

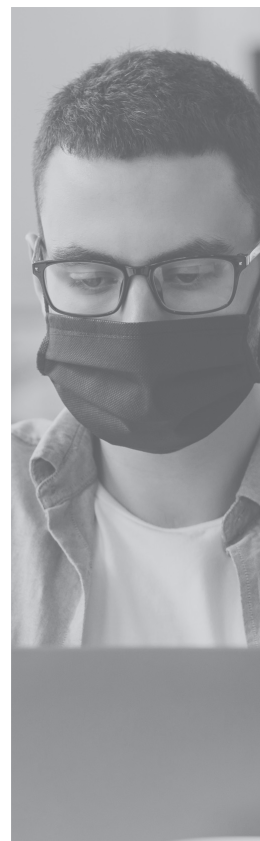


**PRUDENTIAL INSURANCE
BROKERS PVT. LTD.**

Engaging Benefits to Support Employees through COVID-19

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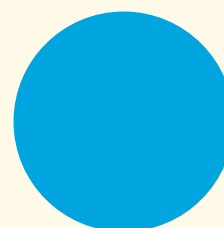
Introduction

The current pandemic has had an impact on virtually every aspect of business, and potential long-term effects are beginning to formulate. Business leaders along with reward managers are trying to solve novel challenges like remote working, employee engagement & productivity, along with physical, mental, and financial well-being of employees. Rewards landscape is rapidly changing, and benefits are at the core of every conversation. Benefits managers have realized that their customers are not only employees but their families as well.

The survey focused on benefits adopted by organisations to support employees and their families through the on-going Covid-19 pandemic. 56 organisations responded to the survey questionnaire. This report will help organisations understand the prevalent benefits, identify gaps in their current plans, and provide a way forward on addressing the change in requirements due to Covid-19. The report focuses on insurance and support benefits, mental health, benefits for families of deceased employees, and vaccination.

The existential crisis forced everyone to step back and look at business with a fresh lens, requiring re-examination of what really is important. Our survey highlights that 84% of participants have changed their benefits' strategy. Employers are primarily focusing on communication, followed by reassessing the quantum and method of their current benefits' spend.

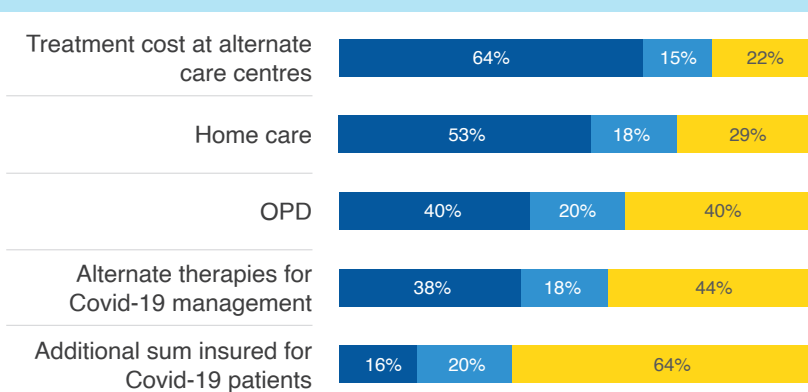
Our survey highlights that **84%** of participants have changed their benefits' strategy.



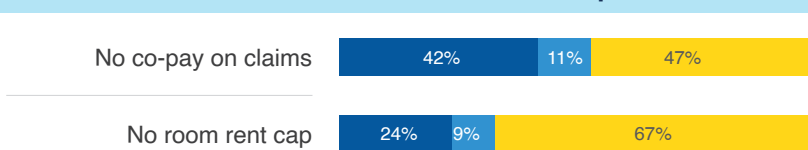
Insurance Benefits

The second wave has highlighted that the healthcare infrastructure is broken. The impact of co-morbidities on the severity of symptoms under Covid-19 has re-initiated the conversation on the need to invest in preventive care. Shortage of hospital rooms, ICU beds, and interrupted accessibility to pharmacy, led to reliance on OPD and home care. The impetus to bridge the gap lies with the employers, and organisations need to look at all aspects of healthcare required by employees and dependants. This may require careful curation to devise comprehensive benefits packages including an alternate stack of benefits, parallel to covering the core risk of hospitalisation, accident, and life.

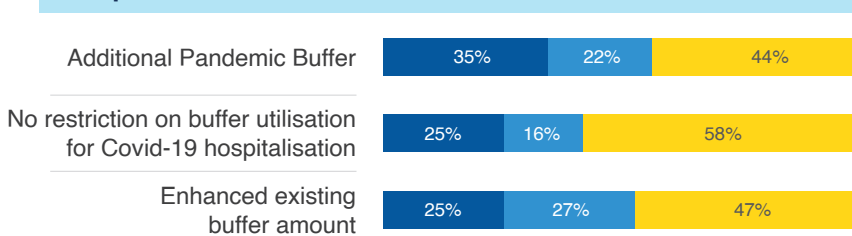
New Benefits



Treatment of Cost Containment Covid-19 Hospitalisation



Corporate Buffer



■ Offering
 ■ Considering
 ■ Not offering/Not considering

Home care claims have increased by

139%

(frequency) in wave 2 as compared to wave 1. Average claim size is approx. INR 12,057

Preventive care in the form of OPD, offered in base plan or as a voluntary option has seen a significant increase in addition to Corona-specific plans.

Most employers are reluctant to change pre-decided cost containment measures in the plans.

A few organisations are utilising corporate buffer to support employees and their dependants with their hospitalisation bills. However, preference is to offer voluntary top-up plans, thereby not impacting the base cost.

Home Care:

A large number of Covid-19 cases were asymptomatic or showed mild symptoms. In such cases, organisations supported employees and dependant members by covering expenses for care at home.

Home care benefit may also be considered when in-patient care is unavailable or unsafe (e.g., limited capacity and resources are unable to meet the demand for health care services).

Benefits Prevalence

53%

of participating organisations

Prevalent limit

INR 10,000-15,000

per family member



OPD:

Covers outpatient expenses related to consultation, health check-up, prescribed diagnostics, vaccination, dental, and vision.

Organisations structure the plan and benefit limit to suit their employees' requirements.

Cost of these plans is relatively high due to frequent usage. Majority of companies fund the plan completely while a few offer on a voluntary basis. Employees can avail tax benefit on their contribution under section 80D.

Usually, a co-pay on claims is applied when parents are covered to keep a check on the cost.

Benefits Prevalence

40%

of participating organisations

Prevalent limit

INR 10,000-20,000

per family member



Responses from the Insurance Sector

Covid-19 crisis had called out the health insurance benefits gap in the limelight. Payout ratios reduced drastically due to the following reasons:

- Lack of clarity on hospitals using multiple experimental drugs on Covid-19 patients
- Health care at home becoming an essential element
- Non-payment of alternate care
- Increased number of high value claims
- Additional medical expenses, standard deduction, etc.

With increased out-of-pocket expenses, employees/employers had started to question the overall insurance cover and partnership. The Insurance industry soon realized the gaps in the current plans and acted swiftly by introducing plans that provide better cover.

Introduction of pandemic products like Corona Kavach, non-payable standardisation, claims processing on scan & upload, and off the shelf cover were some of the changes that insurers offered in the insurance plans.

Corona Kavach aims at covering hospitalisation, pre-post hospitalisation, home care treatment expenses, and AYUSH treatment in case anyone is tested positive for Covid-19 infection. As per our survey, 35% of participating organisations are offering or considering offering the policy. Majority have opted for a 12-month company-funded benefits plan.

Payout ratio increased from 73% to 80% in wave 2. This was mainly due to the following corrective measures:

- As per IRDAI guidelines, PPE considered under consumables previously was paid as per reasonable and customary rates
- IRDAI relaxed the Covid-19 treatment rates recommended by General Insurance Council from January 2021
- No proportionate deductions on pharmacy and investigations

Covid-19 is the highest contributor in the medical program today. Purchasing such policies allowed employers to protect their core health plans from Covid-19 expenses and maintain healthy loss ratios.

The Future is Virtual

The telemedicine industry in India is expected to create more than \$5.4 billion market opportunity by 2025*. The pandemic disrupted our regular life, including visiting a doctor or going to a pharmacy to buy medicines, thereby increasing the adoption of these services virtually. Concerns related to personal health and social distancing, along with employees relocating to their hometowns, during the pandemic directly impacted the traditional method of providing healthcare services.

*Source: India e-market opportunity report 2021 published by Inc. 42

As per statistics from a prominent healthcare aggregator, there has been a drastic change in the utilisation pattern of their services.

- 221% increase in telemedicine
- 160% increase in online pharmacy
- Adoption of telemedicine by 700 additional corporates

Employers responded to the arising need by providing access to virtual consultations with general physicians and specialists. Two-fold advantages through virtual care are support to employees & their families and reduction in overall insurance claim costs.

Covid-19 Support

Periodic lockdowns and lack of access to essentials led organisations to become an extended arm to employees and assume the role of being a facilitator. Our survey shows that setting up a central response team or war rooms became a norm. Shortage of hospitals and severity of the symptoms led to

a country-wide shortage of oxygen cylinders and concentrators. Employers responded swiftly by procuring concentrators for their workers and providing them on a rotational basis to needy families. To help employees transition into the remote work set-up, most employers extended a one-time allowance to employees.

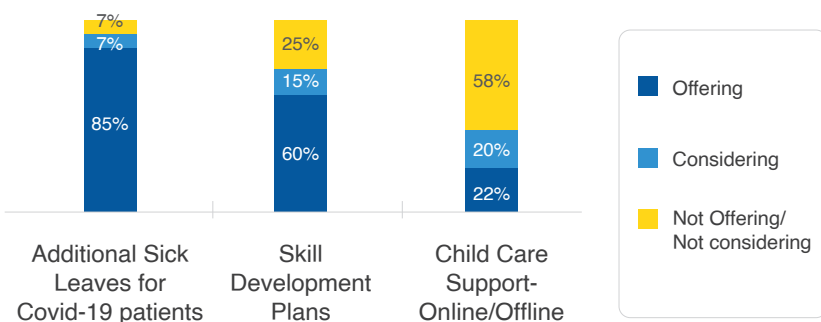
Support and allowances to employees

	Offering	Considering	Not offering/ not considering
Home Care Support/Emergency Support			
Central Response Team/War room to support employees on Covid-19	75%	7%	18%
Advance salary payment for Covid-19 positive families	67%	11%	22%
Facilitation of oxygen cylinder/concentrator	65%	11%	24%
Pharmacy/e-pharmacy support to purchase medicines	55%	24%	22%
Covid-19 home care package	47%	16%	36%
Support on food delivery for Covid-19 infected employee/families	22%	16%	62%
Reimbursements/Allowances			
Work from home/Remote work allowance for employees	65%	9%	25%
Reimbursement for oxygen cylinder/concentrator	20%	13%	67%
Reimbursement for at home ICU set-up	15%	15%	71%

Additional measures adopted by today's employer:

- Interest-free medical loans
- Quarantine support
- Repatriation of expat workers to their home country
- Open leave policy
- No meeting days/ hours

Lockdown has presented challenges to working couples as well. Most couples who are also parents (esp. women) continue to juggle between work and personal responsibilities. Employers have the opportunity to bring in innovative solutions to assist employees to deal with such challenges and manage their work efficiently.

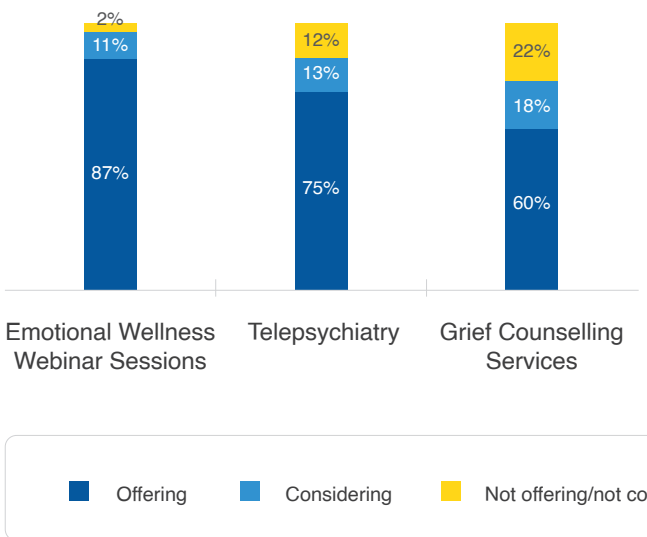




Mental Health

One of the biggest impacts of the on-going pandemic is on the mental health of employees. Poor employee mental health has long-term impact to employers/organisations in terms of loss of productivity, absenteeism at work, etc.

As shown in the results, employers are intervening early by leveraging all available resources - EAP, reference material, and telepsychiatry to protect their employees' mental health. The key is to communicate with employees so that they feel connected, supported, and are aware of the resources available to them.



Organisations can now include mental ailments like anxiety disorders, depression, bipolarity, etc. under medical insurance. Insurance carriers are covering expenses on IPD and OPD basis, usually up to INR 50,000 at median.

Remote working has contributed to increased stress and anxiety, often through isolation and blurring between work and home responsibilities.

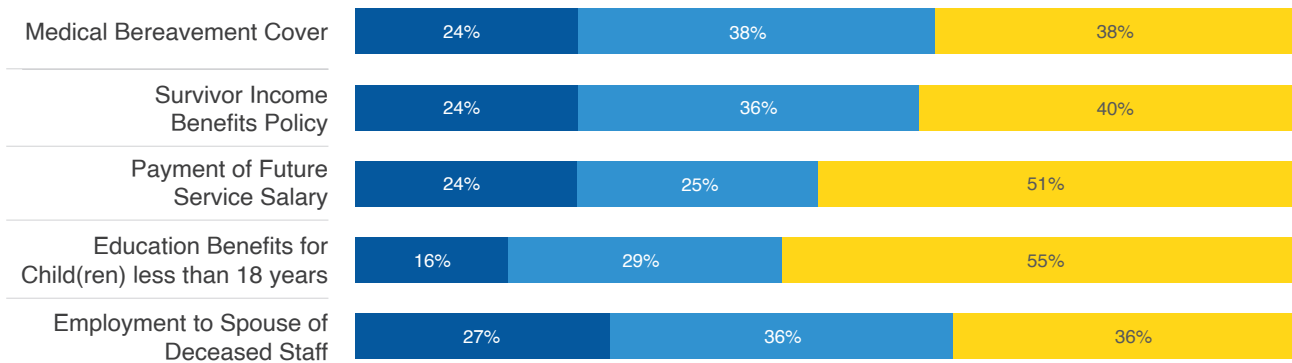
Additional measures adopted by today's employer:

Mental health wellness toolkit as a constant resource for employees - overview of mental health includes advice, resources, and easy-to-implement solutions.

Deceased Employees

Employers are now facing harsh realities after the catastrophic second wave and are deliberating on the benefits that can be extended to family members of deceased employees.

Supporting families of deceased employees is a long-term cost, and employers are looking at insurance carriers to support them.



■ Offering
 ■ Considering
 ■ Not offering/Not considering



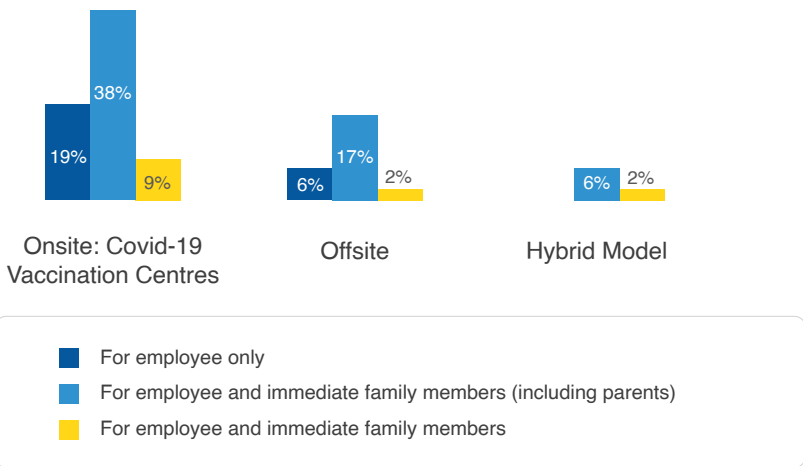
Additional measures adopted by today's employers

- Introduction of insurer backed Employee Emergency Scheme/ Benevolent Fund
- Organising drives to encourage co-workers' support through crowdfunding
- Financial counselling to the family members
- Encashment of accrued leaves for deceased employees



Vaccination

Employers are delivering convenience at no cost by organising vaccination drives. Majority of the employers are tying up directly with hospitals or aggregators to provide vaccines to employees and their dependants.



3 of 5 employers are providing vaccines for employees and their families, including parents.

Additional measures adopted by today's employer:

58% of participating employers are granting sick leaves/ allocating sick leaves to employees receiving the vaccine, while 18% are considering to do the same. The thoughtful gesture of giving time to recover from the side-effects is an important part of the care philosophy being adopted by companies.

Members covered in organisations' vaccination drive:

Employee and immediate family members, including parents	58%
Employee only	24%
Employee and immediate family members	15%
Not providing	4%



Changing Benefits Landscape

The pandemic has exposed us to new risks, uncertainty, and the fear of the unknown. Organisations reacted by pivoting their benefits strategy, moving around their budget to fund new benefits, and taking measures to support their employees. However, the current times highlighted our unpreparedness to handle any catastrophic event. It is time to deliberate on our view and approach towards benefits.

Future-proof your Benefits

Based on our assessment of the current situation and multiple conversations with our clients, here is our view on the approach towards benefits:



Communicate

Employee benefits are only as good as the level of engagement. Benefits can be complicated to understand, and any disagreement or lack of clarity can cause grievances.

Effective communication strategy that can be adopted by employers:

- Brand your benefits: Better recall value
- Initiate and maintain conversation: Continuous and ongoing conversations about benefits
- Simplified access: A phone call or a virtual meeting results in quick resolution
- Consolidate benefits at one place: Create a website, SharePoint, mobile app

Employers must maintain transparency in conveying the cost of such plans, to help employees appreciate benefits being offered to them and take an informed decision.

Invest in Holistic Well-being

With all the focus on defeating Covid-19, one silver lining is a boost to focus directed at holistic well-being of employees and dependants. The real opportunity here is to invest in improving people's well-being. Healthy employee costs less and now is the time to embed well-being into every aspect of the design and delivery of work. This will open the possibility for employees to both live and perform at their best.

Wellness is three-dimensional – 3M Approach

MEDICAL CARE

- Focus on basics - smoking cessation, weight control, cholesterol management, nutrition counselling
- Emphasise on disease prevention - regular health check-ups
- Chronic condition management programs - diabetes, hypertension etc.

Let employees know you care for them by investing in their well-being.

MENTAL HEALTH

- Use of new innovative digital application like chatbot, software-led interventions to prevent and manage conditions
- Virtual counselors that can analyse voice and facial expressions, etc.

MONEY MATTERS

- Introduce plans that cover additional risks for employees in case of long-term or critical illnesses and permanent or partial disabilities
- Financial wellness is a necessity, and hence access to counselling sessions to manage funds and debts is a widely sought after benefits solution

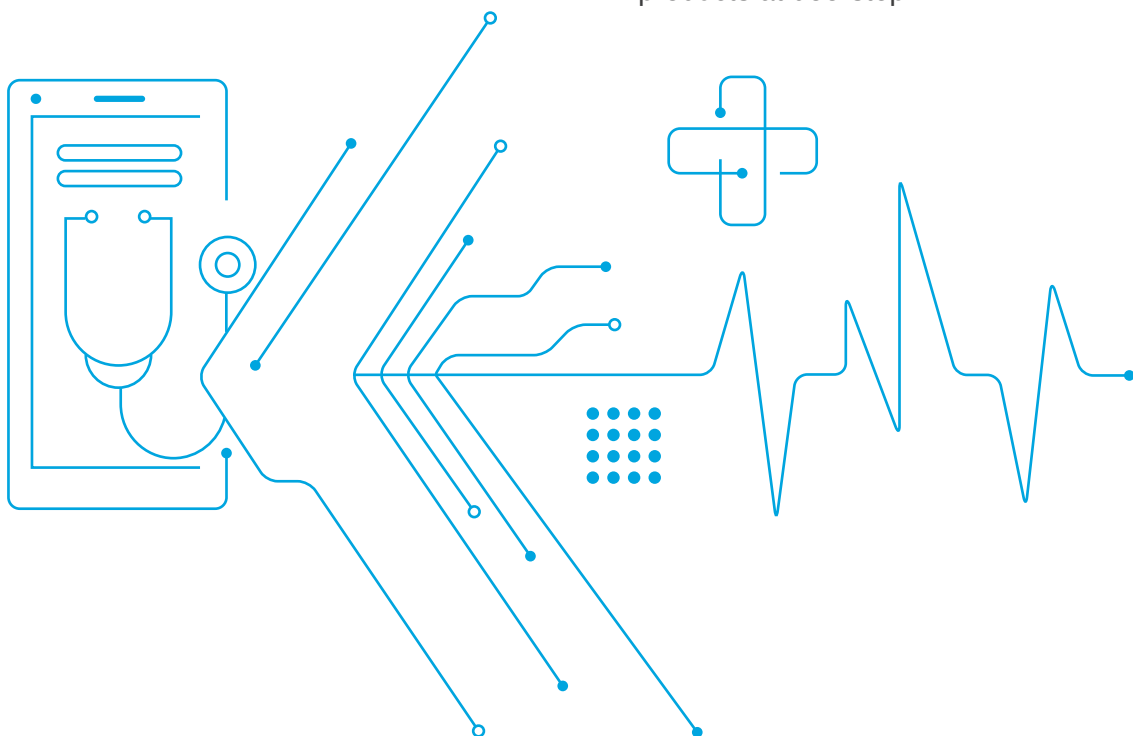


Partner with Innovative Healthtech Solution Providers

Technology-enabled health care involves convergence of health, digital media, and mobile devices. Covid-19 has sped healthtech innovations and most of these are here for a long haul. Employers can make a substantial difference in employee well-being by encouraging workers to use health-related mobile technology, apps, and wearables.

Some key advantages:

- Achieve desired health goals by introducing efficient, targeted tech-based health solutions to employees
- Accessibility to data which helps in decoding the employees' buying and utilisation pattern for future investments
- Convenience by introducing telemedicine, pharmacy and access to health care products at doorstep



Inference

The on-going Covid-19 pandemic has showcased the fluid and unpredictable nature of life. As it continues to stir the lives of people and influence decisions at organisational and employer levels, it has highlighted the importance of devising dynamic benefits strategy.

Employers have never played a bigger role in their employees' lives. While benefits strategies are still designed around demographics, new factors like employers' evolving business models, mental health needs of employees and their families, personal financial situation, etc. must now be part of the solution.

Employees now broadcast from their home office, put their health on the line to serve customers, and are more dependent on benefits offered by their companies to get them through this challenging time. Employers can embrace this as an opportunity, communicate frequently, show their appreciation, and offer a network of benefits that provide extended support. This means that benefits programs must extend beyond providing medical, accidental, or life covers to employees.

Top 4 Participant Industries	IT Industry 27% Participants	Financial Services 20% Participants	Retail Services 11% Participants	Pharmaceutical 10% Participants
Top 3 Insurance Benefits	<ul style="list-style-type: none"> Treatment cost for home/alternate care centre Home care/ isolation cover OPD benefit including diagnostic cover 	<ul style="list-style-type: none"> Treatment cost for home/alternate care centre No co-pay on claims related to Covid-19 hospitalisation Alternate therapies for Covid-19 management 	<ul style="list-style-type: none"> Alternate therapies for Covid-19 management No co-pay on claims related to Covid-19 hospitalisation No room rent cap to Covid-19 hospitalisation 	<ul style="list-style-type: none"> Alternate therapies for Covid-19 management Extension of health programs to off roll employees Enhanced buffer amount to the existing limit
Top 3 Non-Insurance Benefits	<ul style="list-style-type: none"> Additional sick leaves for Covid-19 patients Emotional wellness webinar session Pharmacy/e-pharmacy support to purchase medicines 	<ul style="list-style-type: none"> Emotional wellness webinar session Remote work allowance Additional sick leaves for Covid-19 patients 	<ul style="list-style-type: none"> Advance salary payment for Covid-19 positive families Additional sick leaves for Covid-19 patients Emotional wellness webinar session 	<ul style="list-style-type: none"> Emotional wellness webinar session Telepsychiatry Facilitation of oxygen cylinder/ concentrators

To conclude, employers must now take cognizance of the importance of staying connected with their employees continuously. There is a lot of fatigue due to remote working. While there is optimism with reduced number of cases and rapid vaccination drive, people are still anxious and apprehensive about the future and coming back to work. Maintaining organisational culture has been a challenge through the pandemic. However, it is important to let your employees know that you care. It is an initiative that needs to be taken at each level starting from leadership, cascading down to departments and teams. Measures like company-wide virtual webinars, followed by break-out meeting room sessions, happy hours, setting aside budget for quarterly employee lunches, etc. goes a long way in staying connected.



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