

Employee Insured Benefits

Benchmarking Study 2016



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Introduction

The second Aon Employee Insured Benefit survey was carried out during quarter four of 2015 using an online questionnaire.

The survey received 127 responses from a wide range of roles and industry sectors. Organisations of all sizes and across all sectors are represented. You can read a more detailed analysis of the respondents on page 50.

The questionnaire was modular; respondents could answer some parts and omit others. The survey covered all primary areas of Australian insured employee benefits across the following categories:



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.

We are very grateful to all of those who took the time to participate.

Key survey fact

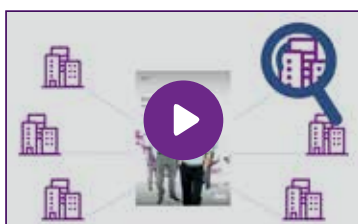
The 2016 survey saw a larger participation from organisations classified as white collar in comparison to the 2012 survey. This has influenced the results and interpretation of the results needs to factor this difference in.

Key influencers

While the results in the 2016 survey were directly influenced by the greater proportion of white collar organisations that responded compared to the 2012 survey, by and large the underlying results did not illustrate any significant shifts. What we have seen over the last few years are 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:

1. Ageing population
2. Rising health care costs
3. Compliance considerations
4. Voluntary benefit provision
5. Intervention initiatives

▶ Watch our video snapshot





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.

Key consideration

If you are establishing a new employee benefits program or reviewing an existing program, it is critical the above factors are properly considered.

Considerations

Is your employee benefits program giving your organisation the best 'bang for its buck'?

Ask yourself these ten questions:

1. Do you know exactly what benefits are being provided?
2. How well communicated are your benefits?
3. How well understood and appreciated are they?
4. Do you know what benefits your employees actually value – when was the last time you asked them?
5. Is it meeting the needs of your employees as they change over time?
6. Is it sufficiently addressing changing social factors, for eg ageing workforce?
7. Is it helping you to attract and retain the right employees?
8. How does your organisation compare to others?
9. To what extent do you look at your benefits program in its entirety?
10. Are you sufficiently embracing the latest technologies?





39%

of organisations provide
Death and TPD insurance
specifically designed for their
employees



Death and total and permanent disablement

Definition

Death and total and permanent disablement (TPD) insurance provides a lump sum payment in the event of a person's death, terminal illness or total disablement that makes them unlikely to ever work again. It's most commonly available as a combined policy but death cover (and very occasionally TPD cover) may be taken out separately. Insurance policies are guaranteed renewable.

Death and TPD insurance must be offered under MySuper, the default superannuation fund that receives superannuation guarantee contributions made by the employer unless the employee elects "Choice of Fund". The default level of insurance offered under MySuper arrangements is determined by the fund's Trustee however, in many instances, the employer is able to give input to the insured benefit design. Employees can often top-up the level of cover they have in these arrangements.

Some employers arrange additional cover for their employees via a group life policy owned either by the employer or a superannuation fund.

This survey focuses on cover that the employer has organised specifically for its employees rather than the standard cover offered by MySuper where the employer has had no input into the benefit design.

The facts

39%

of organisations provide Death and TPD insurance specifically designed for their employees



Just over half of organisations (**53%**) calculate death cover amount using a multiple of salary while a quarter use a percentage of salary for a defined period

79%

of organisations that provide cover offer both Death and TPD insurance which is a **9%** increase in comparison to the 2012 survey

72%

of organisations allow employees to alter the amount of Death and TPD cover

Nearly three quarters of organisations (**73%**)

pay the total cost of Death and TPD cover while employees pay the cost for **18%** of organisations. This shows a **23%** increase in comparison to the 2012 report

58%

of organisations define salary as 'Base salary only' when calculating death cover

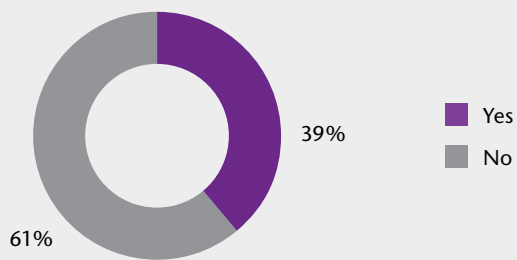
In most cases
(83%)

the TPD cover amount is the same as the death cover amount

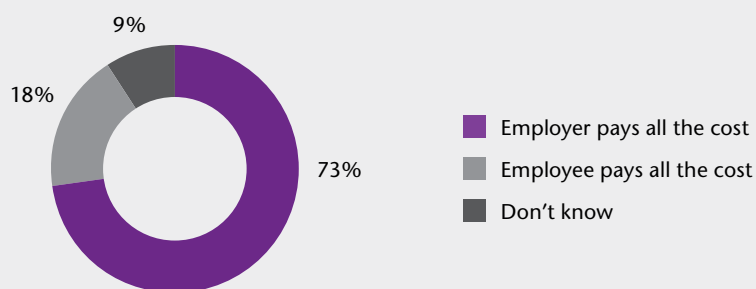
71%

of organisations who were aware of the age at which cover ceases advised an expiry age of 65 with **25%** indicating cover is available until age 70 compared to **20%** in the 2012 survey

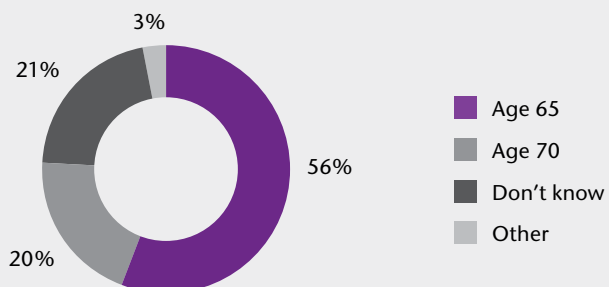
Is cover offered other than the organisations MySuper arrangements?



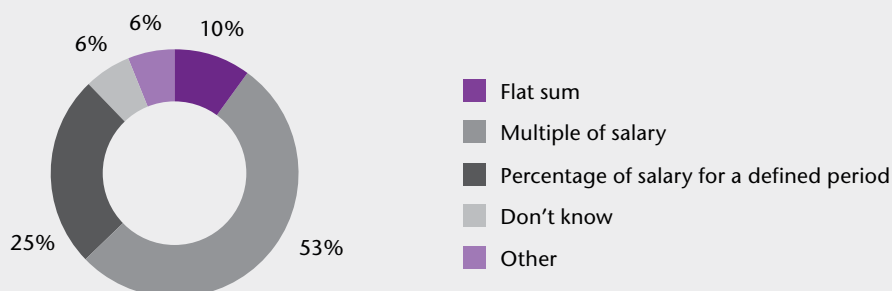
Who pays for the default level of Death/TPD insurance?



What age does death cover cease?



How is the level of death cover calculated?





Aon People Risk insight

While a large proportion of employers have not offered death and TPD cover – often because it is provided by the superannuation fund –there are various types of arrangements available to enable an employer to differentiate themselves and provide easy access to cover that will protect their workforce.



70%

of survey respondents have indicated that they offer salary continuance insurance to employees – this is up by over **15%** in comparison to the 2012 study



Salary continuance insurance

Definition

Salary continuance insurance, sometimes referred to as income protection, provides employees with an income while they are unable to work, either in a partial or total capacity, due to illness or injury. Cover varies in length, from short defined periods (e.g. two years), to cover up to a certain age (usually age 65 or 70). Policies are guaranteed renewable.

As with death and TPD cover, this insurance can be provided within a superannuation fund, however, many employers provide their employees with cover via an employer-owned policy. Income protection is one of the few employee benefits that does not attract fringe benefits tax and by owning the policy directly, the employer can have more control over terms and conditions and work closer with the insurer to return employees to work. Compared to individual policies, these group salary continuance policies offer the advantage of fewer medical underwriting requirements, and lower premiums.

The facts

70%

of survey respondents have indicated that they offer salary continuance insurance to employees – this is up by over **15%** in comparison to the 2012 survey.



The majority of survey respondents (**58%**) confirmed that salary continuance insurance is provided on an employer owned basis while **31%** of organisations provide salary continuance insurance via a superannuation fund.

79%

of organisations who took part in the survey specified that when they provide salary continuance insurance to employees, they provide it to all employees.

90%

of organisations do not provide salary continuance insurance beyond age 65. All those that do provide cover beyond age 65 provide a 2 year benefit period for over 65's.

Nearly three quarters of organisations
(72%)

pay the total cost of salary continuance insurance.

8%

of organisations reduced benefits at the last rate expiry, noting the main reason as being cost prohibitive.



The most common waiting period before payment of a claim is 90 days (**70%**), with **16%** indicating a waiting period of 30 days and **13%** with 60 days. There has been a trend to increase the waiting period since 2012.

Just over half
(51%)

of organisations determine salary continuance cover based on 'base salary only', a slight increase on the 2012 survey.

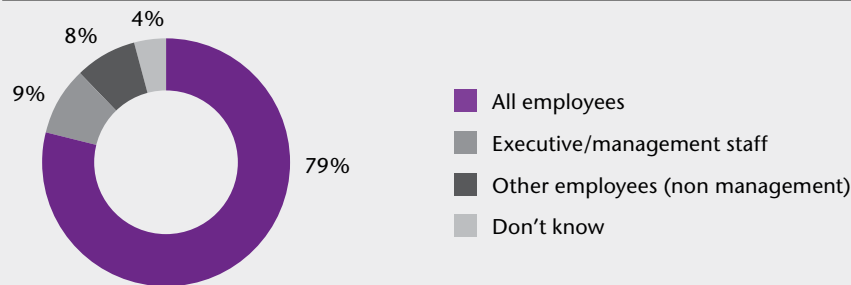
The most common benefit period for **43%** of organisations is a benefit payable through to age 65, up from **35%** in 2012.

37% of organisations now insure benefits for up to 2 years, compared with **36%** in 2012.

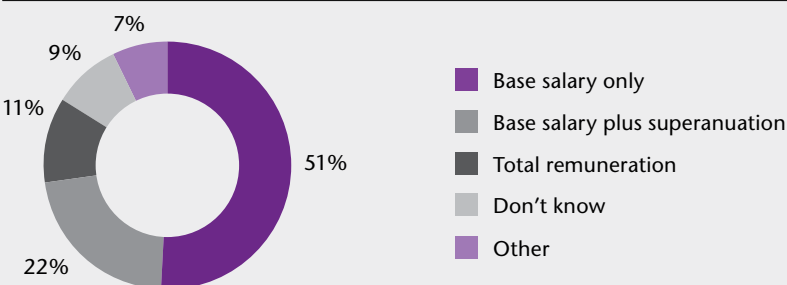
When offered, the level of salary continuance cover is usually set at **75%** of salary (**61%** of organisations)

27% of organisations include **75%** and a superannuation contribution as part of this cover.

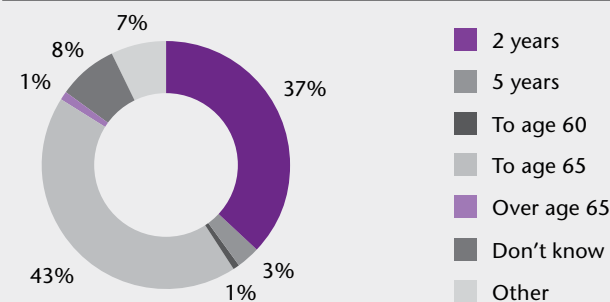
What employee types receive salary continuance?



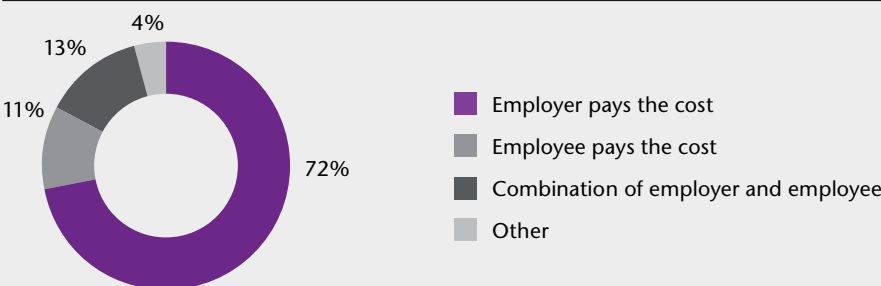
How salary is defined when determining cover?



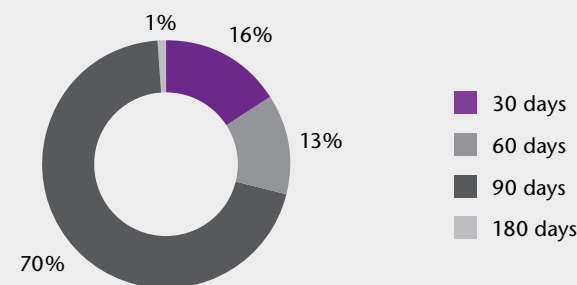
What is the benefit payment period?



Who pays for the salary continuance insurance?



How long is the waiting period?





Key findings

Use salary continuance to differentiate

The results of the survey indicate that a high percentage of employers consider salary continuance as an important employee benefit, being provided by 70% of employers. Further, nearly half of the employers provide benefits periods of 5 years or longer. With nearly three quarters of organisations paying the total cost of the salary continuance cover, it is important for employers to clearly communicate this to employees – who are often not aware of the financial value of this benefit. Greater promotion of such benefits could help with employee engagement and the retention and attraction of talent.

These results are despite the Australian life insurance industry's market challenges due to progressively deteriorating claims experience which has resulted in many clients seeing premium increases when the premium rate guarantee expires. Despite premium increases, only a small percentage of employers have reduced the benefits provided.

Insure the ageing workforce

In line with the comments set out under the death and TPD insurance section, despite increasing numbers of older workers, only 10% of organisations offer cover above age 65. Many employees working above this age do so because they need the income, so it is concerning that more employers are not ensuring that these employees have access to a continued income in the event of accident or illness.

While it's not always possible to obtain the same level of cover for older employees, cover is available in the market. Employers should consider this group of employees, and the options available, when assessing their group salary continuance plans.

Dealing with absences due to injury or illness

For the majority of policies, benefits don't start until three months after the illness or injury occurred – in many instances the best opportunity to assist employees with their rehabilitation and support to return to work, is in the first month. It is important that employers have the best processes in place to identify employees who are absent. Where the individuals are unlikely to be able to return to full duties within a few weeks, don't delay reporting the claim until the end of the waiting period. Insurers and brokers will often have resources to assist with rehabilitation, even where the individual is also making a workers compensation claim, in order to get the best outcome for the claimants and employer.

Communicate the benefits

Salary continuance insurance is seen by organisations as an important employee benefit, however, awareness amongst employees is often low and the benefit undervalued. If offered, employers need to communicate the true value of this insurance to the workforce.



Aon People Risk insight

Salary continuance insurance is a valuable employee benefit that also provides support to return employees to work. While premium rates are increasing for some policies, there are many ways to ensure costs remain affordable. These include tailoring a benefit design that corresponds to the needs of your business, implementing claims management and other strategies to mitigate claims exposure, and negotiating the most appropriate policy terms and premiums from the insurance market.



46%

of organisations provide some form of private health insurance cover or preferred purchasing arrangements to their employees – this is up by 14% from the 2012 survey



Private health insurance

Definition

In Australia, Medicare provides universal health insurance for all citizens and permanent residents. People can also take out private health insurance to give them additional health benefit options and to cover items that aren't covered by Medicare.

There are two types of private health insurance; hospital policies that cover services in a hospital and general treatment policies (sometimes known as ancillary or extras) that cover treatments such as dental, optical, physiotherapy and chiropractic. Most health funds offer separate or combined policies.

There is a Private Health Insurance Rebate provided by the government to encourage people to have private health insurance. Most individuals claim the rebate as a reduction in the amount of premiums they pay to their insurer. The rebate is income-tested, which means that those on a higher income bracket may experience a reduction in the rebate entitlement.

The federal government strongly encourages membership of private hospital insurance cover through regulatory initiatives such as Lifetime Health Cover (LHC) loading and the Medicare Levy Surcharge (MLS).

The facts

46%

of organisations provide some form of private health insurance cover or preferred purchasing arrangements to their employees – this is up by 14% from the 2012 survey.



4% of organisations share the cost with employees to cover the expense of private health insurance with a further 9% providing different arrangements which include a fixed-dollar amount provided for each employee each month to private health insurance and only offered to specific levels of employee.

81%

of organisations that provide private health insurance cover have employees pay all the cost of this coverage.

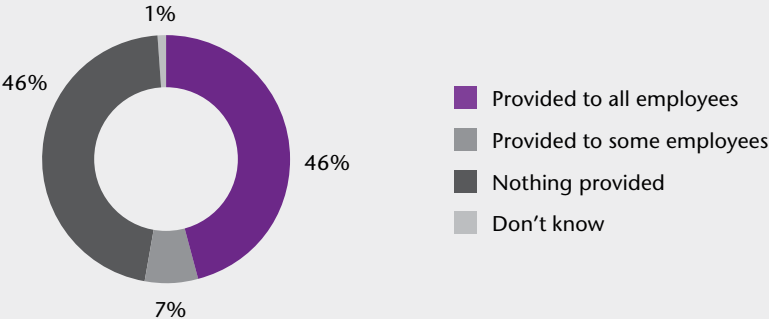
46%

of organisations do not provide any form of private health insurance cover or preferred purchasing arrangements for their employees.

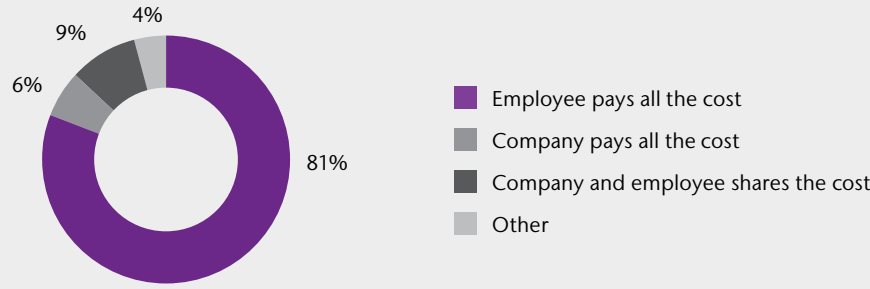
6%

of organisations cover all the costs associated with private health insurance to their employees.

Does your organisation provide private health insurance or preferred purchasing arrangements to your employees?



Who pays for private health insurance?





Key findings

Just under half of the survey respondents provided employees with some form of private health insurance cover, up 14% on last year.

Corporate health plans not only strengthen the employee value proposition but also promote a healthier workforce. Health insurance coverage not only promotes health management with the aim of avoiding illness, but also ensures that employees have access to treatment immediately in the event they do fall ill.

Voluntary health plans

The majority of survey respondents provided no funding, but provided access to a discounted health insurance plan. This provides:

- A cost saving through discounted premiums – helping employees manage the increasing cost of cover and offering a program superior in value to the retail market
- Convenience through access to insurer consultants on-site at the place of employment
- Education on health insurance issues and legislative updates throughout the year

Subsidised health plans

The increasing cost of health cover due to regulatory changes and increasing premiums caused challenges for employers who provide fund health insurance premiums on behalf of their employees.

The response has been a review of funding model with an increase in the prevalence of a shared cost arrangement.

Subsidising part or all of health insurance premiums can strengthen the employee value proposition for attraction and retention purposes. With only 19% of respondents providing any contribution toward health insurance premiums, it can be a differentiating factor in a company's benefits package.



Aon People Risk insight

Cost of health insurance increasing at a rate that exceeds the level of inflation, coupled with regulatory changes to the Australian government rebate, has translated to added organisational costs for those companies that subsidise health programs.

Increasing prevalence of lifestyle-related health risks and diseases add to the cost for organisations through employee absence and presenteeism.

The number of people with the 15 most prevalent chronic physical conditions/diseases continues to rise. Currently these conditions account for over 80% of the cost of chronic diseases worldwide; employers are also increasingly confronted with the costs of psychological care due to mental health issues.



The majority of organisations (**87%**) do not offer any type of Personal Accident insurance to some/all employees. This has reduced by **5%** since the 2012 survey which we believe is a result of the profile of organisation that responded in this year's survey





Group personal accident (PA) insurance

Definition

Group personal accident (PA) insurance provides a lump sum payment in the event of an accident. It generally includes cover for death and disablement and a range of other defined injuries, for example broken bones, loss of limbs and broken teeth. In addition, it can also provide weekly benefits in the event that a person is unable to work due to injury or illness.

A PA policy is often used to provide benefits to:

- employees that require benefit entitlements under a relevant EBA
- employees seconded overseas on assignment where the local workers compensation benefits are inadequate
- voluntary/work experience workers; and
- employees that are travelling to-and-from work in states where the journey is not covered by Workers' Compensation.

This insurance is in many ways similar to life and income replacement benefits provided through the life insurance market but has some noticeable differences. For example a PA policy:

- is generally renewable on an annual basis
- has a number of stated exclusions including pre-existing conditions, stress and depression, and professional sporting activities
- cannot provide an illness-related death benefit.

The facts



The majority of organisations (**87%**) do not offer any type of personal accident insurance to some/all employees. This has reduced by **5%** since the 2012 survey which we believe is a result of the profile of organisations that responded in this year's survey.

For the 13% of organisations that responded who provide personal accident insurance:

86%

subsidise the cost, **7%** share the cost and the remaining **7%** pass on the cost to employees.

47%

determine the lump sum benefit as a multiple percentage of salary.

Three quarters (**75%**)

have confirmed that this coverage is not provided as part of an enterprise agreement.

A weekly benefit determined as

85%

of salary is most common.

Just under a third provide benefits up to

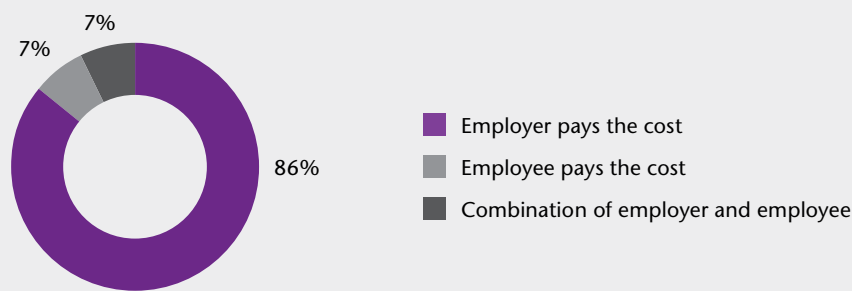
2 years

ie for either 52 or 104 weeks.

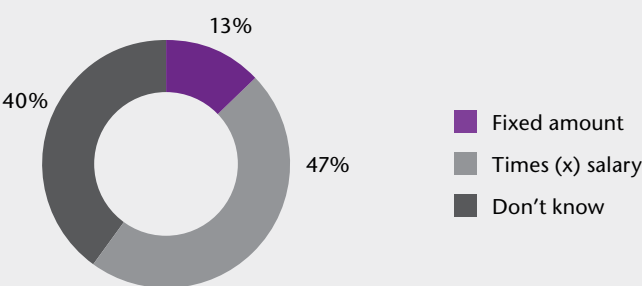
64%

include weekly benefits for sickness (in addition to accident/injury).

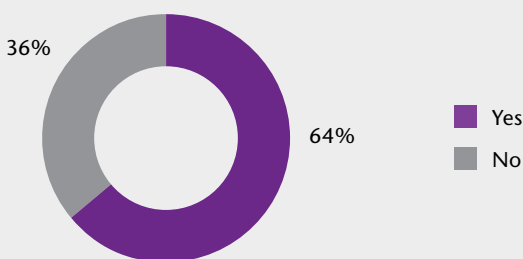
Who pays for personal accident and sickness insurance cover?



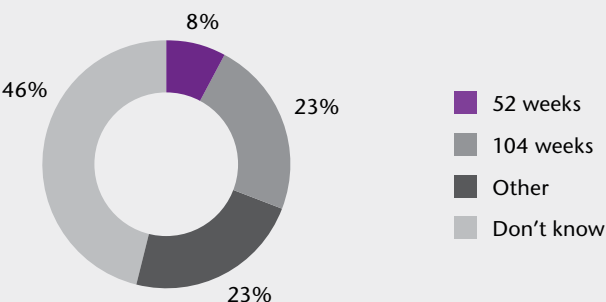
How is the lump sum personal accident insurance benefit calculated?



Are weekly benefits for accident only or does it include sickness as well?



What is the maximum number of weeks that accident & sickness insurance benefits are paid?





Key findings

The respondent profile

The majority of survey respondents indicated they do not provide personal accident insurance.

We were initially surprised by this result, however in the context of the type of organisations that responded (significantly more white collar), this is not a surprising result – particularly as these organisations would more typically provide equivalent style benefits through the life insurance market, for example salary continuance.

The results for those organisations that do provide personal accident insurance should therefore be interpreted in this context.

An alternative to life insurance benefits

We are seeing a growing trend (albeit early days) for organisations to consider switching benefit programs from the life insurance market to the general insurance market.

While few have decided in practice to make this switch, those that have done so have seen it as a viable strategy in light of the current challenges being faced within the life insurance market.

The consideration process needs to be thoroughly researched and managed to ensure the right result, in particular relating to employee expectations.

Inclusion in travel insurance programs

These days, many business travel insurance policies also include personal accident benefits, in some cases at very generous levels but without a corresponding and appropriate premium loading.

We encourage employers to ensure their business travel programs that include personal accident benefits are set at appropriate levels, taking into account:

- the benefits provided to employees across the totality of the organisation's employee benefit programs
- potential future cost increases where personal accident related claims are prevalent
- harmonisation of benefit entitlements across all employees.



Aon People Risk insight

Personal accident programs have a range of specific uses as outlined. To date the benefits have often been provided to respond to a defined need and/or fill a specific gap, for example EBA related requirements. We see the opportunity ongoing to apply these benefits more as part of the broader employee value proposition to support attraction and retention, as opposed to solely fulfilling a defined insurance purpose.



36%

of organisations have
indicated that they employ
expatriates





Expatriate medical insurance

Definition

Expatriate medical insurance covers the medical costs of employees (and their families) working on assignment outside their home country generally for periods of more than 6 months.

The insurance typically covers hospital services and accommodation, GP visits, medical tests and ancillary services such as dental and optical cover. Emergency evacuation and repatriation costs are also generally covered.

Organisations may provide cover for their employees, spouses and families and often include cover for temporary return to an employee's home country.

The facts

36%

of organisations have indicated that they employ expatriates.

92%

of organisations with expatriate employees do not impose any form of co-payment on out of hospital, medical and any other associated payments.

Asia is the most common region of expatriate employee location

(36%)

followed by Europe (27%) and North America (15%) – these results are quite similar to results obtained in the 2012 survey.

The annual maximum limit for medical and emergency costs per employee varies across organisations and ranges from

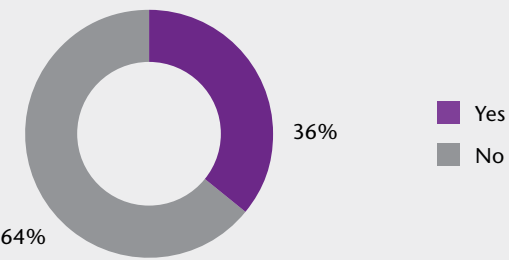
\$120,000 to \$1,000,000



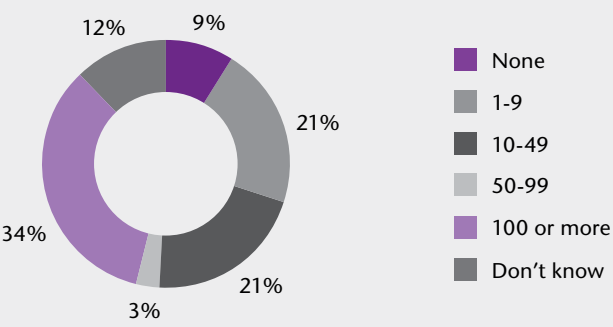
Of those organisations that provide cover for expatriate employees:

- **34%** have **100** or more expats
- **42%** have between either **1-9** employees or **10-49** employees.

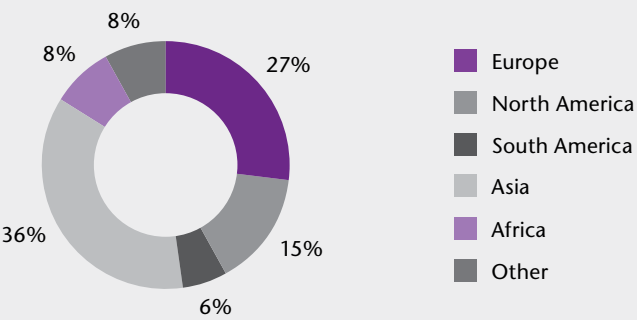
Does your organisation provide medical insurance for expatriate employees?



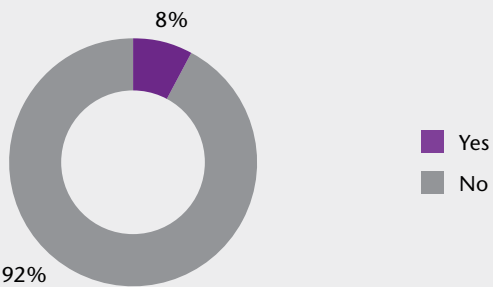
How many expatriate employees does your organisation have?



In which regions are most of your expatriate employees generally located?



Does your organisation impose any co-payments on out of hospital, medical/other payments?





Key findings

Relocating an employee can be a costly process so organisations should strive to make every assignment successful. Providing expatriates, their spouses and dependent children with comprehensive medical insurance can be one factor to help attract employees to work overseas and adjust to local conditions. Access to timely and quality medical care is not only a necessary employee benefit, it ensures the employee (and their family) can recover from any illness or injury as quickly as possible and continue a productive assignment.

Policy appropriateness

We continue to encourage employers to ensure their expatriate medical plan is ‘fit for purpose’. This can include a range of factors including:

- striking the right balance between benefit and cost
- ensuring benefit levels are sufficient to cover likely risks
- not over-insuring and paying for unnecessary benefits
- setting appropriate excess levels to assist employee buy-in
- conducting regular analysis of claims to assist in decision making
- reviewing whether a global medical program may potentially be more appropriate.

We also encourage organisations to modify their expatriate medical program as needs be as any form of medical program should not be ‘set and forget’.

Cost management

Cost continues to be a key factor to manage in relation to expatriate medical plans particularly with medical inflation globally continuing to run at high levels. We are seeing an increasing trend in reviewing benefit levels to ensure a necessary and reasonable cost-benefit balance. Working with suitably equipped providers to help drive cost-containment in-country is a must. Pre-assessment screening to determine the medical suitability of potential expatriates is also on the rise and expected to continue to increase.

Wellness initiatives for expatriate employees

It is evident that the underlying causes of illness and risk factors vary by region and even from country to country within a region and that this can extend to expatriate employees. It is important therefore to target employer initiatives to the specific situation surrounding each country, plan and employee population including expatriates.



Aon People Risk insight

Medical inflation rates across the globe are, in many countries, running at levels that exceed general inflation levels – in some cases by double digits.

Rising costs and the increased prevalence of chronic conditions are global phenomena. Regardless of the underlying medical insurance system, including for expatriate employees, employers are likely to experience added organisational cost and lost workforce productivity if these trends continue.



Seven in ten
organisations

(72%)

employ 457 visa holders
– this is down by **11%** from
the 2012 survey
(83%)



457 visa holder medical insurance

Definition

The 457 visa is the most commonly used program for organisations to sponsor foreigners to work in Australia on a temporary basis. It allows employment for any period between one day and four years and allows spouses and/or dependants (also known as secondary applicants) into Australia to work and/or study.

Applicants must show they have made arrangements for adequate health insurance for the duration of their stay in Australia. Prior to 14 September 2009, responsibility for providing this insurance lay with sponsoring employers. From that date, that responsibility has sat with the visa holders.

Employer sponsors who choose to pay a 457 visa holder's medical insurance should ensure they fully maximise the value from this employee benefit spend.

The facts

Seven in ten organisations

(72%)

employ 457 visa holders. This is down by **11%** from the 2012 survey (**83%**).

Of those **72%**,

11%

have **50** or more 457 visa holders within their organisation.

Medical insurance for 457 visa holders is most commonly provided by Australian registered health funds

(42%)

and by Australian general insurers (15%) – additionally, **42%** of organisations did not know or were unsure.

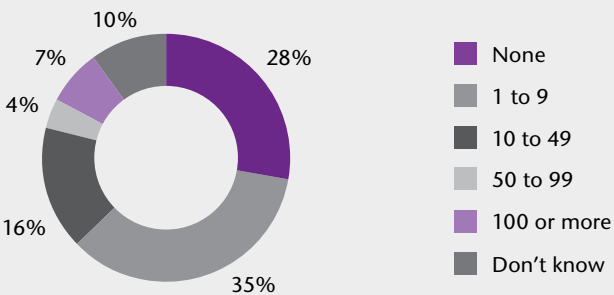
27%

of organisations with 457 visa holders provide (ie subsidise) medical insurance – not surprisingly, this is down by **11%** from the 2012 survey.

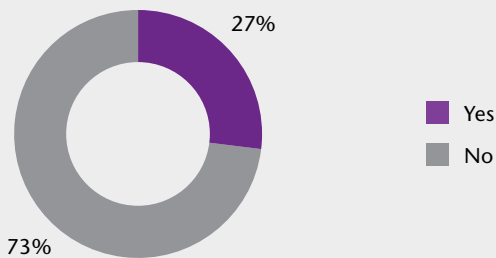
57%

of organisations provide benefits above the minimum Department of Immigration and Border Protection (DIBP) requirements.

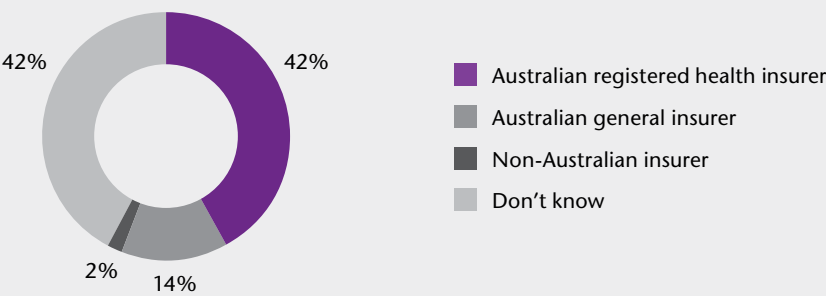
How many 457 visa holders does your organisation currently employ?



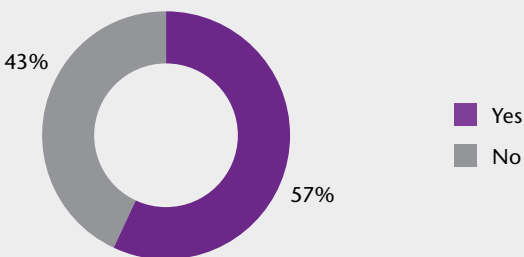
Does organisation pay for medical insurance for 457 Visa holders?



What company type provides medical insurance for 457 Visa holders?



Are benefits provided above the minimum DIAC requirements?





Key findings

Benefit levels

The minimum levels of cover for 457 visa holders are stipulated by the government. Not unexpectedly, there continue to be many organisations that provide benefits at levels above the minimum required levels and we expect that this trend is likely to continue.

To subsidise or not?

There are still many organisations employing 457 visa holders, although admittedly less than in the 2012 survey.

The more significant drop has been seen in the number of organisations that subsidise this type of insurance. Dropping from 38% in 2012 to 27% in 2016, this is not an unexpected change and continues the trend from the last survey.

As we highlighted in the 2012 survey, organisations that subsidise medical insurance continue to advise that it remains an effective way, as part of a broader strategy to attract and retain workers to/in Australia – particularly in industries facing a local skills shortage.

Choose the most appropriate insurer and plan

Organisations need to carefully consider the type of insurer and plan to provide medical cover for non-resident employees. Factors include:

- the health insurer and plan used for domestic employees (as applicable)
- objectives in providing cover
- how the plan fits as part of the organisation's broader employee benefit proposition
- flexibility in benefit design, service model and employee engagement mediums
- linkages with broader wellbeing programs and initiatives.



Aon People Risk insight

There is an increasing trend for employers to pass on the cost of medical insurance to their 457 visa holders and we expect this to continue. Having said that, there are still many employers who see the funding of this benefit as a key component in attracting and retaining such employees, particularly as part of a broader employee benefit value proposition.



The majority
(75%)

of organisations provide
business travel insurance to
employees which are in line
with the result from the
2012 survey





Business travel insurance

Definition

Many organisations require their employees to travel regularly as part of their employment including within Australia and overseas. Business travel insurance policies are used to manage the associated risks of travel – ultimately to satisfy an employer’s ‘duty of care’ obligations.

Business travel insurance provides cover for unexpected events including medical and emergency assistance for employees and their eligible dependants while undertaking business travel. It usually includes cover for a range of items including, but not limited to, loss of baggage, money and travel documents, loss of deposits and cancellation expenses.

Business travel policies will often include cover for associated leisure travel and may include cover for non-associated leisure travel, whether that be limited to the most senior employees/directors or available to all staff.

The facts

The majority
(75%)

of organisations provide business travel insurance to employees, which is in line with the result from the 2012 survey.



Many organisations **(87%)** provide personal accident benefits (including lump sums and weekly benefits) within their business travel insurance policies. This is consistent with the 2012 survey.

24%

of organisations offer unlimited coverage, **14%** offer **\$1 million** or more (to a specified maximum) while **8%** offer less than **\$1 million**. These results are similar to the 2012 survey.

87%

of organisations' business travel insurance policies include personal accident cover – this is up by **27%** from 2012.

Nearly all organisations

(97%)

provide business travel insurance that covers all travel globally. This is up by **9%** from 2012.

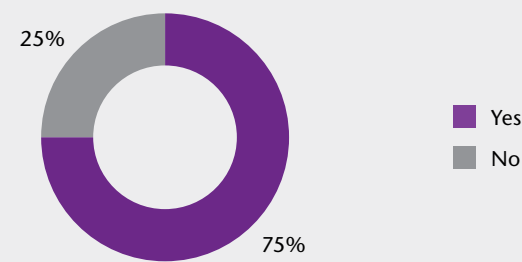
29%

of organisations provide cover for leisure travel while, **71%** of organisations do not.

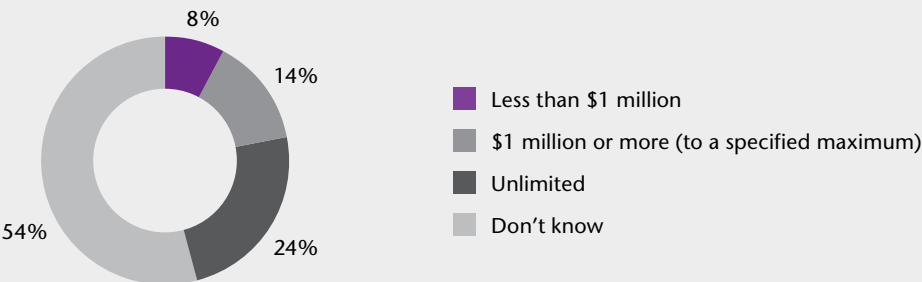
Over half
(54%)

of organisations are unsure of or don't know the limit of medical expenses provided under their business travel insurance policies.

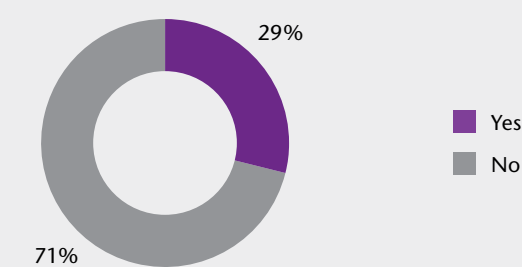
Does your organisation provide business travel insurance?



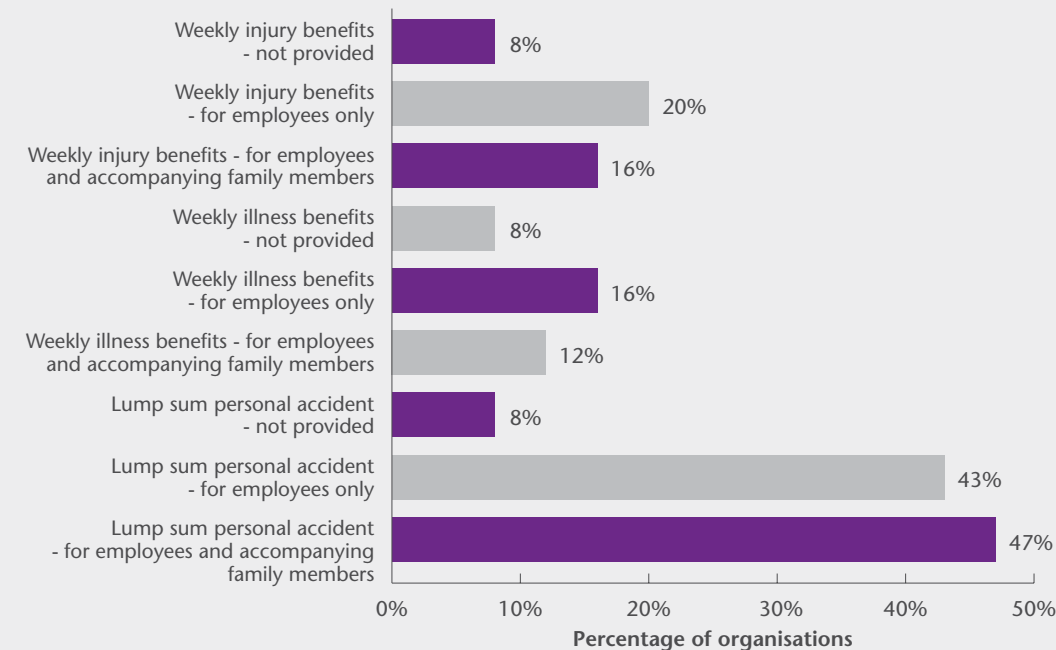
What is the limit of medical expenses under business travel insurance policies?



Is leisure travel cover provided?



Which of the following benefits are covered under organisations business travel insurance policy?





Key findings

Fulfilling your ‘duty of care’

Fully satisfying an employer’s duty of care remains the most important consideration for organisations in purchasing the necessary travel insurance. This is becoming even more pertinent particularly as it relates to evacuation and security services in an increasingly dangerous world.

Understand your policy

Like the last survey, the results indicate that there remains uncertainty within organisations in relation to the level of benefits and policy provisions generally. While many default benefit levels/limits offered by insurers are likely to be sufficient, it is important that organisations review the appropriateness of benefit limits and broader policy provisions so that the program is appropriate based on the actual travel that employees are undertaking. If employee travel patterns change, then it is important to review your program.

Emergency versus non-emergency situations

It is important that travelling employees are clear on who to contact in cases where an issue arises whether that be an emergency or non-emergency situation. Be clear in what, how and when you communicate to your employees to ensure they are well prepared and briefed in advance of travel – particularly if travelling to a more dangerous country/region. Knowing where to make the ‘first call’ is critical, particularly in a true emergency.

Embrace technology

There are some fantastic online tools now available to employees which provide pre-, during and post-trip security, medical and other information to ensure employees can be well prepared for their business trips and remain safe and secure while travelling. We recommend ensuring that your travel insurance program provides this functionality to ensure it remains relevant, up-to-date and, ultimately, user friendly.



Aon People Risk insight

Travel insurance has always been an important risk mitigator for travelling employees, however in recent years it has become a more fundamental and necessary benefit – particularly as travel threats become more prevalent and severe across the globe.



Nearly half
(47%)

of organisations who have taken part in the survey head offices are located in Australia, with **24%** in the United States





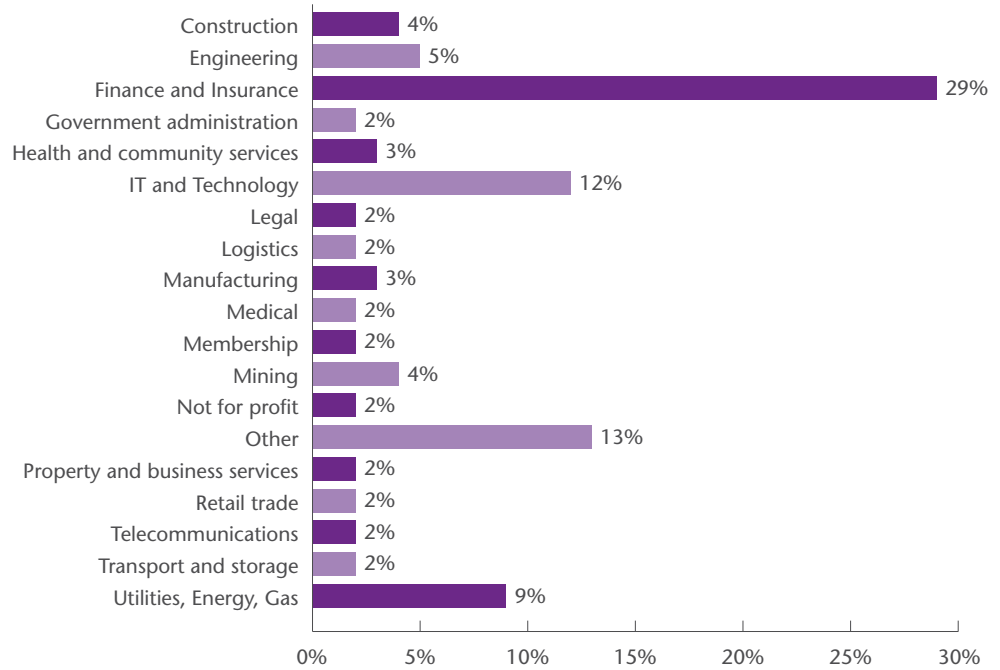
Survey participants

The Employee Insured Benefits benchmarking study provides an in-depth insight into the benefits provided by Australian organisations in a number of industries, sizes and locations across the Australian marketplace.

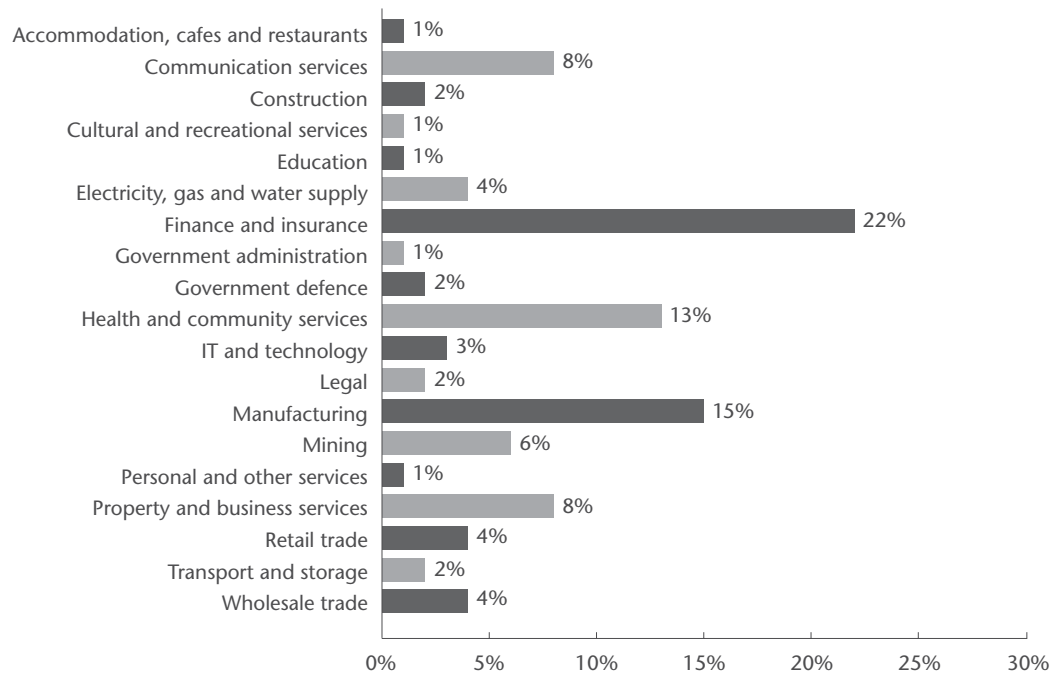
This report has been provided with insight from 127 various organisations covering 36 industry groups throughout Australia.

Information was sourced from a number of HR, remuneration, benefits and risk professionals within the organisations who participated in the Aon Employee Insured Benefit Survey in the month of October 2015.

Industry participation 2016 survey

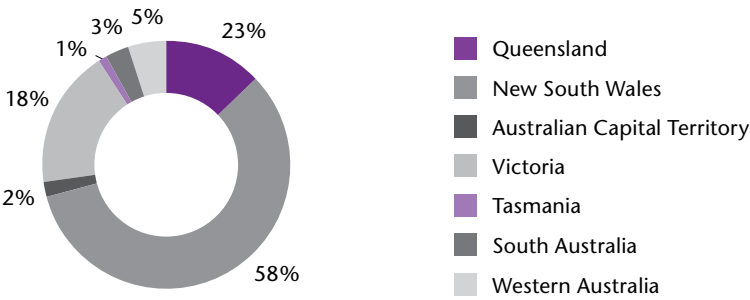


Industry participation 2012 survey

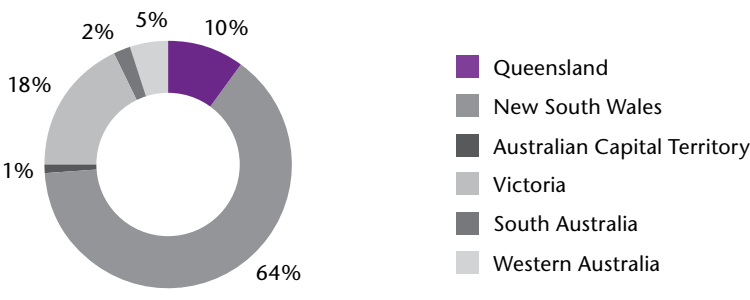


All states and territories except the Northern Territory were represented, with the majority of respondent organisations based in New South Wales, followed by Victoria and Queensland.

State participation 2016 survey

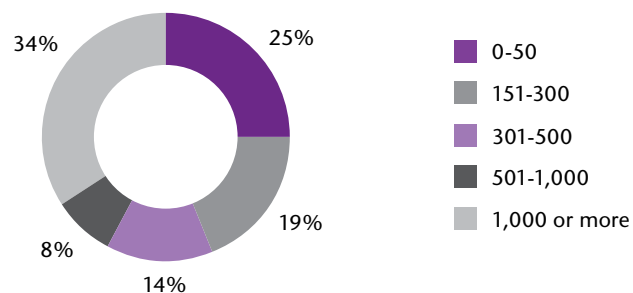


State participation 2012 survey

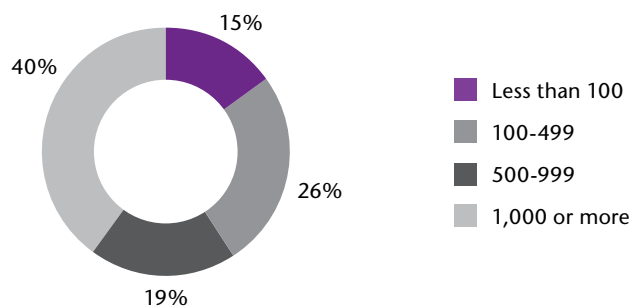


Respondent companies ranged in size with large employers (ie 1001 or more employees) comprising 34% of responses. Overall, over half of organisations who took part in the survey had 300 or more employees.

Survey participant size 2016 survey

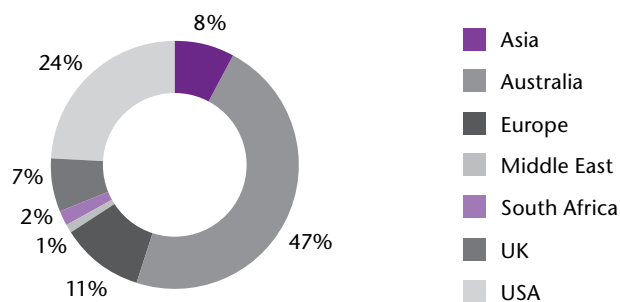


Survey participant size 2012 survey



Nearly half (47%) of organisations who have taken part in the survey had head offices located in Australia, with 24% in the United States. Details of head office locations were not requested in the 2012 survey.

2016 Head office locations



Contacts

Sydney

Level 33, Aon Tower
201 Kent Street
Sydney NSW 2000
t +61 2 9253 7000
f +61 2 9253 7006

Melbourne

Level 51, 80 Collins Street
Melbourne Vic 3000
t +61 3 9211 3000
f +61 3 9211 3511

Brisbane

Level 2, 175 Eagle Street
Brisbane Qld 4000
t +61 7 3223 7400
f +61 7 3223 7545

Perth

Level 7, 28 The Esplanade
Perth WA 6000
t +61 8 6317 4000
f +61 8 9322 6890

au.eibs@aon.com

About Aon Risk Solutions

Aon Risk Solutions is a multi-faceted retail brokering and risk management service that specialises in providing products, services, and solutions to meet the diverse needs of our clients. We help our clients anticipate the obstacles that stand in the way of achieving their business vision by providing innovative solutions that help clear the path to their success.

Our clients range from multi-national companies to industry associations and individuals who use our risk and financial expertise to manage their own risks.

For more information on Aon Risk Solutions, please visit aon.com.au.

About Aon

Aon plc (NYSE:AON) is a leading global provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing services. Through its more than 69,000 colleagues worldwide, Aon unites to empower results for clients in over 120 countries via innovative and effective risk and people solutions and through industry leading global resources and technical expertise. Aon has been named repeatedly as the world's best broker, best insurance intermediary, reinsurance intermediary, captives manager and best employee benefits consulting firm by multiple industry sources.

In Australia, Aon People Risk provides a wide range of services to help organisations make sure they make the most of their employee insured benefit spend and to help organisations understand if they are adequately covered. Aon People Risk provides consulting services to organisations of all shapes and sizes in the areas of superannuation and retirement, workers compensation, occupational health & safety, workplace risk and all the employee insured benefits mentioned in this report.

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