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A Singapore Medical Solution for Local Foreign Hires

Christian Frener and Martin Bühler



Christian Frener joined Bank Julius Baer & Co. Ltd as Head of International Benefits / Global Mobility in early 2007. Based at its Zurich headquarters, he heads the International Benefits / Global Mobility Department and is responsible both for the organization's employee benefit strategies and for developing and managing local employee benefits for the bank's locations worldwide. He specializes in global remuneration, in particular compensation, benefits and social security in the Asia-Pacific region, where he has implemented a number of new employee benefit plans on site. Mr Frener previously worked for Swiss Reinsurance Company.

An international insurance and employee benefit specialist, **Martin Bühler** founded his own insurance brokerage and consultancy, expatpartners ag, in 2008. Domiciled in Zurich, the company offers customized insurance solutions to corporations and other organizations with global operations for their internationally mobile employees. During his time as a sales representative of CIGNA International, Mr Bühler contributed substantially to the establishment of its branch office in Switzerland. In addition, he was responsible for the market development and all the sales activities of CIGNA in France.



This article looks at how a Swiss private bank, employing 3,300 employees worldwide, chose a medical plan for locally hired foreign employees at its newly opened branch in Singapore. This representative office has over 250 employees. In the past few years Singapore has established itself as one of the world's most influential financial hubs and plays an important role for many European-based companies, including this Swiss bank, as the gateway to the Far East.

A war for talent has developed in Singapore, whereby the local employment market's demand for both home-grown and international talent is still strong. Companies often divide the international talent into either traditional international assignees or foreign local hires, third country nationals (TCNs), etc. While building up a representative office or local branch, the know-how of international assignees from the home office is in high demand. Although international talent continues to play an important role in the Singapore branch of this bank, the largest segment of employees consists of local Singaporeans for whom it implemented an excellent local employee benefit package, including top-notch medical coverage.

Today, two years after it was opened, employees transferring to the Singapore branch from other locations are often offered a local contract of employment rather than a traditional international assignment package. The main driver for this change is cost containment. These foreign local hires often agree to local employment conditions but, in addition, expect international medical coverage for themselves and their families. A growing number of TCNs with similar expectations have also been hired from the local

market. In order to remain competitive with peers in the industry, the bank needed a solution providing international medical coverage for TCNs and foreign local hires working in the Singapore branch.

WHY AN INTERNATIONAL MEDICAL PLAN?

The original intention was to offer foreign local hires a local insurance product and not to insure the medical plan offshore. The plan used to be to leverage the local medical insurance provider's product offer but it became clear that the coverage and the portability options of local or regional products were not adequate to meet the needs of the international workforce. When turning to international medical insurance providers, the choice was not only abundant but also very competitive.

The main benefit of international cover is that it enables local overseas employees (mainly European citizens) to receive treatment in their home countries in the case of a severe incident. It provides continuous, comprehensive health-care benefits for those whose employment takes them to another country during their international career with the company. The company has the guarantee that all local foreign hires have comprehensive coverage, i.e. no gaps in coverage. By providing a group plan there are no disparities – every eligible international employee has the same level of coverage, thereby avoiding differential treatment.

The advantage of group coverage for the company is financial (by leveraging economies of scale) and for the employees is convenience (as they do not have to find individual insurance coverage). With the easy and effective administration provided, employees can focus on their jobs rather than administrative issues. Having an excellent

international medical plan should not be underestimated as a means of attracting international talent during the recruitment process, as well as retaining talent.

Employees' Perspective

In order to meet employees' needs, the following criteria were considered to be of high importance:

- private medical insurance (free choice of hospitals and doctors and private wards) and no medical underwriting (no exclusions, no waiting periods and no premium loadings),
- an easy and flexible claims reimbursement process,
- a multilingual 24-hour helpline and e-mail access to a customer services team,
- a members' website, including access to a global provider network, country information and claims information (reimbursement status),
- a large provider network, mainly in Singapore but also in the rest of the world (direct payment agreements),
- medical assistance (evacuation/repatriation, country guides, alarm centres, etc.), and
- for employees leaving the group plan, a continuation option (requiring no medical underwriting) with an individual product (if possible in-house).

These represent the key requirements of an international medical plan.

Employer's Perspective

In order to meet the employer's needs, the following criteria were considered to be of high importance:

- a medical insurer with demonstrable experience in Singapore,
- a dedicated account manager,
- coverage for all nationalities (no restrictions),
- comprehensive cover and flexible benefit design,
- professional reporting capabilities (a claims report, membership lists, etc.),
- flexibility on invoicing processes (including the possibility of billing to subgroups),
- alliances with domestic insurance companies and/or local provider networks, and
- a continuation option for employees leaving the company or returning to their home country.

It was important that both employee and employer requirements were catered for.

Actions Taken

The project team took both the employees' and the employer's perspectives / requirements into account in reviewing the current health-care policy and benchmarked it against selected insurance companies.

Thereafter it was decided to put the bank's international medical plan out to tender for the local foreign employee population in Singapore. Tender requirements were as follows:

- a comprehensive product offer, and international private in-patient and out-patient medical cover,
- no medical underwriting (no exclusions, no waiting periods and no premium loadings),
- a continuation option for employees leaving the bank or returning to their home country,
- experience and reputation in the international medical insurance market,
- local expertise in Asia/Pacific, including a large provider network in Singapore,
- a regional claims centre and point of contact (in the same time zone),
- easy and effective administration (claims handling) for the employees (a fundamental condition),
- cost-effectiveness, including a certain amount of premium stability for the future, and
- implementation support.

Four providers were visited.

International Private Medical Insurance

The international private medical insurance market for corporate expatriate schemes has become much more competitive over the last few years. While some years ago in Switzerland only one insurer was active, leaving no choice for those Swiss companies looking within their borders for a provider, today there are more than eight expatriate insurers targeting Swiss multinationals. Not only has the number of providers increased considerably, but the quality of the service and the benefits offered have also significantly improved. Employers sending employees abroad now have a large choice.

We will now provide a general overview of the leading insurers in this corporate expatriate health insurance market and give a brief description of those providers with a substantial book of business in the corporate segment, which are active with Swiss and other continental European corporations and have extensive expertise in Asia.

CIGNA International Expatriate Benefits (CIEB). CIEB is a dedicated division of CIGNA International, operating since 1977 and focusing on servicing the needs of expatriates worldwide. It probably operates the largest corporate international medical business in the world with a presence in the USA, Europe (its own subsidiaries in several countries) and Asia. In contrast to its competitors, CIEB exclusively offers company solutions (group plans for a minimum of two employees). It is not in the individual product market.

Allianz Worldwide Care (AWC). AWC specializes in providing international health insurance for employees, individuals and their dependants. AWC has grown

considerably in the expatriate insurance market (mainly with European multinationals) over the last few years and is today one of the leading carriers in this field. It is a wholly owned subsidiary of the Allianz Group, having its head office and its operation centre in Dublin.

Bupa International / ihi Bupa. Bupa International is the specialist expatriate medical insurance division of the world's largest health-care provider Bupa. In 2005 the competitor IHI was bought by Bupa and became a Bupa branch in 2009 (now called ihi Bupa). While Bupa International has a large book of business in the expatriate insurance segment, ihi Bupa is mainly servicing the needs of individuals. Bupa International has a worldwide presence.

Vanbreda International. This is a part of Vanbreda, an independent group of service providers and consultants specializing in the field of international employee benefits with a main focus on international medical insurance. Headquartered in Antwerp, Vanbreda is by far the largest provider of health insurance solutions in the international organization market. With the launch of its ExpatPlus product line in 2008 Vanbreda started also to target the corporate expatriate market. It has claims offices in Europe, the USA and Asia.

DKV Globality. Based in Luxembourg, this insurance carrier is the centre of excellence for the expatriate health-care business of the Munich Re Group. DKV Globality is an international health insurer (and reinsurer) with a special focus on expatriates. It launched a new corporate medical scheme in 2009. An interesting approach for the insured members of this provider is the decentralized service approach. Thanks to the Munich Re assistance and service partners, all insured members of DKV Globality have access to a local claims centre with local expertise but still under the umbrella of an international plan.

Two other providers: GMC (Henner Group) and Mobility Benefits (Siaci Saint Honoré Group). Like Vanbreda, both these companies are so-called 'Third Party Administrators' (TPAs) specializing in international medical insurance claims handling. While Vanbreda has its own insurance carrier (Justitia), these French TPAs are purely service and consulting providers using an insurance company (AXA, Generali, etc.) as risk carrier. Both GMC and Mobility Benefits dominate the expatriate medical insurance market with French multinationals, each having a presence all over the globe.

This list is, of course, not exhaustive.

Based on the criteria of the bank's tender requirements, out of the ones described above the following insurers were selected to tender:

CIGNA International. The key advantages of this provider are that it is a well-known insurer in the expatriate community in Singapore, with good co-operation with a local hospital network and a very good service offer; it is well represented in Switzerland (continuity of cover,

etc.). It provides a continuation offer in Switzerland, thanks to a partnership with a local Swiss health insurer (whereby smooth reintegration into the Swiss health-care system is possible).

DKV Globality. The key advantages of this provider are that it has local expertise in Singapore (and Asia generally) thanks to a regional claims centre (in Bangkok and China); very comprehensive benefits; and a cost-effective solution with premium stability (a premium guarantee for the first two years). It provides a continuation offer in Switzerland (similar to CIGNA's).

Vanbreda International. The key advantages here are that it has local expertise thanks to a local representative and a local claims centre in Malaysia; comprehensive plans; and a very good reputation with regard to service quality.

Results of the Tender

After a careful and detailed analysis the decision was taken in favour of DKV Globality. While the service offer of all three carriers was comparable, the premiums varied considerably in this instance. It is only fair to say that no credible claims experience was available which made pricing difficult for the participating insurers.

However, it was not only a cost comparison that led to this result. The following elements also contributed to the decision:

- premium stability for two years,
- local expertise with a regional claims centre,
- a large provider network in Singapore,
- very comprehensive medical benefits, and
- a complete package of assistance services.

We would like to emphasize that the outcome of this exercise would not necessarily be the same for other clients, as provider offers can vary considerably from case to case. Tender processes undertaken by expatpartners in the same year (particularly with regard to premium costs) resulted in different recommendations.

FINAL REMARKS

While requirements differ from organization to organization, it is clear that the need exists for companies with an international footprint to explore international medical coverage options. In this case, the implementation went smoothly for both the employer and the affected employees due to the close partnership between local HR, corporate compensation and benefits and the selected provider. Since the insurance market is a dynamic one and premiums change frequently, it is planned that the bank will benchmark the negotiated plan and premiums every three years.

As professionals working in the field of international compensation and benefits, we have the opportunity to add value to our organizations by exploring different international medical coverage options, negotiating the best possible premiums and providing our employees with superior health-care coverage. Ω