

White Paper

*Why insurers should take
responsibility for customer
employees' wellbeing*



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Many businesses are beginning to understand that a competitive and flexible benefits package has a major impact on employee experience and plays a crucial role in motivating and attracting top talent. As a result, more and more employers are investing in their current offerings. But this alone is not sufficient; they need to take a new approach.

Insurers offering employee benefits services and their corporate clients share an interest in the health and wellbeing of employees, but you might be forgiven for thinking that this connection is often overlooked.

Corporate clients and brokers tend to adopt an approach to employee insurance purely based on premium costs, failing to appreciate the potential to promote improvements in employee health and wellbeing that will ultimately reduce costs for all parties. This mindset also means that companies can miss out on other possible gains from providing a competitive and flexible benefits package, notably the attraction and retention of talent.

To join the dots, insurers need to get better at connecting traditional employee benefits with the wellbeing initiatives some companies are creating for their employees. On the other side, businesses could do more to leverage such schemes when negotiating terms and conditions with their insurer.

Without a change in approach, premium pricing simply increases and companies may fail to see any incentive to seek health benefits for their employees – leading to a spiral of rising costs for the company and poorer-than-necessary health for their employees. To break this deadlock, insurers can help drive change by contributing to employee benefit programmes that favour behavioural change and lead to an improvement in health and wellbeing.

Smart Solutions

A glimpse of what a new approach to corporate employee benefits might look like can be seen in a partnership between Swiss Life Network – a multinational risk pooling mechanism created in 1962, serving multinationals and their global operations – and ISS World Services, an international provider of services ranging from cleaning and security to workplace technical services.

Gitte Kristiansen, Global Head of Pensions & Insurance at ISS, was initially concerned about the high risk factors and health issues resulting from back strain for people providing janitorial services and doing other physical jobs. In search of solutions, she deployed a smart vest that measures the strain caused by different positions and efforts, helping the wearer learn to reduce the risk of injury by adjusting their movements to lower pressure on the spine.

Ms Kristiansen then correlated data gathered by the smart vests with global sick leave outlays, developing a risk management approach designed to drive down the costs arising from employees' back problems. Loss of performance and working time can be prevented through efficient use of this vest, and the data crunched to identify risk factors that result in healthcare costs, all of which will cut insurance payouts - and therefore avoid increases in premiums.

Model for risk reduction

She is convinced the project offers a model for how companies and insurance providers should seek risk-reduction solutions together.

"It's an obvious win-win, since we are preventing health problems and reducing insurance costs," Ms Kristiansen says. "Companies will be more likely to look for projects that deliver improvements if they can negotiate a contribution from the insurer – it's a partnership."

Ms Kristiansen was honoured at the 2022 European Risk Management Awards for her "highly innovative approach of analysing data and breaking down silos", that enabled ISS to understand better relationships between insurance costs, the underlying drivers in claims, and how they are handled.

For Swiss Life Network, the smart vest project exemplifies an ethos of partnership aimed at fostering employer initiatives to boost worker wellbeing, according to CEO Michael Hansen: "Our role is to offer employers support and tools to ensure they can improve their employees' wellbeing at work and beyond."

In negotiating with members of the Swiss Life Network, he says, companies should bring forward projects that can boost employees' physical and mental wellbeing and seek a financial contribution from the insurer. According to Swiss Life Network's vision, all ecosystem participants, including insurance brokers, stand to benefit.

“I don’t mind being called naïve; maybe it is necessary to be naïve to believe you can change the entire business of how a company negotiates with an insurer,” Mr Hansen says.

This type of co-operation between insurer and client remains under-explored. However, the Swiss Life Network CEO believes the time is now ripe for dialogue and discussion to create pathways leading to a new kind of partnership.

Behavioural changes

Critical to this change is for companies to shift from the traditional narrow emphasis on health and safety as a series of risks to be avoided to a broader, more holistic focus on employee wellbeing. Companies can create the conditions that bring about behavioural changes, from a healthy diet and mental self-care to attention to improved posture and other factors that can contribute to better employee health.

Ms Kristiansen points out another challenge: the tendency of finance and health and safety departments to act in isolation. She used her role as risk manager to create a ‘triangulation’ that brought the two departments together in support of the smart vest project to promote employee wellbeing while giving the company material benefits.

In fact, several culture changes are required for the new corporate benefits philosophy truly to get off the ground. On the employee benefits side, there needs to be a shift from a one-size-fits-all approach to one of personalised benefits tailored to employers and their employees’ particular needs. For risk managers and brokers, it involves focusing on ‘total cost of people’ instead of ‘total cost of risk’. Finally, insurance companies can help to facilitate change by ending the siloing of life and non-life coverage in order to address all kinds of risk that affect companies through their employees.

The Covid-19 pandemic has signalled a shift in thinking about health and safety away from a default position of mere compliance with safety practices and legislation towards the need to create a healthy environment on all levels. Companies are seeking new ways to engage with

employee wellbeing, involving approaches such as the ‘four pillars of wellbeing’, which complements physical health with mental, financial and digital wellbeing.

Catering to Generation Z

This imperative is becoming more pressing. Companies competing to recruit talent from Generation Z are already finding they need to take a broader view of support for young employees who are disproportionately affected by high levels of stress and anxiety by comparison with older cohorts. The race is on to design agile corporate employee benefits to match these new needs and expectations.

Swiss Life Network is on the move to anticipate these trends, through evolved benefits offerings and closer partnership with corporate clients.

“Our health and wellbeing offering complements and strengthens our existing global employee benefits solutions and ensures a healthier and more productive workforce, adding yet another way to help companies manage their talent strategy and individuals work towards their own aspirations,” explains Mr Hansen.

“Our wellbeing partnerships help bridge the gap between work and personal life. They remove HR barriers, instil confidence, nurture health and are designed to benefit an entire team. Through our selection of partners, we offer innovative ways that allow employees to easily assess, monitor and improve all aspects of health to support them in their day-to-day lives”

Author

Michael Hansen
 CEO Swiss Life Network