts and insights with us at [marshemployeebenefits.india@marsh.com](mailto:marshemployeebenefits.india@marsh.com)



# From the MMB India Leader's Desk



**Prawal Kalita**  
MMB Leader India

It is my great pleasure to present "Future of Benefits 2024," a comprehensive examination of the rapidly evolving landscape of employee benefits. This year's report reflects a deep analysis of data across 14 industries, over 10,000 policies, more than 600 benefit evaluations, 4 million+ claims, and 30 million+ enrollments. Our rigorous benchmarking of claims, benefits, and enrollments aims to give you a complete view of the trends shaping group insurance programs and a glimpse into the future of benefits.

Among the key highlights this year is the growing sophistication around hospitalization benefits. Organizations are leveraging advanced analytics to optimize these benefits, ensuring not only cost efficiency but also improved health outcomes for employees. The emphasis is increasingly on precision - tailoring hospitalization coverage to meet specific organizational and employee needs while keeping escalating costs in check.

Equally transformative is the expanding focus on diversity, equity, and inclusion (DEI), especially in women's health. This year, we've seen a significant rise in benefits for women's care, covering areas like fertility, maternity, menopause, and hormonal health. These offerings are becoming essential as organizations recognize the need for comprehensive, inclusive benefits that support diverse workforce needs.

Flexible benefits are also gaining momentum. Employees today demand greater autonomy in choosing benefits that match their individual lifestyles and circumstances. Whether it's health, financial wellness, or family care, choice-based voluntary benefits allow employees to create personalized packages. This flexibility not only enhances employee satisfaction but also aligns with broader organizational goals of retention and engagement.

Another key focus area is the proactive shift toward preventive and preventative care. With the rising costs of healthcare, there is an increased emphasis on early diagnosis, wellness initiatives, and comprehensive screenings. These measures are vital not only in promoting long-term health but also in containing costs - a top business imperative in today's environment.

Looking ahead, the benefits landscape should continue to evolve, shaped by medical advancements and technological innovation. The future of benefits should likely integrate emerging technologies like AI and telemedicine into health programs, offering more personalized and immediate care options. Additionally, sustainability remains a critical consideration for businesses, as organizations strive to deliver comprehensive benefits while managing costs and ensuring long-term viability.

As you explore this report, I hope it offers valuable insights into current trends and helps you envision the future of employee benefits. We are confident that the findings and recommendations should support your efforts to craft resilient and forward-looking benefits programs that meet the needs of both your employees and your business.

# Methodology

Amid the multitude of possibilities that currently prevail in the Indian market, we narrowed our focus to understand the Future Of Employee Benefits - Health Insurance, Group Personal Accident Insurance, Group Term Life Insurance, Outpatient Insurance, Flexible benefits and Diversity, Equity, and Inclusion.



## Scope of the Study

Harnessing the power of our proprietary tool - BenAnalytics, in tandem with expansive MMB warehouse data, we dissected a complex landscape extracting strategic insights that redefine industry standards and propel future-ready decision-making.



**14**  
Industries



**10,000+**  
Policies



**600+**  
Benefits evaluation



**30 million+**  
Enrollments



**4 million+**  
Claims

## Report and Dashboard

This report encapsulates key findings and trend analysis in a coherent manner. To elevate your experience we have designed interactive and dynamic dashboards, enabling real-time visualization and data representation. These advanced capabilities will empower you to benchmark benefits, identify emerging trends redefining industry standards and shaping strategies that are agile, data-driven, and future-focused.

# Executive Summary

The Future of Benefits 2024 report offers a comprehensive examination of the changing landscape of employee benefits. Through extensive research conducted across various industries and demographics, the report provides a detailed analysis of the Employee Benefits landscape. By studying multi-year data trends, the report reveals how benefits are evolving and adapting to the shifting needs of a diverse workforce, addressing emerging challenges and future opportunities.

Significant highlights of the report include the growing focus on **DEI (diversity, equity, and inclusion)**, **Choice-Based Solutions**, **Preventive Care** and **Future Ready Sustainable Benefits**.

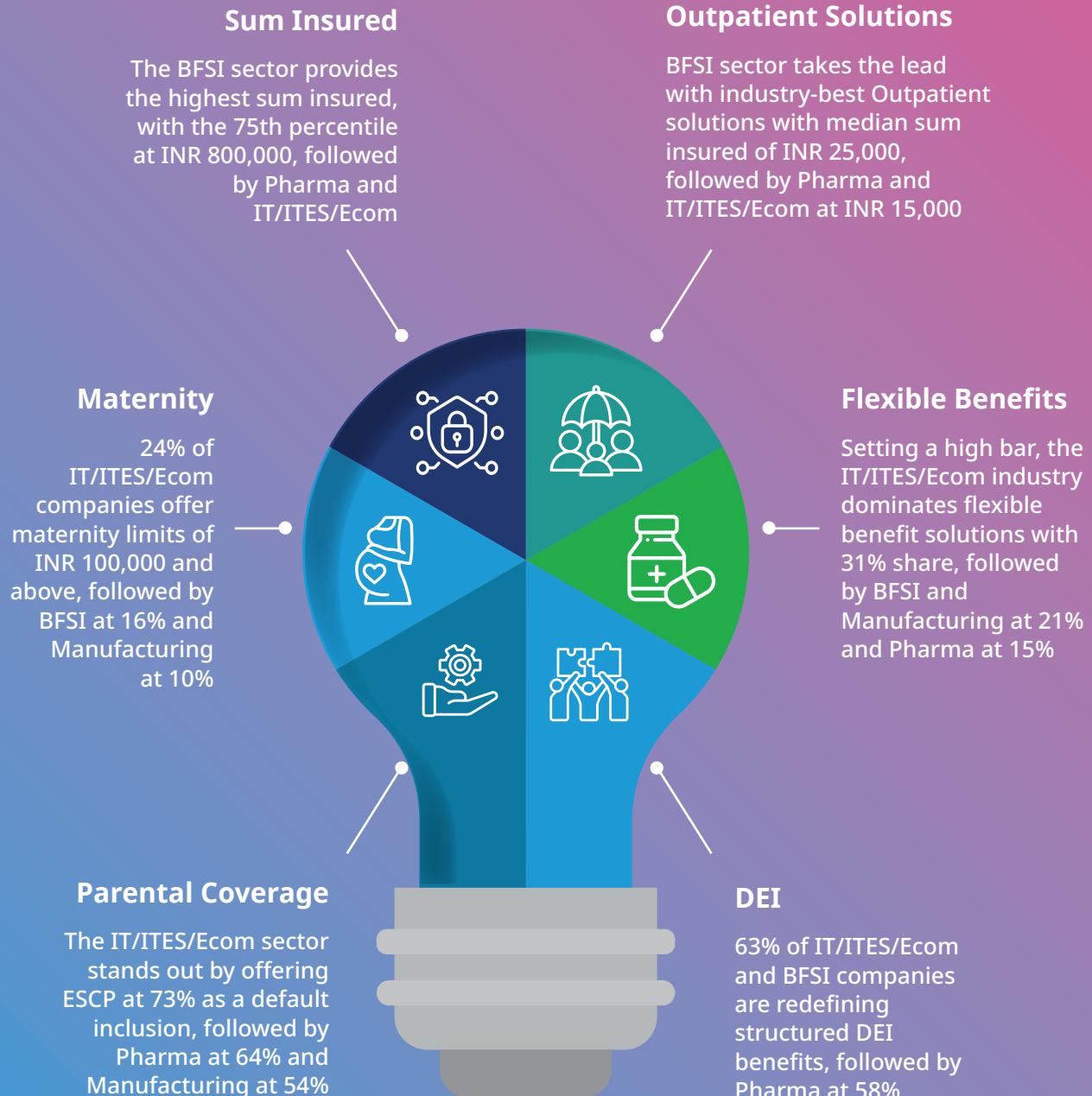
Future of Benefits 2024 empowers organizations with actionable insights and predictive analysis to craft innovative benefits strategies. The report equips companies with the tools needed to optimize costs, address employee needs, and remain competitive as the benefits landscape continues to evolve.

## Pivotal transformations in last five years





# Trailblazers in the Benefits Landscape



**ESCP:** E: Employee, S: Spouse, C: Children, P: Parents/in laws

# Principal Benefits Kaleidoscope

## Spectrum of coverage for every employee need

Group health insurance benefits have undergone a significant transformation, shifting from a traditional program to a comprehensive spectrum of benefits designed to meet the evolving demands of today's workforce.

### How are these benefits offered?

Family Floater Cover



98%

Prefer family floater plans due to the simplicity and comprehensive coverage

Employee Only Cover



2%

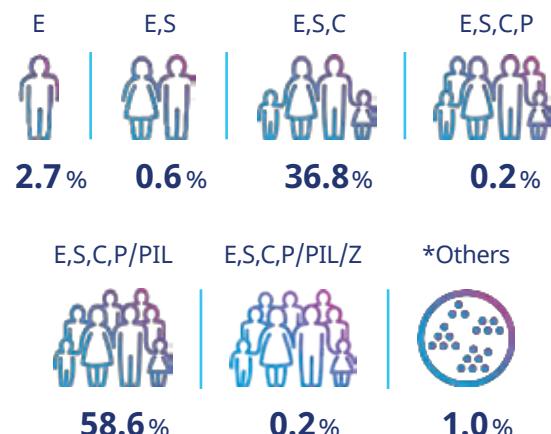
Usually designed to cover employees with limited liability

### Emerging Shifts in Core Insured Benefits

#### Expansion of Family Definition in Coverage

- Inclusion of siblings
- No age limit for disabled children
- Coverage for live in partner and LGBTQ
- Expanded family coverage beyond Employee, Spouse and Children

#### Family Definition Composition

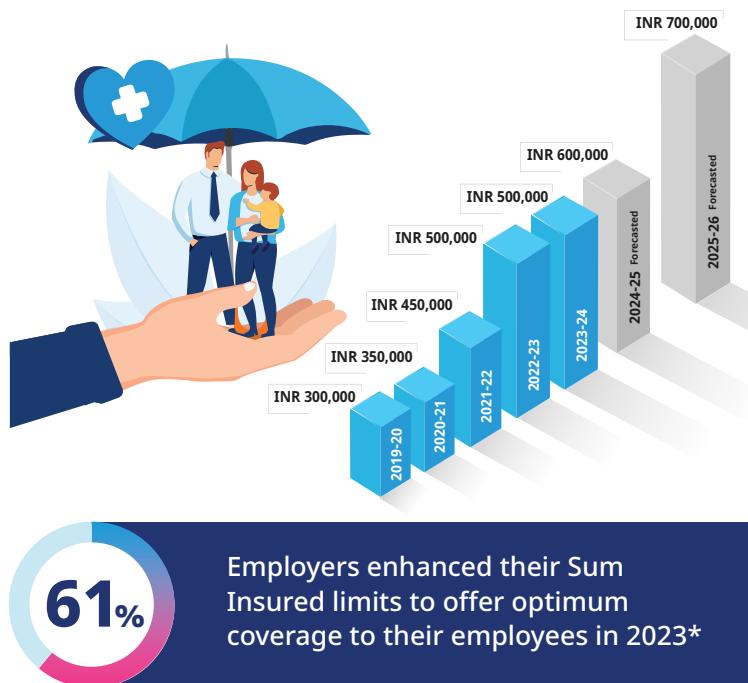


\*Others include policies with Employee + Any 3 or 5 dependents

# Assessing your Sum Insured: Are you fully protected?

The median sum insured has increased from **INR 300,000** to **INR 500,000**  
We anticipate a further increase, with median sum insured of **INR 700,000 and 75 percentile to be INR 800,000 by 2025**

## Year wise progression of Median Sum Insured



## What is contributing to the upward trend?

Increase need for protection will drive the need for higher sum insured.

The median age of India's workforce has increased from 28 years in 2019 to 31 years in 2024. The rising population of individuals over 40 years is driving generational shift, necessitating higher sum insured levels to address evolving healthcare needs and financial security expectations.

As the workforce continues to age, there is a growing emphasis on family-building derivatives, including advanced fertility solutions, parental support programs, and initiatives catering to evolving caregiving responsibilities.

## Market trends in terms of basis and type of coverage

### 55% Fixed Sum Insured

Over the last five years, the trend has evolved, with more companies considering fixed sum insured coverages.

The coverage range typically spans from INR 100,000 to INR 1,000,000 with a median of INR 500,000.

#### Top Industries Offering Fixed Sum Insured

- IT/ITES/Ecom
- Pharma/Healthcare
- Consulting/Market Research

### 45% Graded Sum Insured

We are witnessing a decreasing trend in graded sum insured as organizations move towards more uniform and equitable coverage models.

The coverage range typically spans from INR 100,000 to INR 2,500,000, with a median of INR 450,000.

#### Top Industries Offering Graded Sum Insured

- Manufacturing
- Power, Energy/Petro Oil and Gas
- BFSI/Insurance/Banking

### Reimagining Sum Insured Through Flex

To further supplement the sum insured, organizations are offering enhancements through Flexible Benefits Solutions.

**~24% organizations with over 5,000 employees are offering flexible benefits to their employees on an aggregate basis.**

In Flexible Benefit Plans, Sum Insured ranges from INR 300,000- INR 6,000,000 with median of INR 500,000.

#### Top Industries Offering Flexible Benefits Solution

- IT/ITES/ ECom
- BFSI/Insurance/Banking
- Pharma/Healthcare

# Parental Premium Financing and sponsorship

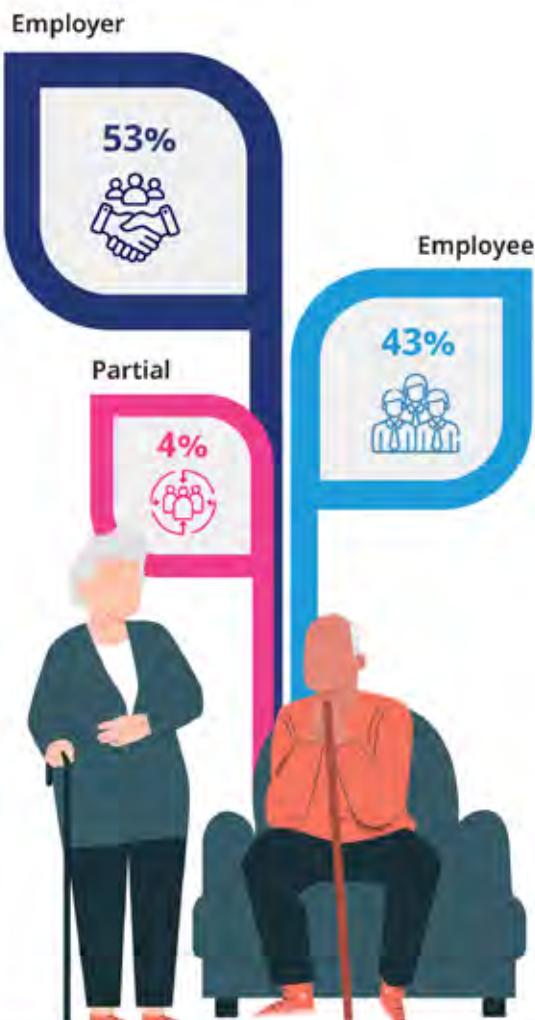
Over the past five years, we have observed a significant increase in the number of employers sponsoring parental insurance, with figures climbing from 35% in 2019, and now reaching 53%.

When compared to Global Insurance offerings, in India, absence of a social security system coupled with differential compensation, drives the innate need to cover parents under employee benefit programs. Additionally, the concept of family, rooted in filial piety and strong intergenerational bonds, makes parental insurance a crucial benefit.

There has been a rising trend of co-funding parental premiums. This has resulted in increased participation and improved sustainability of voluntary parental plans.

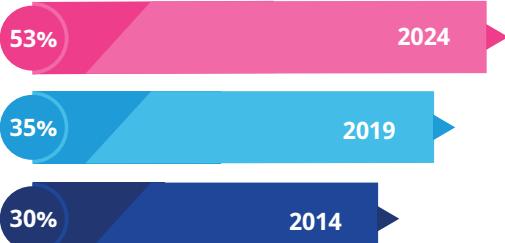
While employers are aware of the costs associated with parental insurance, they continue to support their employees.

## Parental Insurance Sponsorship Trends



The above trend reflects sponsorship for programs where parents are covered in the group health insurance program. 21% employers do not cover parents.

## Employer Sponsorship Progression for Parental Insurance Over Last 10 Years



Employers are now increasingly integrating parental insurance benefits to address rising healthcare needs while also bolstering family-focused support for their workforce.

# MMB POV

## How can we strategically enhance core group health insurance benefits to meet evolving needs of workforce?

 Enhanced Family Floater Benefits	 Sponsorship & Partnerships	 Insurers and Market Dynamics
<p><b>Comprehensive Coverage</b></p> <p><b>Increased Sum Insured:</b> Family floater policies should see a significant rise in the sum insured, with progressive organizations offering coverage up to <b>INR 1,000,000 or more</b></p> <p><b>Broad Inclusion:</b> Policies should increasingly include a wider range of dependents, such as live-in partners, siblings, and extended family members, reflecting changing family dynamics.</p>	<p><b>Flexible Sponsorship Models</b></p> <p>Employers should adopt more flexible models, offering partial or full sponsorship of parental insurance premiums <b>based on employee grade and tenure.</b></p>	<p>With the implementation of the new directives from regulator and government, we can anticipate a transformation in the business share of PSU insurers; however, it should still be some time before these changes are fully realized.</p> <p>Adverse claims continue to remain elevated, posing an ongoing challenge to achieving optimal pricing.</p>
<p><b>Flexible Benefit Plans</b></p> <p>Trends to shift towards more flexible benefits, bespoke coverages and more customization and control over coverage levels.</p>	<p><b>Strategic Partnerships</b></p> <p>Organizations and Insurers should form strategic partnerships with healthcare providers, tech companies, and wellness platforms to offer holistic health solutions.</p>	<p><b>Tech-Driven Insurance Solutions</b></p> <p>Insurers should leverage advanced technologies such as <b>AI, machine learning, and blockchain</b> to enhance underwriting processes, claims management, and customer service.</p>
<p><b>Incentives in Group Policies</b></p> <p>Though its prevalence is limited, the topic is frequently discussed for introducing incentives such as no-claim bonuses and wellness rewards to encourage cost-effective healthcare utilization.</p>		<p><b>Product Innovation and Personalization</b></p> <p>Development of bespoke insurance plans allowing employees to choose benefits, creating a personalized coverage package.</p> <p>Introduction of micro-insurance products for specific needs such as maternity, dental, or critical illness, providing targeted coverage at lower costs.</p>

**At MMB, we foresee that competitive market dynamics, coupled with supportive regulatory frameworks, should drive continuous improvement and evolution, ensuring robust protection and enhanced well-being for employees.**



# Essentials of Group Health

## Building a Foundation for Collective Wellbeing

Trends indicate a move towards more inclusive and comprehensive group health insurance programs, catering to the evolving needs of employees and employers alike

### Key Trends in Fundamental Group Health Benefits

<b>98%</b>	<b>Time Based Waiting Periods Waiver</b> 98% Group policies typically have waiting periods waived off
<b>80</b> years	<b>Entry Age</b> Prevalent entry age in group policies is at <b>80 years</b> . However, few insurers do allow coverage without any age restriction
<b>300</b> procedures	<b>Day Care Procedures</b> Today, the number of daycare procedures have <b>grown to over 300 and few private insurers also extend up to 500+</b> . Medical advancements have enabled many procedures to be performed on a daycare basis
<b>99%</b>	<b>Pre and Post Hospitalization</b> 99% organizations extend this coverage with default limit of 30/60 days. This trend is now increasing to 60/90 days
<b>63%</b>	<b>AYUSH</b> 63% organizations are covering AYUSH. The recent IRDAI guidelines mandate insurers to offer coverage for AYUSH treatments, reflecting an <b>integration of alternative therapies within mainstream</b> health insurance
<b>98%</b>	<b>Emergency Care</b> 98% organizations are covering ambulance services with 16% organizations also including air ambulance under their emergency care benefits
<b>82%</b>	<b>Corporate/ Discretionary Buffers</b> 82% organisations are offering corporate buffers with 5% organizations also including discretionary buffers to cover conditions and treatments not included in the policy

### How are these benefits offered?

Essentials of Group Health Insurance include hospitalization coverage, day care treatments, and emergency coverages, among others. **Pre-existing conditions in a group program are covered and typically waived off making them more accessible.**

### Reimagining Benefits Through Flex

Organizations are also seeking to augment benefits by expanding pre and post hospitalization coverage and improving emergency care services through **flexible and modular benefit offerings**.



# MMB POV

## How can we strategically enhance core group health insurance benefits to meet evolving needs of workforce?



### Extended Wide Range Coverages

Coverage periods for pre and post hospitalization expenses should extend even further, **potentially covering up to 90 days pre and 120 days post-hospitalization** for facilitating better recovery outcomes, and minimizing long-term health costs.

Discretionary buffers **should become more tailored, covering specific** high-cost treatments and emergencies.

**Global Coverage-** Group health insurance should provide comprehensive coverage for employees traveling or working abroad or getting treated outside of India.



### Optimizing Healthcare

**The list of covered day care procedures should continue to grow as** medical technology advances. Coverage for a broader array of day care treatments should **reduce the need for prolonged hospital stays and promote quicker recovery** times for employees.

Procedures such as minimally invasive surgeries and **advanced diagnostics should become standard inclusions.**

**AYUSH**, bolstered by insurance coverage, should promise widespread **integration of traditional and holistic healthcare practices** into mainstream health benefits.



### Future Forward Approach in Delivery

The incorporation of **digital health platforms for seamless claims processing and telemedicine consultations** should become more prevalent. This integration should provide employees with real-time access to healthcare services, reduce paperwork, and expedite claims processing.

**At MMB, we foresee organizations adapting a robust and forward-thinking health benefits strategy and infrastructure in the future, ensuring holistic care and accessibility.**



# Family Building Benefits

## Maternity and Fertility

Addressing the nuances around maternity, fertility and reproductive health, and alternative family-building methods

### Emerging Shifts in Family Building Landscape



#### Rising Maternal Age

Average age of first-time mothers in India has risen to around **25-26 years**



#### Rising Infertility Rate

**10-15%\*** of married couples face fertility issues. The CAGR growth for infertility claims is at 25%



#### Increase in Caesarean Deliveries

There is a rising trend in caesarean deliveries, which represent **65% of all births** and are more expensive than normal deliveries, with a cost difference of about 50%



#### Augmented Benefit Offerings

Insurers have started to underwrite **new and enhanced benefits like coverage for PCOS, Fertility Treatments and Early Menopause**



#### Employee Support Programs

Prevalence of **comprehensive return-to-work programs and pregnancy care programs** has doubled in the past five years



#### Sexual and Reproductive Health

Inclusion of comprehensive sexual and reproductive health services, such as **contraception, screenings, and counseling** to support overall employee wellbeing

### How are these benefits offered?

Comprehensive maternity benefit including delivery and pre and post natal expenses.

Antenatal expenses, well-baby coverages, and coverage for newborns from day one are integral components of group health family building benefits.

### Reimagining Benefits Through Flex

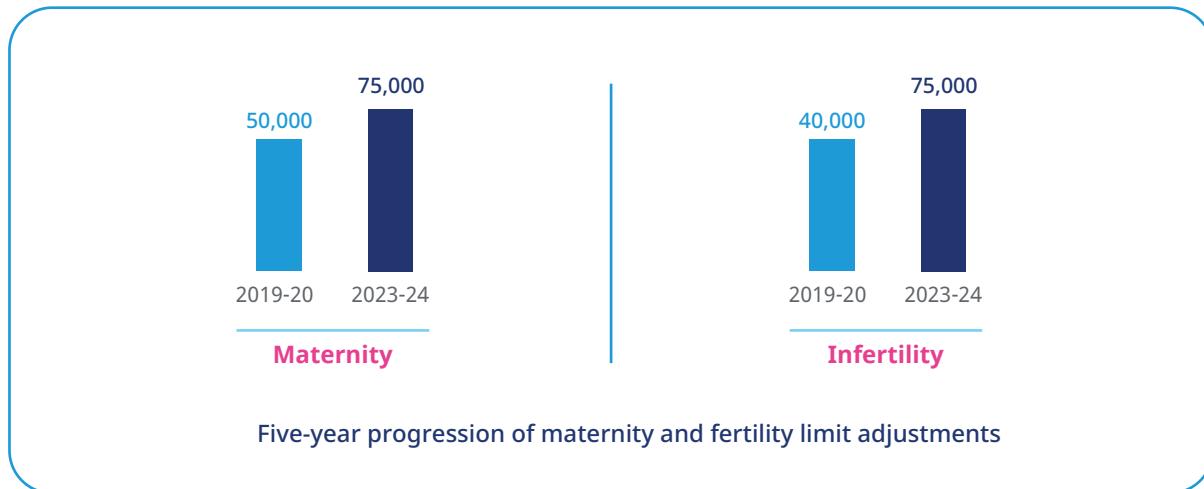
Under flexible benefits plan, specialized programs are being developed to enhance maternity coverage, including provisions for conditions such as PCOS and egg freezing, as well as advanced options like fertility preservation, genetic testing, and comprehensive prenatal care.

### Outpatient-Centered Approach to Modernizing Benefits

Within the realm of outpatient insurance solutions, organizations are expanding their offerings to include comprehensive antenatal care, encompassing diagnostics, consultations, pediatric vaccinations, and counseling services.

# Are Your Maternity Benefits All encompassing? Let's Find Out!

Over the past five years, median maternity benefits have surged by 50%. But does it sufficiently cover the rising expenses?



Corporates typically offer a median of INR 75,000 for maternity benefits.

**The actual costs for maternity care, especially in tertiary hospitals, often exceed this amount, typically ranging from INR 100,000 to INR 250,000.**

Similarly for Fertility Treatments, corporates are providing a median benefit of INR 75,000 however, the actual costs can range between **INR 150,000 to INR 500,000**.

**Maternity adequacy typically ranges between 50%-60% when maternity limits are set between INR 60,000 to INR 100,000.**

This creates a considerable shortfall between the benefits offered and the actual costs incurred by employees. This deficit is either filled in by out of pocket expenses or supplementary policies or flexible benefit policies.

To address the coverage gap, and supplement new age solutions organizations are now increasingly offering:

**Benefits designed to encompass the full spectrum of fertility care**, including fertility preservation and surrogacy options

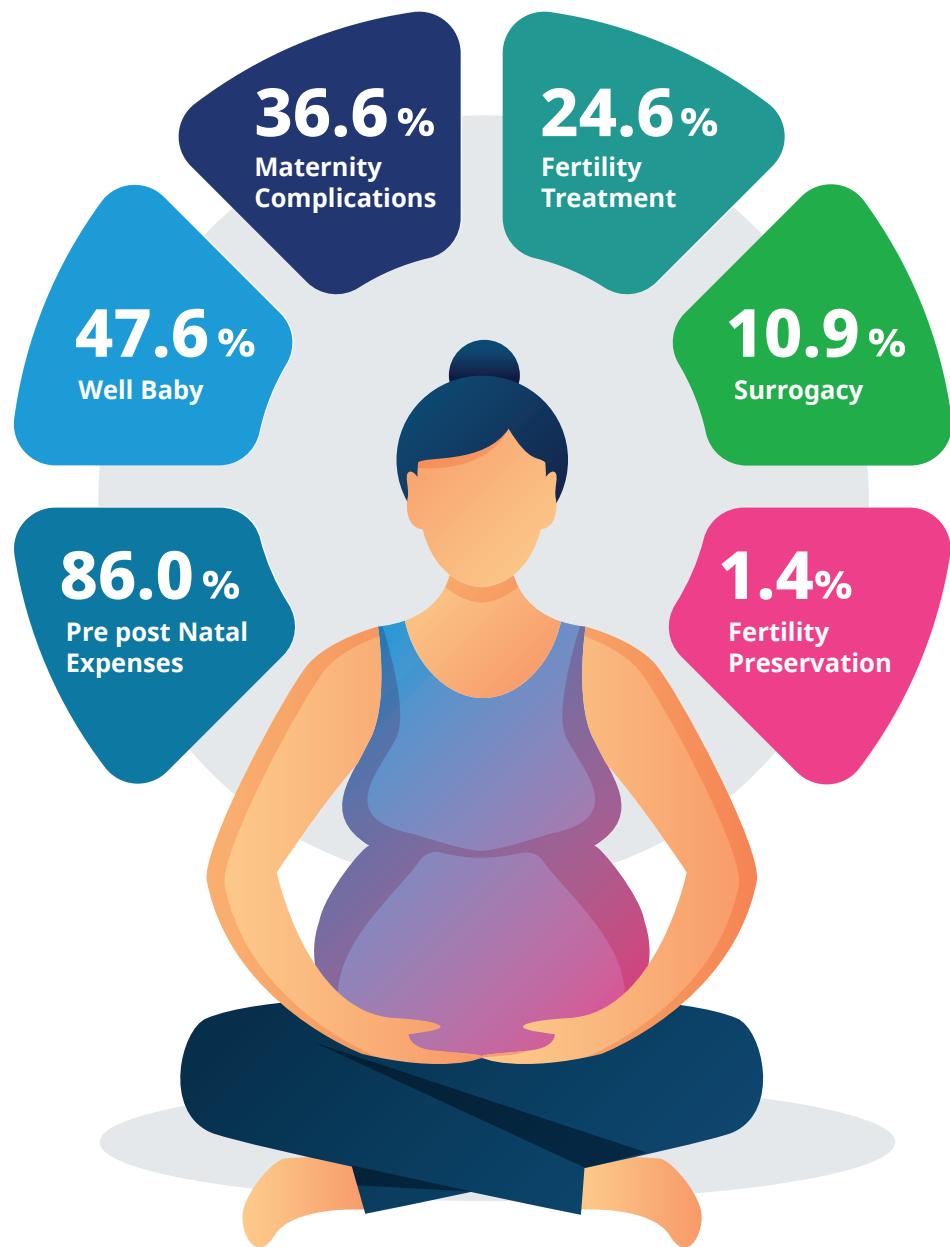
**Flexible benefit solutions with enhanced maternity limit.**

Organizations are also facilitating tie-ups with hospital chains for better negotiated package rates

**Specialized Maternity Programs:** Aimed at ensuring better antenatal health and to support female colleagues in their return to work

# Benefits Prevalence Index

## Family Building Benefits



**Widespread Coverage for Pre and Post Natal:** 86% of employers in leading industries offer pre and post-natal care

**Fertility Support:** Around 26% of employers now provide coverage for fertility treatments

**Comprehensive Maternity Packages:** 37% of organizations extend coverage for maternity complications. Progressive organizations have also started including comprehensive benefits such as fertility preservation, and other advanced reproductive support

# Blind Spots in Care Spectrum



## Men's Health and Male Infertility

Neglect of men's health and factors influencing male infertility including andropause, medically known as late-onset hypogonadism which is the gradual decline in testosterone levels in aging men



## Post Partum Care

Limited coverage and support for postpartum recovery and complications



## Surrogacy and Adoption

Often overlooked leading to a gap in support for employees seeking alternative family-building options

## Bridging the Gaps

Expand coverage to include diagnostic tests and treatments for male infertility, ensuring parity with female infertility benefits

Promote awareness and education about male infertility to reduce stigma and encourage employees to seek support and treatment

Bundle postpartum care, including physical recovery, mental health counselling, post partum depression lactation consulting, and return-to-work programs

Offer flexible work arrangements, extended parental leave, and access to postpartum doulas or home healthcare services to support new parents during the critical postpartum period

Develop inclusive policies that provide financial assistance and leave options for surrogacy and adoption processes, ensuring they are on par with traditional maternity benefits

Offer comprehensive resources and counseling services to assist employees throughout the surrogacy and adoption journey, providing guidance, emotional support, and access to necessary information and services

# MMB POV

## How can we better support individuals preparing for parenthood?

 <b>Holistic Inclusive Coverage</b>	 <b>Personalized Preventive Care Solutions</b>	 <b>All-encompassing Workplace Benefits</b>
<p><b>Optimizing comprehensive maternity limits</b> by aligning them with delivery cost, analyzing claims, and implementing best benefit practices.</p> <p>Organizations are increasingly placing benefits like <b>pre and post natal care, infertility and other family building services</b> above standard maternity limits to provide comprehensive support for employees.</p> <p>Going beyond <b>traditional maternity/ paternity benefits</b> and including support for</p> <ul style="list-style-type: none"><li>○ Fertility Treatments</li><li>○ Fertility Preservations</li><li>○ Surrogacy</li><li>○ Adoption Support</li></ul> <p><b>Flexible and Choice Based Offerings:</b> By providing options to increase benefits like maternity sublimit and infertility benefits the employers can aim at retaining the overall risk and cost.</p>	<p>Advancements in medical technology and data analytics should enable more <b>personalized and preventive care</b>.</p> <p>Employers should increasingly offer benefits that include:</p> <ul style="list-style-type: none"><li>○ Personalized health plans</li><li>○ Ante natal screenings and diagnostics</li><li>○ Neonatal care including newborn screening and immunization</li></ul> <p><b>Standalone Maternity Programs</b> to provide holistic support that is tailored for all stages of pregnancy, including:</p> <ul style="list-style-type: none"><li>○ Nutrition support</li><li>○ Specialist consultations</li><li>○ Mental health support including counselling for infertility, postpartum depression, and adoption-related stress</li></ul> <p>Enhanced coverages for <b>comprehensive reproductive health</b>:</p> <ul style="list-style-type: none"><li>○ Menopause</li><li>○ PCOS</li><li>○ Endometriosis</li><li>○ Hormonal Disorders</li></ul>	<p><b>Gender Neutral Inclusive Policies</b> - Benefits to encompass support <b>for same-sex couples, single parents, and LGBTQ+ individuals</b>, ensuring equity and inclusivity.</p> <p>Tailored programs to support employees <b>returning from maternity / paternity leave</b>, including:</p> <ul style="list-style-type: none"><li>○ Flexible working arrangements</li><li>○ Lactation rooms</li><li>○ Crèche arrangements</li><li>○ Phased return schedules</li></ul> <p>Organisations should now prioritize <b>enhanced paternity leave policies to foster gender equality</b>, support shared parenting responsibilities, and improve overall employee well-being and retention.</p>

**At MMB, we foresee a transformative shift in family building benefits as employers increasingly recognize the critical importance of comprehensive support for employees' reproductive and family building needs.**

# Sustainability and Cost Optimization Strategies

By implementing these strategies, companies aim to make their programs more sustainable, while providing valuable benefits to their employees

## Emerging Shifts in Sustainability Landscape



### Rising Medical Costs

The increase in healthcare expenses is **outpacing general inflation by over 2 times**, putting pressure on employers to manage costs effectively



### Underwriting Shifts

Innovations in underwriting by public, private and standalone health insurers have enhanced risk management and cost efficiency



### Lack of Hospital Regulations

Unlike many other countries, India does not have a stringent regulatory body for hospitals, **leading to variable pricing** and quality of care. With this disparity, there is a growing need for standardization of healthcare



### Cost Management

Organizations are implementing cost optimization strategies to ensure long-term viability



### Sustainability Drivers

Negotiated network hospital package rates, bundled pricing and robust governance framework has significantly influenced cost management

## How are these strategies implemented?

Copayment, Room Rent Limits and Diseases/Benefit Capping are becoming common practices to share costs, thus controlling excessive claims and promoting responsible utilization of healthcare services

Maintaining a sustainable program through cost sustainability programs should ensure that insurers meet their obligations without financial strain

Potential downsides of cost containment strategies include higher out-of-pocket expenses

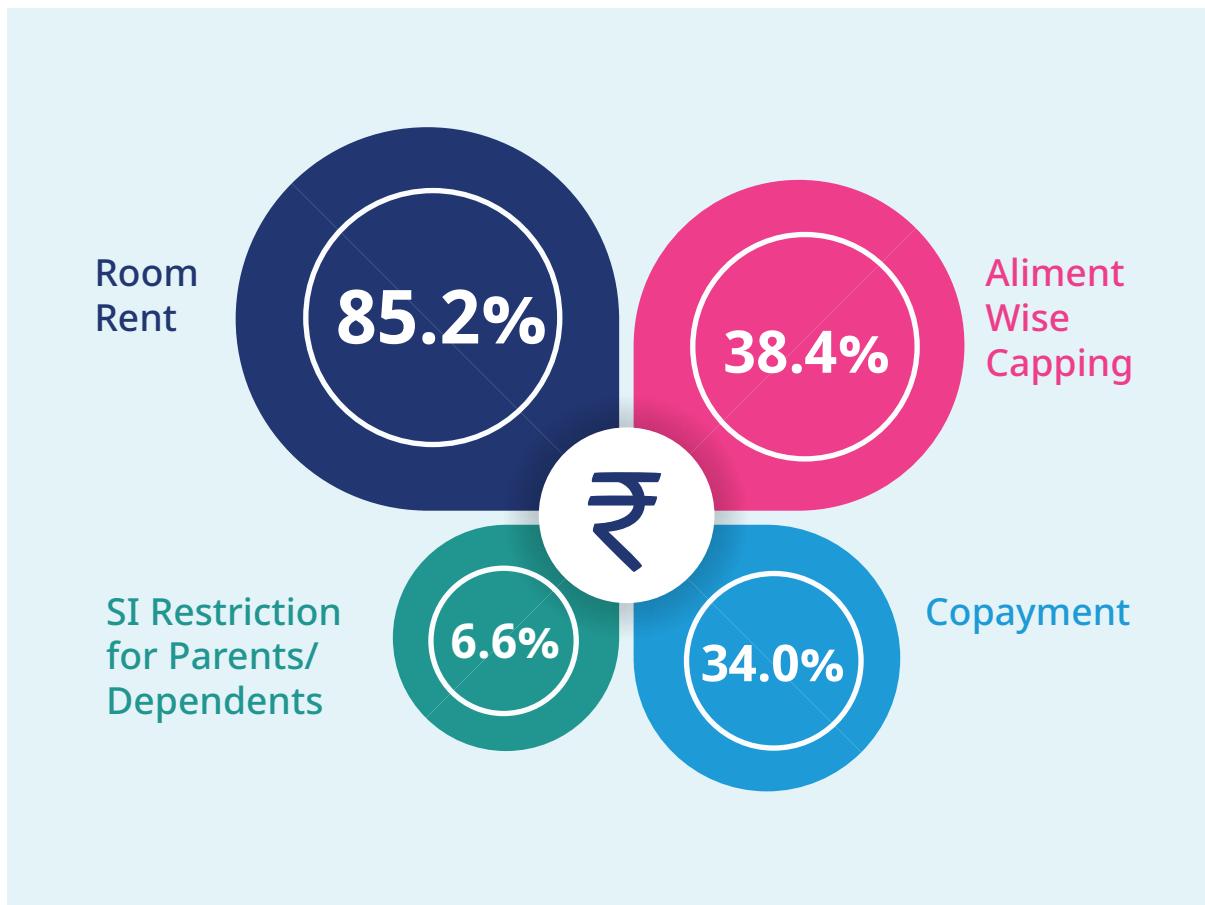
## Reimagining Benefits Through Flex

Through flexible benefits, organizations are now implementing measures to eliminate or reduce copayments, enhance room rent limits, and remove diseases-specific caps. While these benefits remain part of the base plan offerings, employees can access additional options through various flexible plan designs

# Benefits Prevalence Index

## Sustainability and Cost Optimization Strategy

Prevalent cost containment and sustainability measures adapted by organizations. The adoption of copayment models is becoming increasingly widespread as organizations view this as a sustainable and effective solution for long term cost management and drive employee behavior. Prevalence is higher in IT/ITES/Ecom (46%) and BFSI (45%).



*<sup>^</sup>Benefit Trend - Median Limit*

Median Values	Impact on Claims	2023-24
Room Rent limit	High	7,500
ICU Limit	Medium	At Actuals
Sum Insured Restriction (Parents typically)	Medium	300,000
Copayment (ESC)	Medium	10%
Copayment (Parents)	High	20%

# Sustainable Frameworks to Drive Cost Efficiency

Implementing Copayments, Ailment-wise Capping, Deductibles, and Sum Insured Restrictions for Long-term Viability



## Copayment

### Prevalence

34% of the organizations apply co-payment, with a median of 20% for Parents and 10% for ESC

### Co-sharing

Encourages responsible utilization of healthcare services by sharing costs between insurers and employees, leading to reduced misuse of services

### Estimated Budgeting

Predictable copayment allows for better financial planning and budgeting for medical expenses

### Affordability

Copayment help maintain affordable premium rates for both employers and employees by distributing a portion of the expenses



## Ailment Wise Capping

### Prevalence

38% organizations have applied ailment wise capping with cataract being the most prevalent ailment

### Common Capped Ailments

Cataract, Joint Replacement, Hernia, Kidney/ Gall Bladder Stones, Hemorrhoids

### Fair Allocation

Across different types of treatments, avoiding overuse of benefits for specific ailments

### Controlled Expenditure

Caps on specific ailments prevent excessive claims and help in managing overall healthcare costs effectively



In addition, organizations are deploying strategies such as deductibles, sum insured restrictions, premium adjustments, tiered coverage plans, and cost optimization techniques to effectively manage risk and expenses while delivering comprehensive benefits



Organizations evaluate out-of-pocket expenses and coverage adequacy before implementing such measures to ensure strategic alignment and employee satisfaction

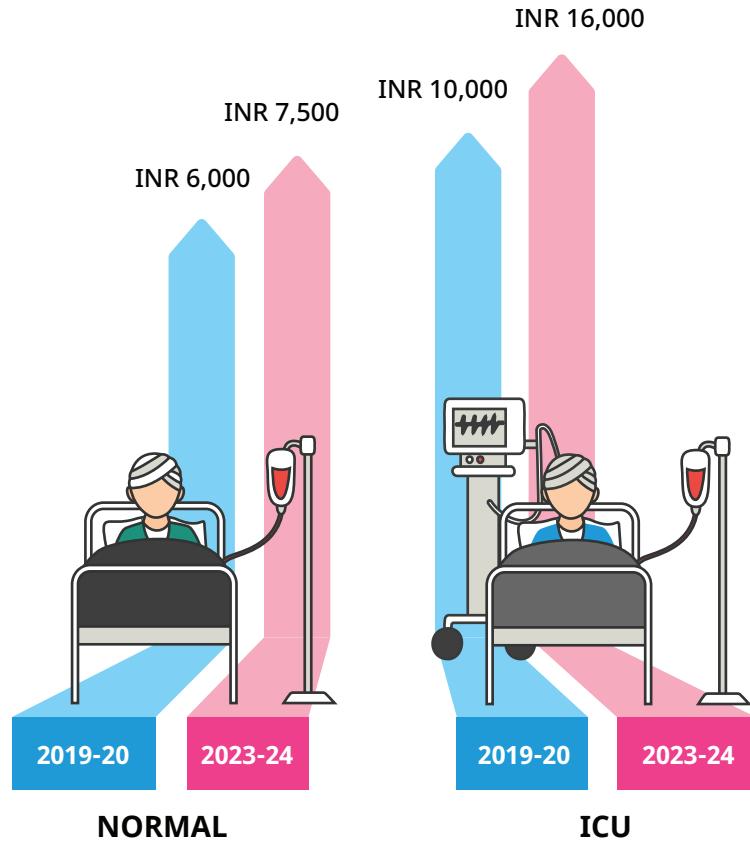


# Analyzing Your Room Rent Limits

## Is Your Coverage Adequate?

Room rent coverages in the last five years have surged by 25% in Normal Room Category and 60% in ICU

### Median Room Rent Limits



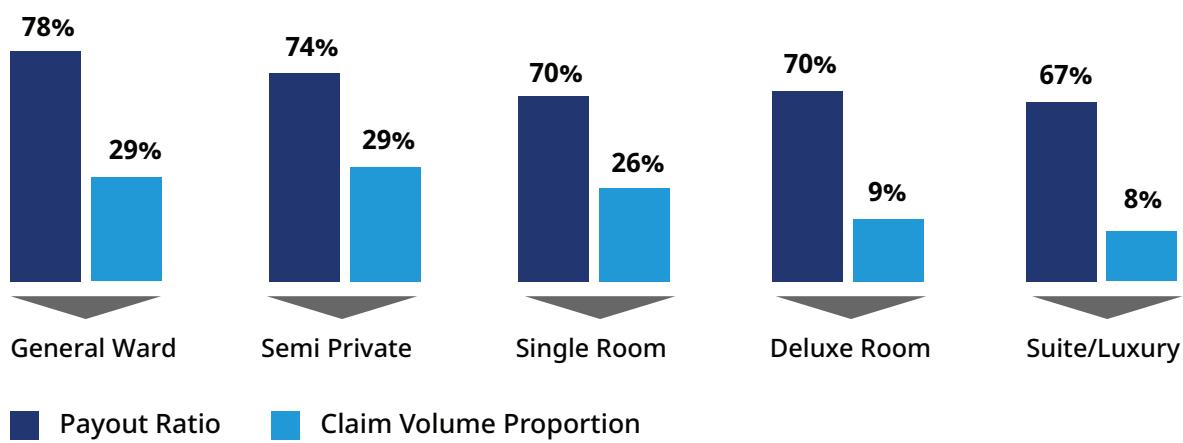
#### Comprehensive room rent strategy

More than 40% individuals opt for Single Room or higher category.

Higher category rooms also incur surges costs including significant increase in Out-of-Pocket Expenses (OoPE)

Organizations are ensuring room rent limits are adequate for employees in group insurance by standardizing coverage to include entry level single AC rooms, negotiating tie-ups with network hospitals, removing proportionate deductions, and tailoring limits based on regional cost variations

### Room Category wise Claim volume proportion and payout ratio



# Blind Spots in Care Spectrum



## Employee Resentment on Rise in Out of Pocket Expenses

Employees face higher out of pocket expenses due to insufficient coverage for severe or chronic conditions



## Lack of Hospital Regulation

In the absence of hospital regulatory body, hospitals capitalize on higher room rent limits and ailment caps by inflating other charges



## Limited Impact on Overall Healthcare Costs

While cost containment measures should reduce immediate expenses, they may not address the larger issue of rising healthcare costs



## Minimum Participation Requirements

In voluntary plans there is the minimum participation requirement, which often hinders optimal program uptake

## Bridging the Gaps

Design policies with flexible caps and higher limits for critical illnesses

Incorporate supplemental insurance options or critical illness riders

Establish preferred provider networks and negotiate rates with hospitals through partners to ensure reasonable and transparent pricing

Implement stricter auditing and monitoring of hospital bills to identify and address overcharging practices

Identify the root cause and focus on comprehensive strategies such as preventive care and wellness programs

Implement data analytics to monitor health trends and strategize

Driving higher participation by way of targeted communication, co-funding of premium, offering flexible enrollment window and incentivizing employees

# MMB POV

## How can we elevate our support for balancing risk and value for employers and employees?



### Copayment and Deductibles

**Increasing Adoption:** The trend towards co-payments is **likely to continue**

**Copayment Buyback:** More insurers and organizations might offer copayment buyback options, allowing employees to reduce or eliminate their copayment by paying a higher premium

**Deductibles:** The future of deductibles in group health insurance policies could see some adoption, albeit cautiously. Insurers might increasingly explore deductibles as a tool to manage rising healthcare costs



### Delivery and Design Integration

**Cashless Everywhere:** With the ubiquity of Cashless Everywhere, cost management should be optimized through expedited discharges, improved turnaround times, and strengthened controls against fraud and abuse

**Tiered Room Rent Structures:** Insurers may implement more nuanced, tiered room rent structures that align better with the diverse range of hospital charges like metro and non metro rates or tiered rates for super specialty and secondary care facilities

**Dynamic Capping:** The development of more dynamic capping systems that adjust based on the **severity and treatment advancements** of ailments could become common



### Employer Strategies

**Promoting Preventive Care:** Outpatient Insurance Program and other healthcare initiatives should lead to reduced incidence and severity of chronic diseases

**Offering Flexible Benefits:** Designing benefits packages that allow employees to customize their health insurance plans and ensure they only pay for the coverages they need

**Leveraging Technology:** Using AI and data analytics to monitor health trends and predict high-cost claims could help in designing targeted interventions

**At MMB, we believe that by implementing these strategies and focusing on innovative solutions, employers and insurers can navigate the complexities of the landscape, ensuring cost-effective and high-quality care for employees**

# Future Ready Healthcare

With the advent of advanced technology, Indian insurance has revolutionized healthcare for employees and employers, making it more accessible, and efficient

## Emerging Shifts in Advanced Treatments Landscape

### IRDAI Guidelines

In 2019, IRDAI introduced the **Modern Treatment Methods and Advancement in Technologies** (MTMAT) regulation, requiring insurers to cover **12 named medical treatments**

### Industry Response

Insurers and intermediaries thereafter increasingly started including advanced treatments such as **immunotherapy, oral chemotherapy, and robotic surgeries**

### Claims Impact

Claims related to advanced treatments have also seen a surge by approximately **2%-4%**

### Provider Networks

Development of **extensive provider networks and strategic partnerships** with top-tier healthcare providers ensure access to the latest medical technologies with negotiated rates

### Technology Integration

There has been an increase in adoption of digital health records to **streamline the integration** and **data** analytics to monitor treatment outcomes and **adjust policies and premiums accordingly**.

### What has changed?

Over the last five years, innovations in cardiac care, cancer treatment, and minimally invasive surgeries has harnessed better patient care, leading to better outcomes and shorter recovery times.

Consequently, the insurance industry has also been significantly impacted, adapting to these changes by offering more comprehensive and innovative insurance solutions to meet the evolving needs.

### Reimagining Benefits Through Flex

Employers are proactively incorporating comprehensive management of chronic conditions, advanced digital health services, wearable technology support and rehabilitation and recovery programs into the flexible benefits plans.

### Outpatient-Centered Approach to Advanced Diagnostics

Cancer screenings and AI based diagnostics are now becoming essential elements of outpatient insurance programs

# Benefits Prevalence Index

## Future Ready Healthcare



■ >60% ■ 56%-60% ■ 51%-55% ■ 26%-50% ■ Up to 20%

Medical and healthcare solutions have witnessed a remarkable transformation in the recent years, with only a limited number of the listed benefits being common five years ago

Regulatory changes by IRDAI, focusing on consumer-friendly policies, have contributed to the increasing prevalence of these benefits

Currently, claims associated with these benefits account for 2%-4% of the total claims settled for corporate clients

# Blind Spots



## Under coverage of Specialized Treatments and Niche Medical Needs

Many policies do not cover the latest medical advancements like Immunotherapy, Robotic Surgeries and Bone Marrow Transplant



## Underestimating the Financial Impact of Advanced Treatments

Employers may overlook the substantial costs associated with modern treatments, leading to higher claim ratio and premium impact



## Restricted Coverage for Advanced Daycare and Outpatient Care

Many policies focus on inpatient care, leaving gaps in advanced daycare procedures and Outpatient services

## Bridging the Gaps

Employers should update benefit coverages to include new treatments as they become validated and cost-effective

Collaboration with consultants and healthcare providers can help assess the effectiveness and cost-benefit of new treatments

Employers should regularly assess the financial landscape of these treatments and work with insurers to adjust coverage limits

Expand the scope of group health insurance to include robust outpatient care and day care coverages including chemo port removal, cancer screening, diagnostic tests, consultations

# MMB POV

## How can we better support individuals by providing advanced treatments?

		
<p><b>Employer Strategy</b></p> <p><b>Comprehensive Coverage:</b> Organizations should ensure their insurance policies cover advanced treatments (MTMAT) up to the full sum insured in the base plan, and it should be treated at par with standard treatments</p>	<p><b>Impact on Insurance and Group Insurance</b></p> <p><b>Increased Costs Initially:</b> Insurers may face higher initial costs as they incorporate advanced treatments and technologies into their coverage plans</p> <p><b>Potential for Long-term Savings:</b> While initial costs may be higher, advanced treatments often lead to better health outcomes and faster recovery times</p> <p><b>Telemedicine Services:</b> Insurers should actively provide and promote telemedicine services for quick access to medical advice and consultations, making it easier to manage health issues before they escalate</p>	<p><b>Claims Experience</b></p> <p><b>Initial Surge in Costs:</b> Advanced treatments and technologies often come with higher costs, leading to increased claim amounts</p> <p><b>Shift in Claim Patterns:</b> Early detection and treatment of diseases can prevent more severe health issues and associated higher claims later</p>

**At MMB, we believe that advancements in medical technology should revolutionize healthcare delivery, enabling more efficient, and accessible solutions for the evolving needs of employees**

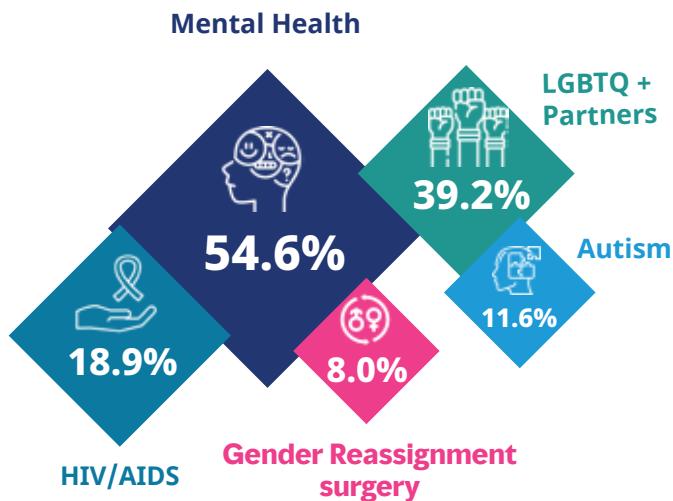


# Embracing Differences, Fostering Equality: The Journey of Diversity, Equity and Inclusion

## How is India Inc. Embracing DEI Benefits?

### A closer look at **acceptance** and **inclusion**

#### DEI Benefits within Employee Benefits Program



#### Challenges with DEI Benefits incorporation within Employee Benefits Program

- 1 Customizing Benefits for Diverse Needs
- 2 Ensuring Equitable Access to Benefits
- 3 Impact and RoI Evaluation

#### What does DEI mean?

Diversity, Equity, and Inclusion (DEI) is a concept that promotes the recognition, acceptance, and celebration of differences among individuals in various aspects such as race, ethnicity, gender, sexual orientation, age, disability, and more.

#### How are these benefits being offered?

**Women Health:** Predominantly maternity forms part of the core benefits under Group Health program. However, now coverages built around reproductive health, menstrual health, cancer and mental health are also creating their space to promote women health and wellbeing

**Mental Health:** This benefit has been emerging however it is still being offered mostly on In-patient basis along with sum insured restriction

**Gender Reassignment surgery, Autism and HIV/AIDS:** These benefits have seen lower traction although due to lower frequency the expected premium loading would still be lower

**LGBTQ+:** Organisations have welcomed this benefit to extend comprehensive healthcare coverage to all employees, regardless of their sexual orientation or gender identity

# What makes Women's Health critical

Cervical Cancer

Breast Cancer

Heart Health

Bone Health

Mental Health

Endocrinology

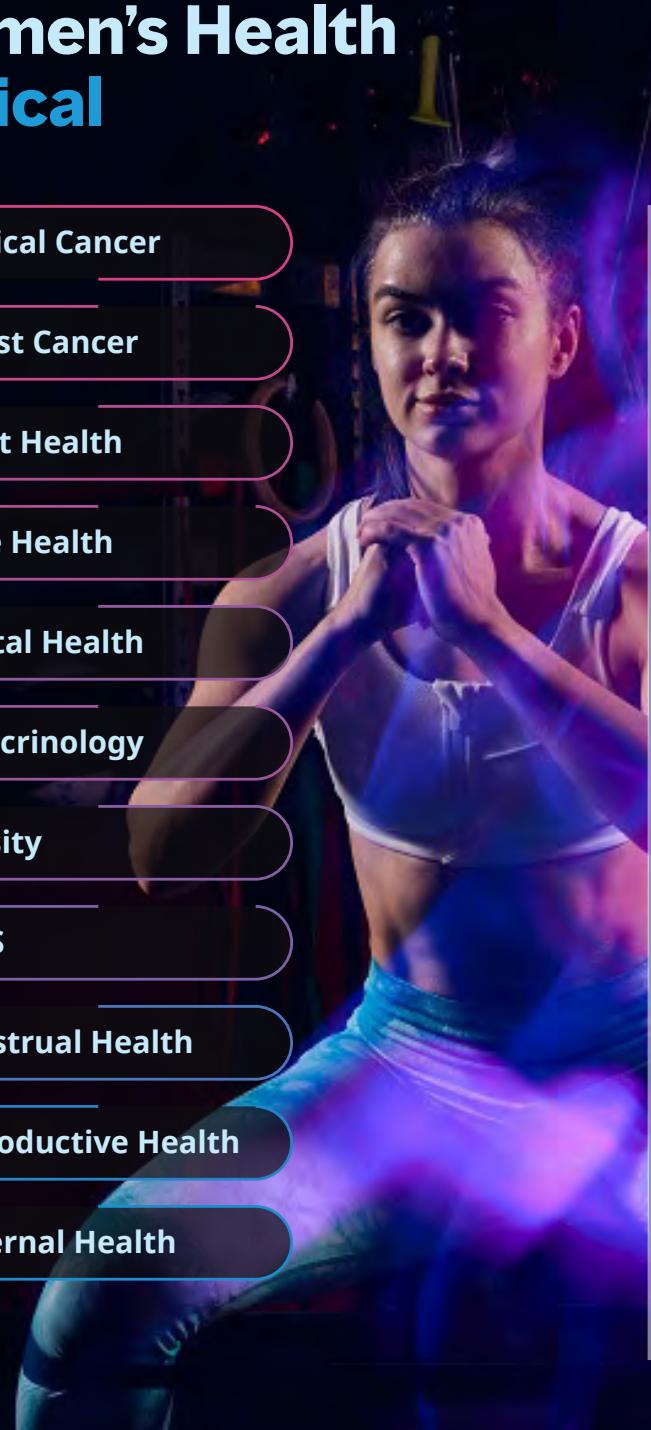
Obesity

PCOS

Menstrual Health

Reproductive Health

Maternal Health



## Blind Spots in Maternity Benefits Framework

03 %  
Abortion Access

08 %  
Post Partum care

09 %  
Lactation Support

26 %  
Fertility Support

86 %  
Pre/Post Natal Delivery

## Emerging Focus on Women Health

♀ Standalone Maternity Program

♀ Women Emotional Care

♀ Period Care

♀ PCOS/PCOD

♀ Menopause Care

♀ Early Parenting Support

# How is Regulator Taking the Lead in Building an Inclusive DEI Framework to Empower and Elevate the Workforce?



## Mental Health

Reiterating that all insurance products must comply with the provisions of Mental Healthcare Act 2017 without any deviation and that treatment of mental illness should be on the same basis as is available for treatment of physical illness



## HIV/AIDS

The regulator announces that all general and health insurers shall offer specific cover for certain vulnerable sections of society including Persons afflicted with HIV/AIDS



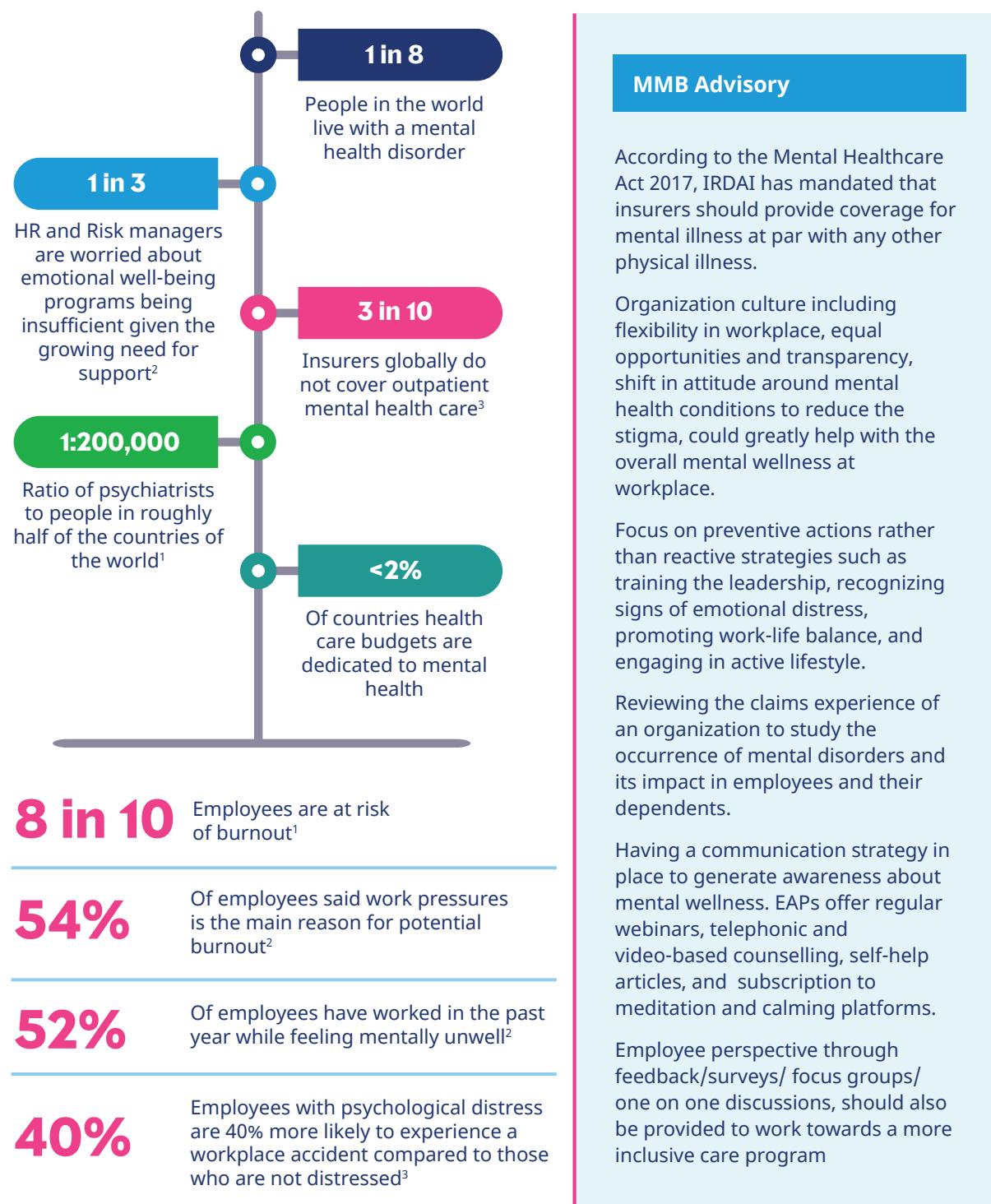
## LGBTQ+/Live in Partners /Same Sex Couples

The regulator instructed all the insurers to publish on their respective websites the aspects of underwriting philosophy and approach with regard to offering health insurance coverage to transgender persons so that the targeted population may have complete information on the philosophy that insurers adopt in this regard



# Spotlight on Mental Health

All over the world, mental health needs are high but often coverage and access are limited



**Source:**

World Health Organization  
MMB People Risk 2024  
Mercer's Health Trends 2024

1. Global Talent Trends. Mercer. 2024

2. MMB Health on Demand 2023

3. <https://pubmed.ncbi.nlm.nih.gov/20596722/>

4. Apollo Health of the Nation Report, 2024

# MMB POV

## How can we enhance our efforts to better support DEI and foster an inclusive culture?



### The Perception of Mental Health Benefit

Offering mental health benefit exclusively on an In-Patient basis undermines the true purpose of the coverage, as hospitalization is typically reserved for severe cases. The actual necessity lies in providing mental health coverage on an Out-Patient basis, which includes consultations, counseling, and therapies. Although this may result in increased costs, timely treatment and support can greatly assist employees in effectively managing their mental health and maintaining optimal performance

We at MMB have recognized the risks associated with mental health conditions and have supported insurers in curating standalone products that cater to mental health needs



### Observing the Shift

Including basic coverage for LGBTQ/Same-sex partners is often seen as a non-premium benefit, but it plays a crucial role in reducing stigma and discrimination. It ensures access to healthcare coverage for themselves and their families, reflecting a commitment to equality and comprehensive healthcare for all employees, regardless of sexual orientation or gender identity

The increasing prevalence of neurodevelopmental disorders like autism in children, coupled with a rise in mental health claims, highlights the need for tailored benefits



### Advancing DEI for Women

It is imperative to address not only the physical challenges but also the emotional, financial, and mental obstacles that hinder the full empowerment of women in the workplace

In today's context, Polycystic Ovary Syndrome (PCOS) affects an estimated 8-13%\* of reproductive-aged women, while more than 10% of married couples face fertility issues. Additionally, many female employees struggle to return to work after childbirth, which impacts their ability to strengthen their parenting capacity

Today, the market offers various solutions that promote the holistic well-being of female employees, helping them safeguard their overall welfare and foster their success



**While the existing ecosystem provides coverage for DEI benefits, the challenge lies in the formulation of precise and standardized policy language. The regulatory authorities have been advocating for the inclusion of new benefits, but the true effectiveness will only be realized when we establish universally accepted and clear policy wordings that genuinely benefits the insured.**







# Empowering Abilities, Ensuring Support

## The Value of Disability Benefits

### Breaking Barriers: How Can Disability Benefits Foster Inclusion and Support for All Employees?

#### RPWD Act 2017

According to the Rights of Persons with Disabilities Act, 2016, "Person with disability" means a person with long term physical, mental, intellectual or sensory impairment which, in interaction with barriers, hinders his full and effective participation in society equally with others, and "Person with benchmark disability" means a person with not less than forty per cent of a specified disability where specified disability has not been defined in measurable terms, as certified by the certifying authority.

\*The regulator announces that all general and health insurers shall offer specific cover for certain vulnerable sections of society viz. Persons with Disabilities (PWD), Persons afflicted with HIV/AIDS, and those with Mental Illness.

#### The Current State



**63%**

External Congenital Diseases



**3%**

Income protection plan



**5%**

Prosthetic and Artificial aids



**7%**

Long term physiotherapy



**16%**

Differently Abled Children



**There is an evident gap between the prevalence of the benefits provided and the evolving, diverse needs of employees, necessitating more tailored and comprehensive employee benefit programs**



# Thriving Together: Building a Culture of Care with Employee-Centric Benefits

## Empowering Employees: Providing Extra Help When It's Needed The Most

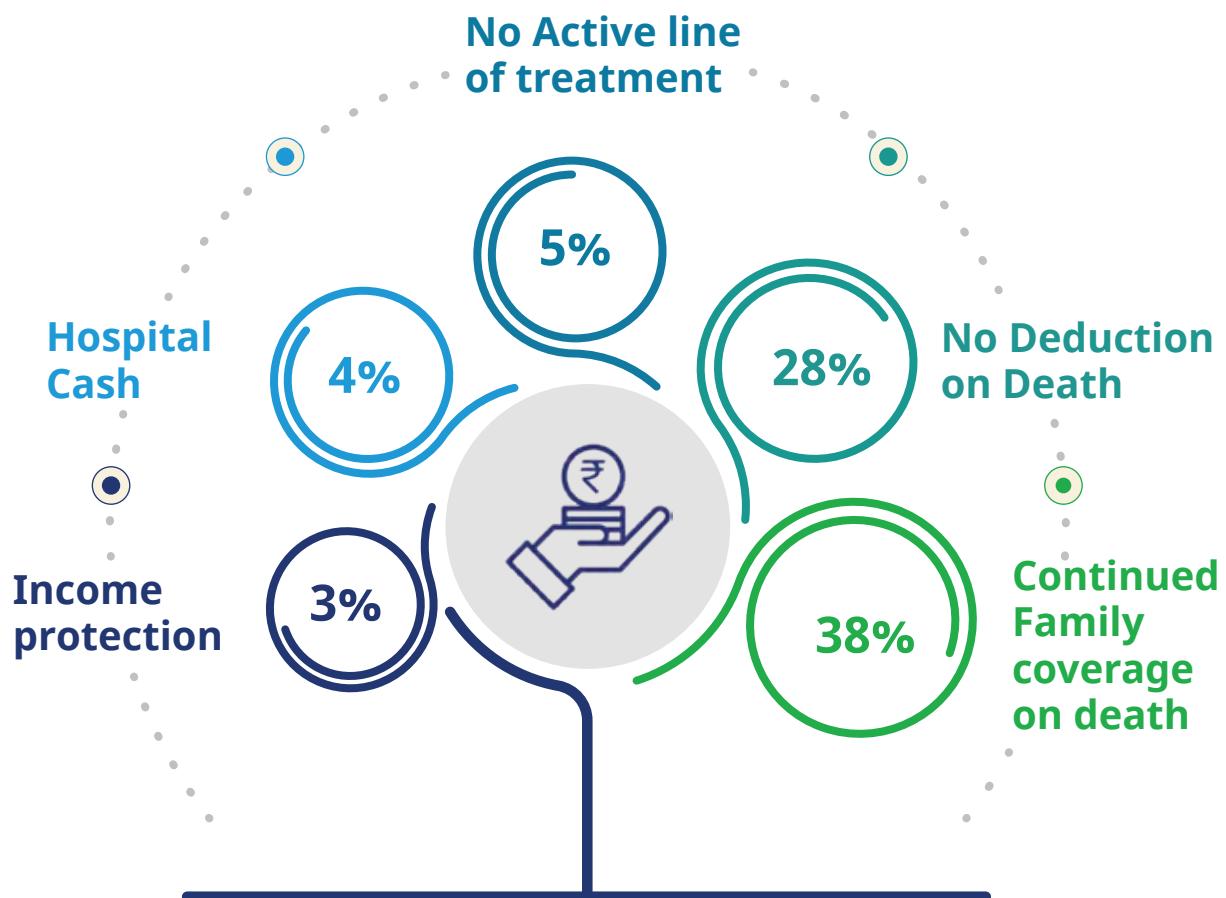
Employee Health Insurance Programs are designed to support employees in the times when they need it the most however there is always some additional cost incurred during any hospitalization, which is not covered under insurance and is deducted during claim settlement and becomes an out-of-pocket expense for employees.



**“Holistic wellbeing” includes not just Physical and Mental wellbeing of employees but also Emotional and Financial wellness**



### Financial Support Beyond Basic Health Insurance

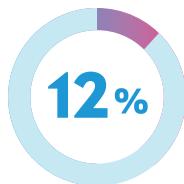




# Behind the Numbers

## The dynamic world of claims and enrolment

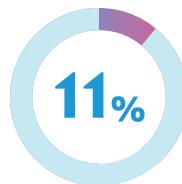
### Claim Trends - YoY Change



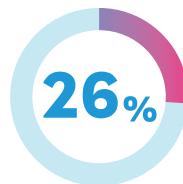
**Cancer Claims:**  
Cancer contribution to total claims is witnessing a staggering year on year surge standing at 12% in terms of amount for 2024 which is 9% higher than previous year



**Maternity Claims:**  
Maternity claims is the highest claims contributor in ESC policies, for all leading industries. It forms 28% of the claims and 24% in terms of actual value



**Cashless Utilization:**  
There has been an 11% rise in cashless hospitalizations, fueled by regulatory initiatives and an expanded healthcare network, enhancing accessibility and convenience for insured



**Length of Stay:**  
There is a notable decrease of average length of stay for surgeries by 26%, driven by advancements in medical technologies leading to quicker recoveries and more efficient treatment modalities

### Industry



YoY increase in claimed amount (Employee only)		
Industry	Ailment	YOY increase in claims
IT/ITES/Ecom	Circulatory	17%
BFSI/Insurance/Banking	Neoplasm	30%
Manufacturing	Injury	40%
Pharma/Healthcare	Circulatory	32%
Engineering/Construction	Circulatory	45%

### Claim Drivers



YoY increase in claimed amount	
Circulatory	17%
Neoplasm	9%
Injury	9%
Arthropathies	7%
Pregnancy	4%

### Relationship



YoY Relationship wise Claims Contribution	
Employee	-4%
Spouse	-5%
Children	7%
Parents/in laws	3%

### Length of Stay



Reduction in Average Length of Stay (Ailment wise)	
Neoplasm	-6%
Infectious	-5%
Injury	-4%
Arthropathies	-4%
Circulatory	-3%

Reduction in Average Length of Stay	
Surgical	-26%
Medical	-3%
Maternity	-3%
Overall	-10%

# Enrolment Trends - Voluntary Programs

Voluntary Plan Name	Values	Change % in 5 years
General Stats	Avg Family Size (Member Count)	▲ 2%
	Voluntary Plan Prevalence (%)	▲ 4%
	Avg Number of Plans / Client (Count)	▲ 22%
Top-up and Modular Top-up Program	Prevalence (%)	▲ 14%
	Participation (% of Employees)	= 0%
	Most Popular Sum Insured	▲ 25%
	Median Sum Insured	▲ 20%
	Maximum Sum Insured	▲ 50%
VPP - Voluntary Parent Program	Prevalence (%)	▲ 1%
	Participation (% of Employees)	▲ 2%
	Most Popular Sum Insured	▲ 20%
	Median Sum Insured	▲ 20%
	Maximum Sum Insured	▲ 100%
Additional Dependent Program (siblings, additional set of parents)	Prevalence (%)	▲ 41%
	Participation (% of Employees)	▲ 98%
	Most Popular Sum Insured	= 0%
	Median Sum Insured	▲ 20%
	Maximum Sum Insured	= 0%

- The voluntary plan prevalence is ~84% which signifies more than 8 out of 10 companies have atleast one voluntary plan carved in their benefit program. The most prevalent is the Top-up plan followed by the VPP
- All voluntary plans show an increase in prevalence in comparison to 5 years ago except the VPP which has remained stable
- The increase in the median SI for all plans necessitates the need for higher sum insured and comprehensive coverage
- The enrolment in the top up plan and VPP is 30% indicating optimised risk management
- The additional dependent program is gaining popularity, more with the advent of MMB's flexible benefits programs

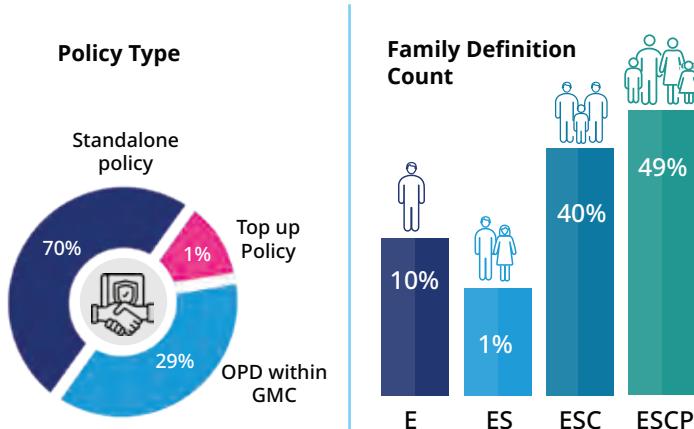
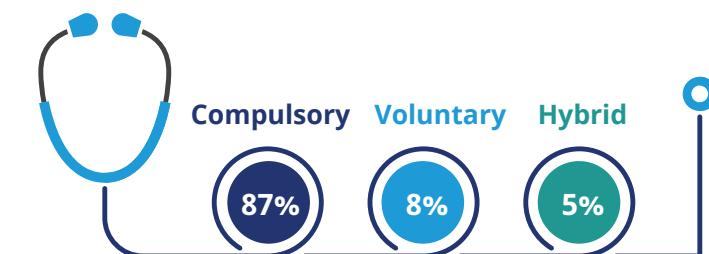


# Beyond Hospital Walls: Outpatient Insurance for Comprehensive Healthcare

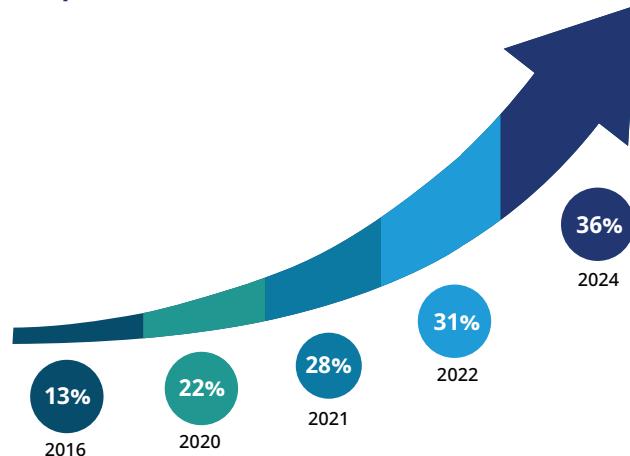
## Is Outpatient Insurance the Key to Comprehensive Healthcare?

A closer look at the penetration of Outpatient Insurance in Indian Market

1 in 3 organizations are currently offering Outpatient Insurance



### Outpatient Insurance Prevalence



### What does Outpatient Insurance mean ?

Outpatient insurance, also known as Outpatient Department insurance, is a type of health insurance that covers the costs of medical treatments and services received on an outpatient basis. Outpatient services refer to medical treatments or procedures that do not require an overnight stay in a hospital.

Outpatient insurance typically covers expenses such as doctor consultations, diagnostic tests, prescription medications, vaccinations, physiotherapy, and other outpatient treatments. The coverage may vary depending on the insurance policy and the specific terms and conditions set by the insurance provider.

**1 out of 3 organizations today offer Outpatient Insurance to their employees and its prevalence has moved from 13% in 2016 to 36% now.**

# Market Trends

Benefits	Market Median (in INR)
 Overall SI	15,000
 Doctor Consultations (online/offline)	10,000
 Prescribed Diagnostics	10,000
 Annual Health Check-ups	4,500
 Dental	7,500
 Vision	7,500
 Pharmacy	5,000
 Vaccination	5,000

## Industry wise SI Median



BFSI  
**INR 25,000**



IT/ITES/Ecom  
**INR 15,000**



Pharma/Healthcare  
**INR 15,000**

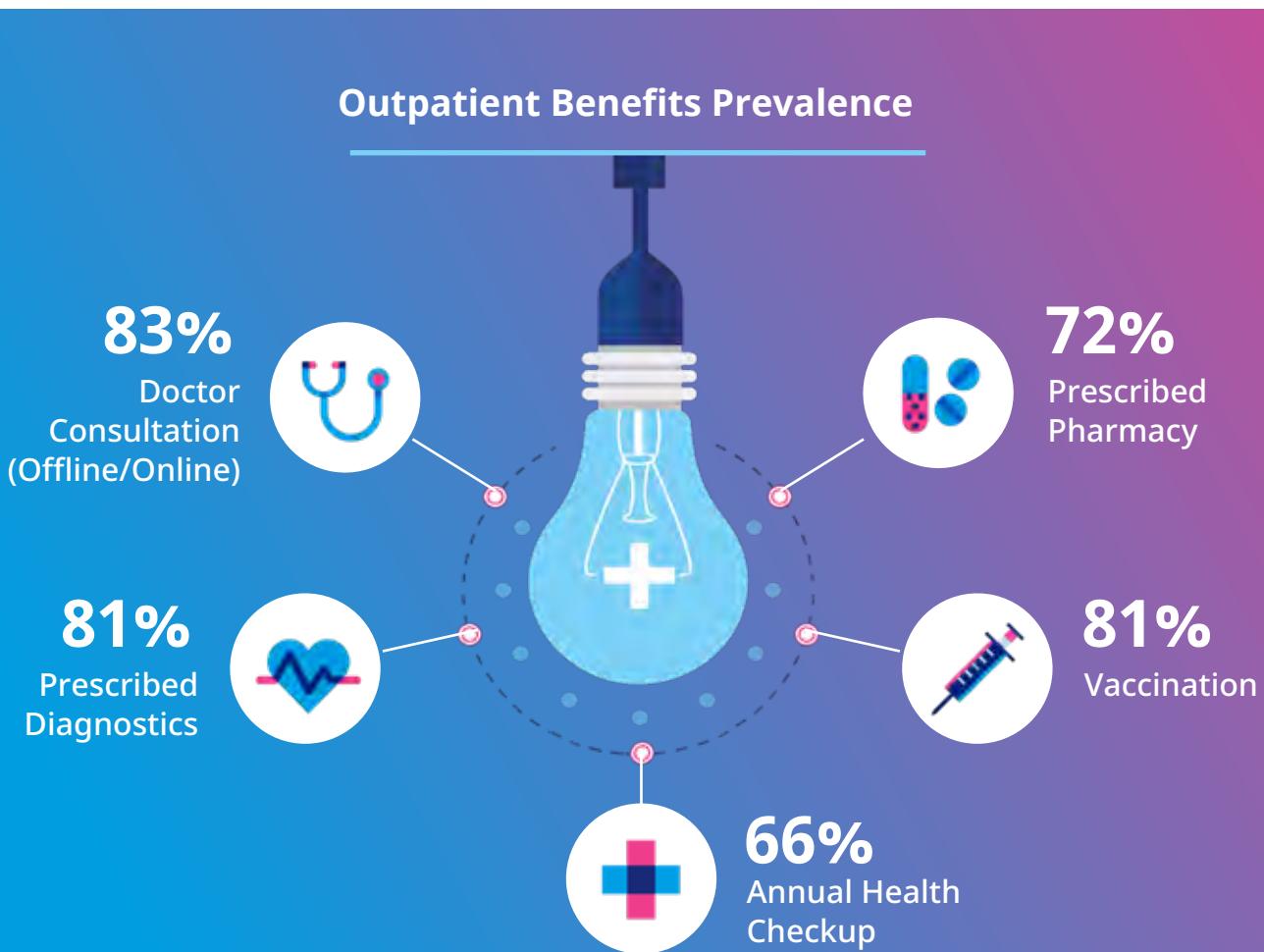
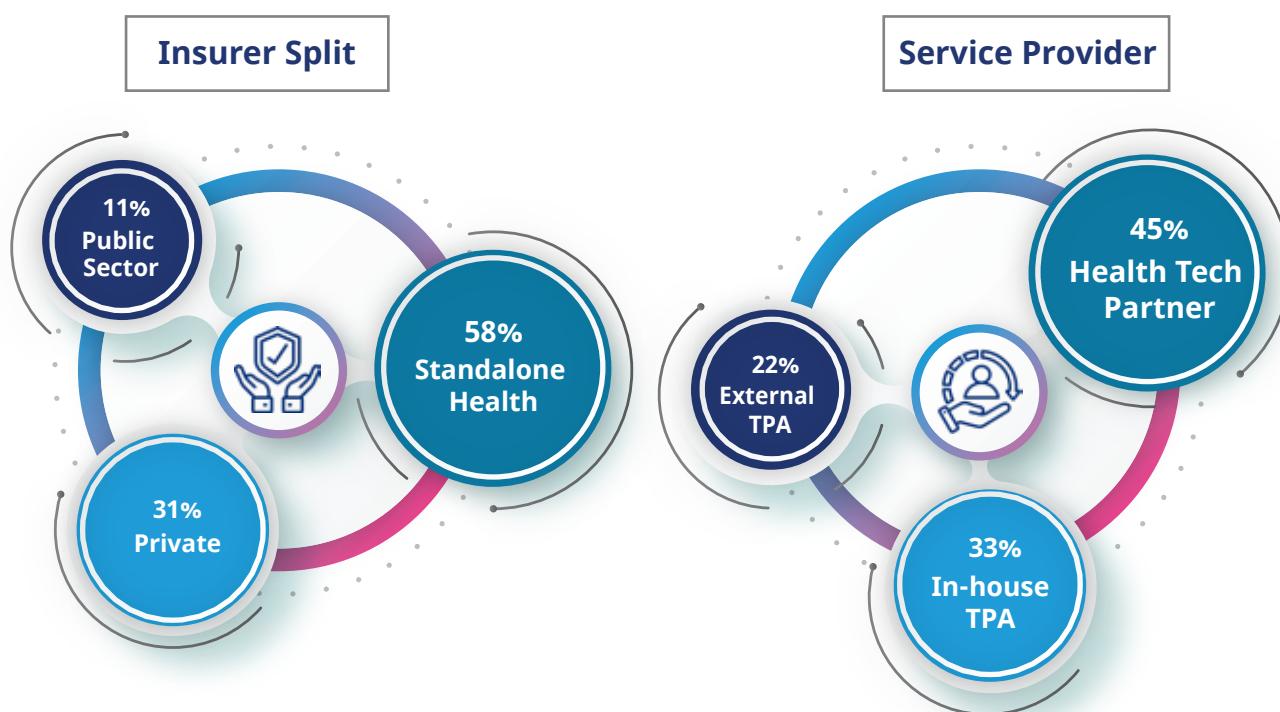


Retail  
**INR 15,000**



Manufacturing  
**INR 10,000**

# Provider Overview



# Blind Spots in Outpatient Spectrum



## Market and Network Structure

Absence of regulator in health sector  
Need for robust network  
Penetration in remotest areas



## Restricted Coverage

Sub limits for select benefits like dental and vision care  
Cosmetic treatments not covered



## Limited Coverage for Alternative Therapy

Limited outpatient coverage for alternative therapies  
Need for a comprehensive framework to include therapies without encompassing ambiguous cases



## Fraud Waste Abuse (FWA)

Cashless model to be promoted  
OCR technology and pre-emptive checks, should bring a reduction in leakages and abuse under the OPD program



## Urgent/Emergency Care

A typical exclusion under IPD if not resulting in active line of treatment.  
Gap in coverage is not being adequately addressed

# MMB POV

## How can we navigate challenges in OPD insurance and strategize for effective solutions?

Given the higher frequency of claims in Outpatient compared to IPD, there could be a situation where the benefits and utilization trends might outweigh the investment in the program. However, to ensure the long-term sustainability of the program, a well-designed plan that aligns with the HR philosophy, targets primary care/preventive care, and ensures ease of utilization will help achieve sustainability. Data derived from utilization trends cross-pollinates with severity-based insurance claims administered in hospitals through IPD. We have observed that sustained offering of the Outpatient policy year on year supports in bringing down the insurance claim cost under the IPD program.

To support ease and convenience of administration, a strong digitally-backed wallet offered through efficient health-tech partners becomes essential to streamline processes. This reduces the administrative burden caused by the higher frequency of claims, ultimately enhancing the overall effectiveness and efficiency of the Outpatient insurance program.

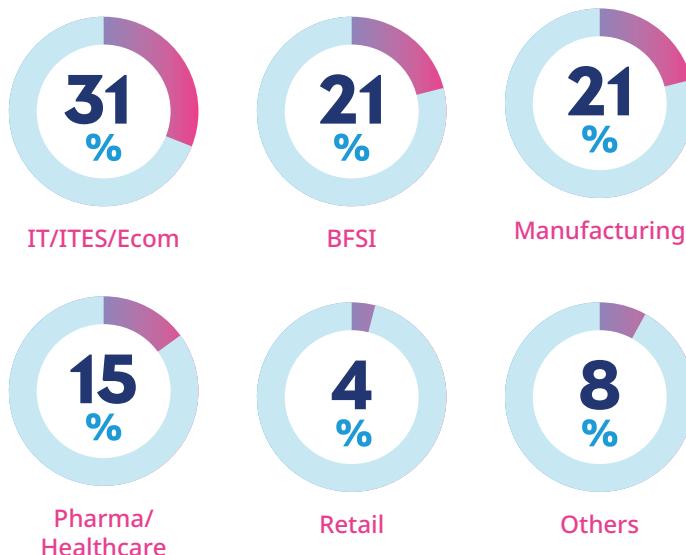
The quality of the network plays a significant role, given the nature of claims adjudicated through cashless digital wallets. At MMB, we believe the future of Outpatient insurance holds immense promise, characterized by a harmonious blend of innovation and data-driven solutions. As technology continues to advance, we can anticipate the integration of telemedicine, artificial intelligence, and digital health tools, which will revolutionize access to care, promote preventive measures, and personalize the healthcare experience for employees.

Data analytics will play a pivotal role in optimizing Outpatient plans. Insurers will leverage this valuable data to customize plans, identify high-risk populations for targeted interventions, and continuously refine program effectiveness. Moreover, with a growing emphasis on incentivizing healthy behaviors, models such as Health Savings Accounts (HSA) will carry significant weight. Creative strategies like gamification will encourage investment in good health, ensuring active participation and reaping the benefits of these programs for corporate India.

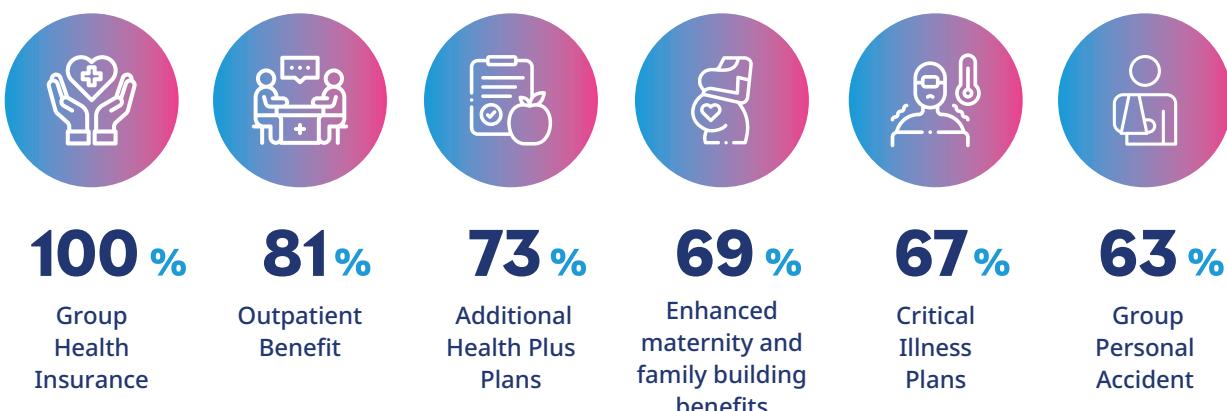
# Engage, Empower and Elevate: Embrace the Flexibility of Benefits Insurance

## "Meeting Diverse Needs: The Significance of Flexible Benefits"

Flexible benefits insurance adapts to **changing life circumstances**, ensuring that benefits remains relevant over time. Overall, it provides a **personalized and adaptable** approach to insured and non insured benefits, enhancing overall employee experience.



### Benefits that are flexed



# Changing Landscape of Flexible Benefits

Up to 2020



Limited eco system for successful implementation of Flex plans with handful insurers and TPAs



Fewer plan options available for Insurance and Non Insurance to choose from

2021 and Beyond



Progressive Regulatory guidelines, competitive Flex insurers and TPAs in the market are supportive of Flex



Enriched Insured benefits Outpatient Cover, CI Cover and Mental Health Cover. Monetizing benefits and trading off insured and non-insured options are emerging trends, offering flexibility and cost management in employee benefits.

**Non Insured Benefits – 50% of the clients on Flex model have at least one of these benefits**



## Physical

Gym and Sporting Equipment, Fitness centre/Yoga/Gym, Fitness and nutrition counselling



## Lifestyle

Vacation, Pet Care, Plant Subscription, Air / Water Purifier, Nanny Care, ESG/ Go Green, Vehicle/Travel Insurance



## Medical and Wellness

Health Device, Physical Aids, Major Diagnostics, Specialist Consultation, Physiotherapy and Ergonomic equipment/ devices, Acupressure and Acupuncture, Vaccination



## L&D Financial

Enriching Hobbies, Financial Planning Assistance, Online subscription of courses



## Mental Wellbeing

Autism, Counselling, Therapies, Yoga and Meditation



## DEI centric

Menopause Cover, Map My Genome, Women Care, Pregnancy Care, PWD Home, Modification, vehicle modifications, nursing care at home, Infertility Treatment

# Blind Spots in Flexible Benefits Solution

			
<p><b>Focused on Insured Benefits</b></p> <p>The <b>Flexible Model</b> in India today is looked at more from Insured benefits perspective</p>	<p><b>Readiness for Future Needs</b></p> <p>While the current Flexible Benefit programs focusses on <b>immediate needs</b> such as insurance and wellness programs and often neglect long term needs</p>	<p><b>Tax Efficiency</b></p> <p>Absence of Tax savings benefits beyond health and life insurance</p>	<p><b>Return on Investment</b></p> <p>Benefits often don't align with business goals, reducing measurable returns like productivity and retention</p>

## Bridging the Gaps

Approach to flexible benefits solution has to be from Total Rewards perspective thereby bringing in elements from compensation and rewards under the larger umbrella of Flexible Benefits	Integrate long-term care, and retirement health options to future-proof benefits	Structured rewards and benefits with tax-efficient options. Encompassing salary sacrifice schemes to channelize funds towards electric vehicle, retirement contributions, meal vouchers, charity and others	Using data analytics to evaluate and track metrics like employee satisfaction and engagement scores, benefit utilization trends, productivity and retention rates, and improvement in wellbeing  Overall cost optimization against program investment
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# MMB POV

## How can we evolve flexible benefits to drive progression, ensure cost sustainability, and adapt to changing workforce needs?

Flexible Benefits as a solution gained prevalence with larger organizations, focused on cost sustainability and benefits harmonisations. However, the major objective has shifted towards personalisation of benefits, with cost sustainability

 Stakeholder Convergence	 Design Innovation	 Technology
<p><b>Employee:</b> Empowering employees to tailor their benefits portfolio by providing relevant choices</p> <p><b>Employer:</b> Investing in flexible benefits allows organizations to cultivate a competitive edge in talent acquisition, employee retention and overall employee satisfaction</p> <p><b>Insurer:</b> Increased consumerism helps in mutually profitable engagement</p>	<p>Flexible Benefits Solution is a constantly evolving approach catering to employer and employee needs</p> <p>Design innovation continues to happen with additional components being added like leave conversions, increase in choices, and varied non insured benefit options.</p> <p>Access to a robust marketplace of Insurers and specialized vendors for flexible benefits. This emerging ecosystem fosters innovation and adaptability in flexible benefits design</p>	<p>Agile technology as an enabler plays a pivotal role in success of a flexible benefits solution</p> <p>A seamless user experience with ease of understanding, intuitive interface and navigation leads to greater employee engagement and streamlined communication</p> <p>By harnessing advanced reporting and analytics, technology will empower employers to automate data management, minimizing administrative burden and gain actionable insights</p>

# Accidents Happen, Protection Matters. Group Personal Accident Insurance

## Unraveling the Potential of Group Personal Accident Insurance

While a Group Medical Coverage (GMC) policy provides indemnification for employee expenses related to treatment and preventive measures, a Group Personal Accident (GPA) policy offers benefit-based coverage. The GPA policy provides financial protection against the risk of death or injury resulting from accidents caused by violent, visible, and external means.

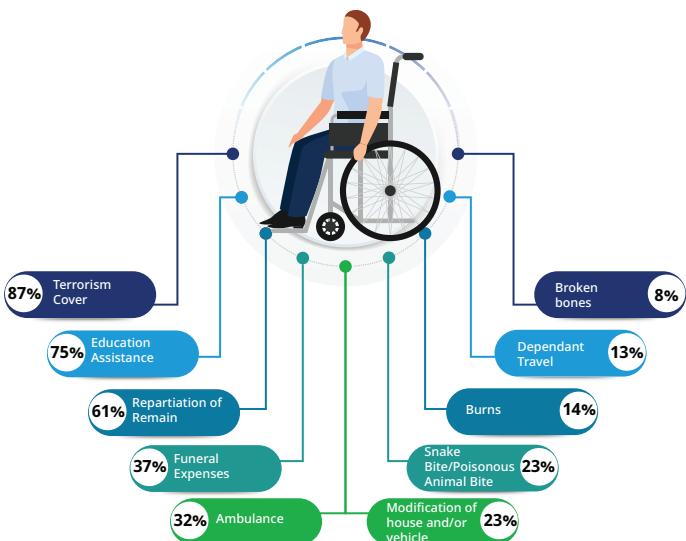
### Core Benefits: Prevalence



Prevalence of GPA offered as Multiples of CTC



### Emerging Add on Benefits



The coverage amount in Group Personal Accident (GPA) insurance is categorized into three types: Fixed, Graded, and Multiples of CTC. Among these, Multiples of CTC is the most commonly chosen option, accounting for 60% of policies. The coverage amount typically ranges from 1 time CTC to 10 times CTC, with a market median of 3 times CTC.

**While there has been an increase in the number of corporates opting for Multiples of CTC as the coverage amount in the past 5 years, rising from 53% to 60%, the market median of 3 times CTC has remained unchanged.**

# MMB POV

## Accidents can happen when we least expect them! How can we optimize GPA policies to ensure comprehensive coverage?



### Fundamentals

At MMB, we strongly advocate for organizations to extend the benefits of a Group Personal Accident (GPA) policy to their entire workforce, regardless of whether they are blue-collar or white-collar employees.

Providing adequate insurance coverage for employees and their dependents is a valuable initiative, but it is equally crucial to ensure that workplace safety protocols are thoroughly reviewed. The Year on Year claims trend serves as a significant indicator of the safety measures implemented at the client's premises.

Selecting the appropriate coverage amount is of utmost importance, as it is impossible to fully compensate for the loss of life or any disability. However, having a **sufficient amount** of financial support can be incredibly valuable.

The market median for coverage amount is currently set at 3 times the Cost to Company (CTC). This can be considered as the minimum coverage amount from the employer's perspective. Additionally, employers can offer flex up options to employees, allowing them to choose a higher Sum Insured and pay for the additional coverage out of their own pockets. This provides employees with the flexibility to enhance their coverage based on their individual needs and preferences.



### Dependent Coverage

The coverage for dependents is an aspect that has not shown any significant growth in prevalence over the years. However, it remains a crucial area of concern. By including spouse in the GPA policy, their financial protection in the event of an accident is ensured. This coverage provides them with the necessary resources to address medical expenses, rehabilitation costs, and other related needs.

#### Through a flexible benefit solution, coverage can be extended to spouse/partner

While the death of a child may not have a direct financial impact on parents, it is important to consider the practical implications since in the case of disablement, coverage for Permanent Total Disability (PTD) can be of great assistance to parents. It helps them manage the additional costs associated with the disability and provides the necessary support during such challenging circumstances.



### Future Ready Policies

From the perspective of salaried individuals, having a long-term disability policy is of utmost importance. This policy provides coverage for various scenarios such as prolonged sickness, critical illness, disability leave, exhaustion of leaves.

It is important to highlight that while the current adoption of this benefit is relatively low, with less than 1% of organizations offering it, there are still a few organizations that have taken the initiative to include income protection in their health insurance plans.

Typically, the sum insured for this coverage ranges from INR 5,000 to INR 20,000.

# Safeguarding Life, Beyond Horizons

## Integrated Life Insurance Landscape

Life insurance has undergone significant evolution with the pandemic serving as a catalyst for accelerated changes in the industry

### Emerging Shifts in Term Life Landscape



#### IRDAI Guidelines

Standardized term life products in 2020 and stricter compliance norms



#### Market Building

Entry of new insurers, **both domestic and international**



#### Premium Experience

Flexible premium payment options



#### Settlement Ratios

100% settlement, with rejections limited to the Actively at Work clause and travel to sanctioned countries



#### New Innovations

Critical illness and disability riders

#### What is offered?

GTL insurance benefits often include a lump sum death benefit, coverage for accidental death and dismemberment, critical illness coverage, terminal illness benefits, and sometimes additional riders for disability or supplemental life insurance.

#### What has changed?

Over the past five years, there has been a significant increase in the awareness and adoption of life insurance solutions among corporate employers. Market penetration rose by **25% more corporates** offering term life in their employee benefits package.

Group term life programs are typically employer sponsored. In recent years, there has been a shift towards offering voluntary top-up options, allowing employees to enhance their coverage based on individual needs and preferences.

#### Reimagining Benefits Through Flex

Enhanced GTL options are now available through flexible benefits plans, including the opportunity to extend coverage to spouses. Employers are now offering increased GTL coverage limits, additional riders such as critical illness coverage, voluntary term life programs and wellness benefits

# MMB POV

## How Can We Redefine Group Life Insurance to Secure a Future of Uncertainty?



### Increase in Employee Demand for Customization

**Flexible Coverage Options:** In the next five years, we can expect at least 40-50% of employers to offer more flexible group term life coverage options, allowing employees to choose their coverage levels based on personal needs, income levels, and family structures

**Rise of Wellness Linked Group Term Life Insurance:** It is likely that group term life insurance should integrate with wellness programs. Employees could see benefits like lower premiums or enhanced coverage if they meet certain wellness criteria, such as maintaining a healthy lifestyle or participating in wellness activities

**Data Driven Premium Adjustments:** The use of wearables and health apps could lead to dynamic premium adjustments. Group life insurers might adopt this technology, using real-time health data to reward healthier employees with lower premiums



### Innovations and Technology Integration

**Digitization of Group Term Life Insurance and AI-Driven Risk Assessment:** Insurers should adopt AI and machine learning algorithms to streamline the risk assessment process. This should reduce underwriting time enabling quicker policy issuance and more personalized life insurance coverage

**Introduction of Embedded Insurance Models:** Organizations should begin offering group term life insurance embedded within broader employee benefits packages

**Bundling with Financial Wellness Products:** There is likely possibility that the bundling of group term life insurance is done with other financial products such as retirement savings plans and emergency funds

**Real Time Claims Processing:** Insurers are expected to implement blockchain technology to enhance claims verification processes. This could reduce the average claims processing time



### Future Challenges and Regulatory Changes

**Government Mandates on Coverage:** Over the next years, there could be an increase in regulatory mandates requiring organizations to provide life insurance coverage for specific employee groups, such as part-time workers or those with dependents

**Data Privacy Concerns:** As insurers increasingly use health and personal data, compliance with data privacy laws like GDPR and India's Data Protection Bill should become critical

**Taxation and Stamp Duty Changes:** Changes in taxation and stamp duty should continue to influence the cost of group term life insurance. It is projected new taxation policies could increase the overall cost of group life insurance programs by 5-7% for companies in next five years, prompting them to renegotiate terms with insurers

**At MMB, we believe that the future of Group Term Life insurance is expected to evolve in several ways, driven by market trends, regulatory changes, and shifting workforce needs**



# Evolving Industry Landscape Navigating Changes, Driving Innovation

## Insurers at Crossroads: Navigating Market Changes



Over the past five years, there has been a shift from PSU to Private Insurers in the health insurance sector

PSU insurers, who once occupied over **46% of market** share, have now seen their share reduced to **40%**

This shift can be primarily attributed to **fiscal prudence** to maintain a solvency ratio of at least 1.50 which has led to stricter underwriting practices. The Union government has directed the public sector insurance companies, who are struggling to improve their solvency ratio and profits, to come out of loss-making portfolios, which have been identified as significant loss-making areas

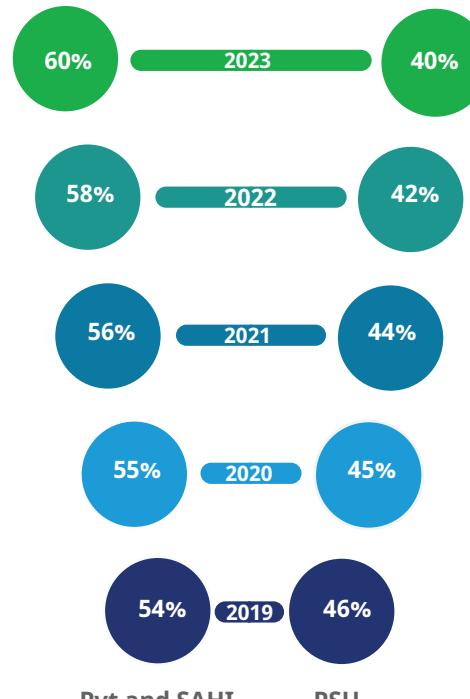
These guidelines should serve to further amplify the market share of private sector insurance providers in the health industry. Additionally, this move could pressure large private players to reassess their own solvency, thereby intensifying competition and elevating the overall financial prudence

Pandemic further accelerated the shift in market share, with private insurers seeing a higher uptake compared to public insurers, driven by increased demand for health coverage, faster digital adoption, and more customer-centric innovations

The industry has witnessed a 17% reduction in loss ratios between 2021 and 2024, from 115% to 96%, attributed to premium corrections and stricter underwriting practices

**There has been a shift in market share towards Private and Stand Alone Health Insurers over the past five years**

5 Years PSU vs Private Insurer Trend for Total Health Insurance



Source- IRDAI



**Private insurers have been growing at a much faster pace compared to PSUs**

**Recent data suggests that the CAGR for private health insurers has been around 12%-15% in recent years**  
**PSU insurers, on the other hand, have experienced slower growth, with a CAGR of around 5%-7%**





# Transformation of TPA and HealthTech Partners in India

## Unraveling the Potential of Group Personal Accident Insurance



Consolidation of TPAs by merger and acquisition



Rise of integrated wellness apps offering consolidated health



Increased adoption of AI and automation in TPAs



Growing acceptance of telemedicine and healthtech apps



Growth of healthtech ecosystem



Regulatory push through initiatives like cashless everywhere, National Health Claim Exchange among other reforms



Increased penetration of wellness programs driven by healthtech platforms



**IRDAI, with key regulations such as enabling cashless claims within 3 hours, promoting digital health platforms, and streamlining e-claims processing, is driving digital transformation by empowering TPAs and healthtech partners to enhance operational efficiency in the insurance sector**



# Abbreviations

Abbreviations	Full Forms
AI	Artificial Intelligence
ARMD	Age Related Macular Degeneration
Avg	Average
AYUSH	Ayurveda, Yoga and Naturopathy, Unani, Siddha, and Homeopathy
BFSI	Banking and Financial Services Industry
C	Child
CAGR	Compound Annual Growth Rate
CI	Critical Illness
Co-Pay	Copayment
CTC	Cost to Company
CVD	Cardiovascular Disease
DEI	Diversity, Equity, and Inclusion
E	Employee
Ecom	Electronic Commerce
EAP	Employee Assistance Program
ESG	Environmental, Social, and Governance
GDPR	General Data Protection Regulation
GIC	General Insurance Council
GMC	Group Medical Coverage
GPA	Group Personal Accident
GTL	Group Term Life
HSA	Health Savings Account
HIFU	High-Intensity Focused Ultrasound
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
ICDs	Implantable Cardioverter Defibrillator
ICU	Intensive Care Unit
IONM	Intraoperative Neuromonitoring
IPD	In-Patient Department
IRDAI	Insurance Regulatory and Development Authority of India
IT/ITES/Ecom	Information Technology/Information Technology Enabled Services/E commerce
L&D	Learning and Development
LASIK	Laser-Assisted In Situ Keratomileusis
LGBTQ	Lesbian, Gay, Bisexual, Transgender, and Queer
MRI	Magnetic Resonance Imaging
MTMAT	Modern Treatment Methods and Advancements in Technology
NHCX	National Health Claims Exchange
OoPE	Out-of-Pocket Expenditure
P/PIL	Parents/Parents-in-law
PCOS/PCOD	Polycystic Ovary Syndrome/Polycystic Ovary Disease
POV	Point of View
PSU	Public Sector Undertaking
PTD	Permanent Total Disability
PVT	Private
PWD	Persons With Disability
S	Spouse
SI	Sum Insured
TPA	Third Party Administrator
VPP	Voluntary Parental Plan
YoY	Year on Year
Z	Siblings

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