



# Employee Insured Benefits

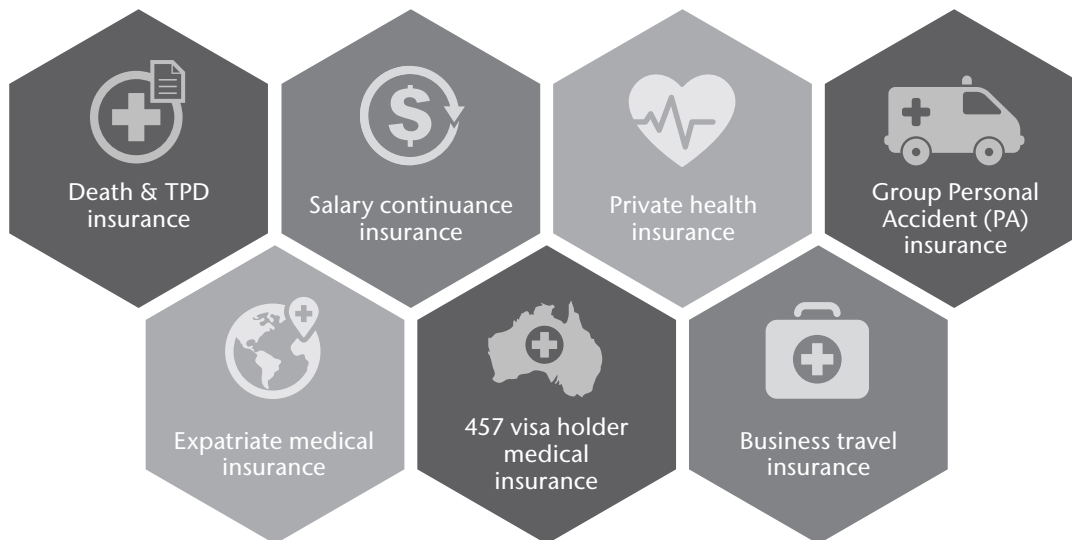
Benchmarking Study 2016

## Executive Summary

The Aon Employee Insured Benefits Benchmarking Study presents valuable insight into the benefits provided by organisations, their relevance and sustainability.

It provides meaningful data to understand how insured employee benefit programs compare in the market.

The survey covered all primary areas of employee benefits:



We have analysed the responses to each category throughout the report and provided valuable insights into each area and also the broader employee benefits landscape in Australia.

# Key influencers

Over the last few years, we have seen shifts in social dynamics and other broader factors – many global – that are directly influencing the structure, operation and sustainability of employee benefit programs.

These factors can be categorised into five key areas:



## Ageing population

Like many countries, the Australian population is ageing - the number of Australians aged 65 and over is projected to more than double by 2055. Employers need to review and adjust employee benefit programs to ensure the benefits being provided are both sufficient and appropriate as older workers remain in the workforce for longer and insurance related needs change over time.



## Rising health care costs

Medical inflation rates across the globe are in many countries running at levels that exceed general inflation levels – in some cases by double digits. In Australia in 2015, the differential was more than three times general inflation. This presents multiple issues for employers in the provision of health benefits to employees whether that be through subsidised programs or voluntary arrangements.

From a global perspective, we expect to see further medical cost escalation due to global population ageing, overall declining health, poor lifestyle habits becoming pervasive in emerging countries, continuing cost shifting from social programs and increasing utilisation of employer sponsored plans.



## Compliance considerations

We are seeing a growing trend to ensure that employee benefit programs are structured in a compliant way, in particular including in-country insurance placements to satisfy applicable local requirements. This requirement is generally becoming more prevalent in many countries as local requirements become more stringently enforced (with resulting penalties) and as visibility on overseas placements is enhanced from a regulator perspective.



## Voluntary benefit provision

Recognising that the days of 'one size fits all' for employee benefits provision are long gone is critical. For those organisations that have done so, the result is a benefits program that provides employees with choice, flexibility and control to tailor benefits to suit personal and changing needs. We have seen these voluntary style benefit programs increase in popularity over recent years. We would expect this upward trend to continue.



## Intervention initiatives

There is an ever increasing focus by organisations on controlling benefit spend to drive program longevity. A number of intervention strategies exist whether that be through health and wellness related initiatives, more proactive program management and/or improved benefit alignment across multiple programs. We have found that those organisations that drive strategies earlier in the value chain have a much greater chance of success.

Employee insured benefits often represent a significant spend for organisations

Aon can help your organisation benchmark your benefits program and ensure you have a well-structured strategy in place now and into the future to ensure relevance and sustainability.

Risk. Reinsurance. Human Resources.

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video snapshot



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We're here to  
empower results

For more information, or to receive the full report, please contact:

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