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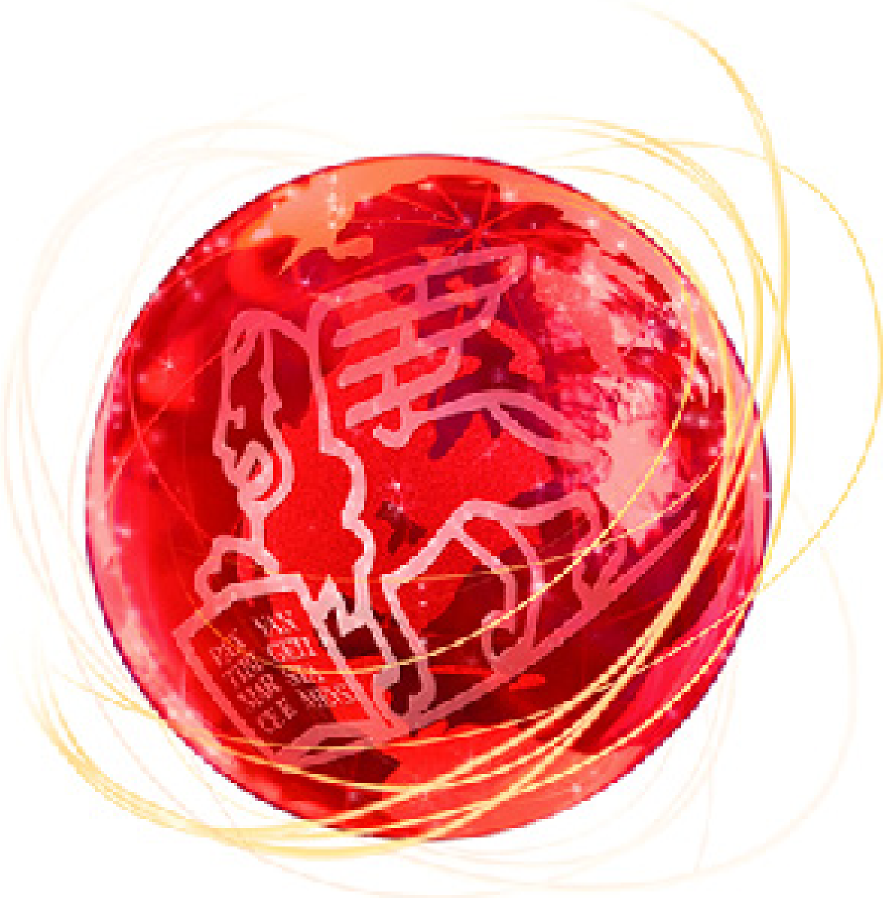
Employee Benefits Network - GEB

GEB News - April 2013



Generali Employee Benefits

Local protection, global connection

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In this issue...

Editorial

Dear Readers,

A new challenging year is well underway, and I would like to take the opportunity of this first 2013 edition to share several of our recent achievements and the projects we have in store for the coming months.

In January, the Generali Group revealed its new vision for the years to come. Among the various priorities identified by our top management, I would like to highlight two topics that have a direct and positive impact on our operations at GEB.

The first is the clear refocus on our core insurance business which translated to the recent acquisition of the remaining 49% of shares of our joint venture in Central & Eastern Europe. Through this operation, Generali strengthens its market position in a fast growing region, optimising its top line, results and geographic diversification.

The second priority is the establishment of a new business unit at Group level: Global lines. The Group intends to use this arm to approach global business in a more coordinated way by synergising Assistance, Non-Life (P&C and Specialties) and Employee Benefits. Thanks to this new strategic focus, we will be able to complement our Life offer with Assistance and Non-Life solutions to increase the range of products and services to the benefit of our global clients.

Moving to GEB, we continually strive to rise to the challenge of our vision: “to be the global employee benefits provider of choice, serving every client by anticipating their needs and turning complexity into solutions”. While current economic and financial uncertainties are reshaping the business landscape, we have many projects to maintain our market leadership in 2013 and beyond.

Here are several examples of our initiatives to translate our vision into reality:

Sustainable growth

- Our **network expansion** has continued in 2012 to further enhance our locally admitted solutions. With a local presence now well over 100 countries, we significantly boosted our geographical capabilities in Africa with partnerships in more than 20 countries across the continent.
- Globalisation means more companies are becoming international. We are launching a new **pooling** product for the **middle market** segment to provide small and medium international companies – pocket multinationals – the opportunity to benefit from a pooling arrangement, by combining their experience with other Multinational employers. With Generali Multi Plan, we are completing our product offering to cover all the needs of our customers according to their size and/or risk appetite (multi-employer and standalone pools, full stop-loss, loss carry forward protections, full risk transfer with reinsurance to captive solutions).

in this issue...

Back to main index

Operational excellence

During 2012, we further strengthened our **commercial** structure by creating two functions. Area Managers and Client Service Managers now ensure that all aspects of client relationship management are efficiently taken into account: prospecting, development (cross-selling and upselling) and retention. Along with the Account Executives, we now have a consistent organisation throughout our 13 regional offices, which enables us to provide to our clients with a 360-degree solution in terms of sales, underwriting and servicing.

Our **operating guidelines** will be upgraded during 2013 with the implementation of a Network Cooperation Agreement (NCA), which will consolidate all business processes and procedures between local carriers, local clients, GEB and the multinational client into one document. The NCA will reinforce our overall portfolio governance and will allow us to continue delivering our promises in terms of service quality.

Service and Innovation

Last but not least, to enlarge our competitive advantage we have invested in new **reporting** and **technology** capabilities.

- Healthcare is a major issue for all our clients with challenges in terms of rising costs, risk management or benefit design. The increasing share of medical business in our portfolio highlights the necessity of adequate reporting tools for our clients as well as the importance of having a **worldwide medical network** to supply healthcare access to mobile employees wherever they are located or seconded. Our new **Medical dashboard** enables clients to monitor local medical trends by category and diagnosis to make informed decisions on company wellbeing. Later on this year, we will issue a "special edition" dedicated to healthcare with articles covering many aspects of this line of business.

Service means also providing our customers with market knowledge and benefit trends.

- We recently launched the new version of the Country Benefits Manual and a brand new application for iPad. The profiles of our network partners can now be easily accessed for free, at any time and everywhere.

Lastly, we have decided to include a country focus in each edition of our newsletter to give you more insight into recent changes affecting specific countries. For this first 2013 issue, we focus on one of the major EB markets in the world and incidentally the largest portfolio in our GEB network: France.

As we move forward, be assured that we are fully committed to exceeding your expectations. To do so, we will continue to challenge ourselves to make sure our business model, products and services are always in line with market needs. Thank you for your trust in GEB. I hope to see you soon at one of our conferences or events planned for 2013.

Enjoy the reading.

Ludovic Bayard
Chief Commercial Officer

in this issue...

Back to main index

The Generali Group highlights 2012 performance

The Generali Group announced its 2012 performance results in March, which revealed premium increase, improvement in operating results and strengthening of capital and solvency.

The Generali Group CEO Mario Greco said, "2012 saw the start of a deep transformation of Generali, with today's results marking a turning point in the evolution of our Group towards international best practice."

"We have recently outlined a new strategy, built on introducing discipline, simplicity and focus across all our activities. We are simplifying our structure and adopting a more disciplined approach to managing the Group and its investments, as we refocus on our insurance business."

Some of the highlights of the 2012 consolidated results report include:

- Operating result in excess of €4.2 billion (+10.5%) and total premiums at €70 billion (+3.2%).
- Strengthened capital position, shareholders' equity up to €19.8 billion (+28%). Solvency I ratio rose to 150%, from 117% at the end of 2011.
- Net profit of €90 million (€856 million in 2011) impacted by €1.7 billion of impairments, of which €1.3 billion came in the fourth quarter after a prudent and detailed asset review and the decision to align the impairment criteria to international best practice.
- Maintained dividend per share at 20 cents in line with 2011.

"The growth in our operating result demonstrates the quality of our underlying business" Mr. Greco added. "The progress we have made to date in improving our Solvency I ratio is evidence of the capital-strengthening plans we have already initiated and will continue to implement over the coming years. Maintaining a stable dividend is a testament to our continued commitment to providing appropriate returns for our shareholders, even at a time when we are focused on strengthening our capital position."

The detailed report can be found on the Generali Group's website at www.generali.com.

in this issue...

Back to main index

Generali - MotoGP™ Partnership

Generali gains further exposure across the championship and retains its title sponsorship of the Valencian Grand Prix.

Dorna Sports, official rights holders of the MotoGP World Championship, is pleased to announce the expanded partnership with Generali, which joins an elite group of other Official Sponsor of the series.

Generali will provide insurance services to Dorna for the entire MotoGP season, during which it will gain an increase in brand visibility in turns and on bridges at 10 Grand Prix from the total of 18 that will take place in 2013. And as in previous years, it will be the title sponsor of the final race in Valencia, giving it yet further global exposure.

Pau Serracanta, Managing Director of Dorna's Commercial Area, commented: "We are very pleased with this new agreement with Generali, especially as it is not a renewal, but an expansion of an existing contract. This shows great commitment to join a top championship like MotoGP. We know that a multinational company like Generali can benefit from an alliance with our sport. Dorna, in turn, will benefit from Generali's wide range of services to help organize the MotoGP World Championship efficiently. I am convinced that this agreement will provide excellent B2B opportunities for both companies."

Sergio Balbinot, Generali's Chief Insurance Officer, commented: "We are pleased to strengthen the partnership we have built over the years with Dorna: MotoGP provides an international platform for our global brand, with a sport leveraging human talent in identifying new technologies and new sources of competitive advantage on an international landscape."

in this issue...

Back to main index

GEB Country Benefits Manual and iCBM now available!

We are proud to announce the launch of the 2012-2013 edition of the GEB Country Benefits Manual!

Besides updating the manual, the new edition introduces smartphone and tablet compatibility with an additional dedicated application for the iPad – the iCBM.

We are committed to providing the most up-to-date information on the usual and customary benefits of the countries covered by our Network. As we continue to grow our global network, we will enrich future releases with more countries.

To access the new Country Benefits Manual or iCBM, please visit our website at www.geb.com or scan the QR code with your iPad to download the app.

in this issue...

Back to main index

GMP for the global middle market

To reinforce its extensive line of global benefits packages, Generali Employee Benefits has launched Generali Multi Plan to offer small and medium-sized enterprises (SMEs) the advantages of Generali's multinational pooling.

"We are pleased to announce this new pooling solution for SMEs," said Ludovic Bayard, CCO of Generali Employee Benefits. "Generali Multi Plan complements our wide range of products and opens our network and flexible benefit solutions to the middle market and to smaller distribution channels.We are now fully equipped to service all multinational clients according to their size, potential and risk appetite," continued Mr Bayard, referring to GEB's multi-employer and stand alone pooling solutions, full stop loss and loss(es) carried forward protections and full risk transfer options through reinsurance to captive solutions.

Companies with subsidiaries in more than two countries are eligible for Generali Multi Plan, which provides coverage options in more than 100 countries for:

- Group Life Insurance
- Group Disability Insurance
- Group Survivors Insurance
- Group Accident Insurance
- Group Endowment Insurance
- Group Medical Expenses

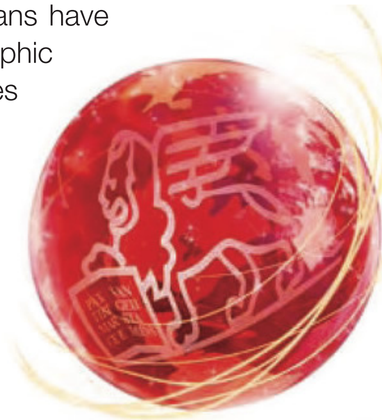
Generali Multi Plan offers SMEs a single point of contact to access our extensive network and benefit from the experience and international benefits knowledge of the leading Employee Benefits Network.

in this issue...

Back to main index

Pension with a minimum guarantee: chronicle of a death foretold?

The world of pensions is entering a new era. Many elements of traditional pension plans have changed in the past 20 years, and many others will change within the next decade. Demographic challenges facing industrialised economies, the low yield environment and recent changes to solvency regulations are jeopardizing the returns of pension programmes.



While anticipating change is generally considered a key to success, it is even more vital in the pension business, where a lack of foresight may lead employers, employees and insurers to the edge of a cliff. Today the situation is not irreversible. However, it is complex, and to fully understand the challenges and risks it is useful to see the bigger picture of the pension market.

What has changed in the pension market from 1990 to 2012?

Recent decades have seen the decline of employer sponsored pension plans, called the book reserve system. In some cases these reserves lacked proper collateral, only a pledge from the employer to pay a pension when the employee reaches retirement age. For obvious reasons, most governments nowadays in Europe, with some exceptions, forbid a system that leaves employees with no resources if their employer goes bankrupt.

Defined benefit plans followed the book reserve system, but proved too expensive and risky for the employer. New pension schemes implemented today are primarily defined contribution (DC) plans. This shift has already helped lower risks in the pension market and has saved many multinationals' balance sheets.

But while the shift to DC plans has greatly improved multinationals' balance sheets, these pension schemes alone have not been able to offset some new factors that have directly and indirectly increased risk. Specifically, the low interest rate environment and Solvency II requirements have created new constraints on today's pension plans. For a DC plan, these constraints have consequences that vary depending on whether the pension plan includes a guarantee.

Where is the pension market headed?

The current constraints and challenges of the market have already created a new shift, which is driving many, but not all, countries from DC pensions with a guarantee to DC plans without a guarantee (Unit Linked).

To explain this shift to DC pensions without a guarantee, it is necessary to understand how the insurer, the employer and the employee all benefit from these pension schemes.

Back to main index

Insurers

From an insurer's point of view, today's market challenges create increased costs and associated risks. The additional costs are the result of Solvency II regulations, which require a team of specialists to ensure compliance with the new rules. The associated increasing risks are the consequence of the greater volatility of capital requirements.

Under Solvency I, Unit Linked products required four times less capital, making them less expensive than DC plans with a guarantee. Yet consumers continued to seek the security of a guarantee, and insurers continued to sell these plans. Solvency II, however, introduced a new element: the volatility of the capital required to run the business.

The Solvency I capital requirement for pensions with the guaranteed products was the same regardless of how the asset was invested. Therefore, a portfolio with assets invested entirely in equities had the same capital requirement as a portfolio invested in bonds. With the new Solvency II regulations, riskier investment policies require companies to have more capital companies to run their businesses. As a consequence, insurers have become more and more adverse to financial risks, pushing asset managers to divest from their equity holdings and to increase their holdings in less volatile asset classes like bonds.

How can an insurer invested in bonds have a return high enough to cover legal guarantees that remain higher than 3% in some European countries?

During the 1990s interest rates were between 6% and 8% for a 20-year bond. Today interest rates are between 2% and 3%. As a result of this decline, insurers' margins to finance the guarantee have dramatically shrunk. This situation leads to two additional risks that affect DC pensions with a guarantee.

The first is linked to interest rates. Imagine that rates return to 4% or 5%, where they were several years ago. In this event a bond portfolio invested with an average duration of 12 years can lose from 30% up to 45% of its market value. With the new Solvency II and international accounting system (IAS) regulations, this loss will be directly transferred to the balance sheet. After the financial turmoil of 2008 and 2011, this could have additional negative effects on the insurance industry.

The second risk is linked to liquidity. When clients realise that their pension plan is delivering a guarantee, say 2%, but no longer benefitting from profit sharing because of balance sheet losses and that there is a new investment in bonds paying 4% or 5% interest, insurers risk massive withdrawals.

in this issue...

Back to main index

Insurers will be forced to sell their bonds at 70% or 55% of their nominal value to pay clients 100% of their pension investment plus the guarantee. Even if, in most countries, it is not easy for fiscal, legal and technical reasons to transfer the reserves, this is a risk that cannot be discounted. Such a risk of withdrawals is a nightmare for many managers and the reason why many European insurance groups are exiting this market, refusing to sell guaranteed products.

Like insurers, employers do not stand to benefit from guaranteed pension schemes either.

Employers

Employers must weigh two main elements when determining which pension plan will fit their budgets and meet the needs of their employees. The first consideration is that, in most European countries, companies are in legal solidarity with the insurer. Government legislation may differ from country to country, but in many countries employers are responsible for paying guarantees if insurers fail to meet targets.

This risk for employers is lower with Unit Linked products because there are no minimum interest yields to pay and the employees receive the Unit Linked performance. Because Unit Linked plans are often ringfenced, employers are protected from the bankruptcy of the insurer.

The second element is transparency. In light of the financial crisis, employers demand more transparent products, and consultants and brokers advise them that all costs must be evaluated and that all fees must be justified. This is not a problem for Unit Linked schemes which are perfectly transparent. The European UCIT IV, which regulates the SICAVs and mutual funds associated with Unit Linked contracts, has perfectly defined the total expenses ratio (TER) and how to calculate it. Employers can easily isolate the costs related to third-party administrators and have a clear view of yearly charges. Generali Employee Benefits studied a variety of pension schemes in nine countries in Europe and determined that the TER for Unit Linked pensions can vary from 0.5% to 1.3% per year depending on the countries and the mutual funds chosen.

Conversely, DC plans with a guarantee have additional costs related to the guarantee itself on top of similar financial fees and administrative expenses. Often, such costs are not covered directly by fees on contributions or annual fees for assets under management; rather, they are deducted from the profit sharing. Profit sharing calculation varies upon the country and the contract and is never easy to evaluate in percentage terms.

The higher the profit sharing, the higher the insurer's margin. There are costs related to put options that the insurer has to buy to reduce the risk of the asset portfolio and assure the guarantee itself. This last category of costs cannot be evaluated upfront and depends on financial markets.

In the end, Unit Linked pension schemes are not only more transparent for employers, but they are also less expensive because they do not have to support the additional costs of the guarantee.

Employees

What about employees? Are workers willing to invest their savings in a pension without a guaranteed return? This is the most difficult question to answer.

In the Anglo-Saxon world and several countries in Europe, people are more accustomed to financial markets and believe that stock exchanges will always outperform products with the guarantee in the long-term. In the rest of Europe it is difficult to talk about retirement if there is no minimum guaranteed interest rate. However, it is impossible to generalise countries, because the two possibilities coexist in most countries throughout Europe. Nevertheless, clients from the UK or the Netherlands are generally more receptive to Unit Linked products than the French or Belgians.

In his book *A Random Walk Down Wall Street*, economist Burton Malkiel studied the trends since the tulip crash in the early 1640s and demonstrated that equity performances in the very long term can be evaluated as much as 8% per year. Of course this is only the theoretical return and in shorter period the investment return may be higher or lower. But he proves that, on average, there is a better chance to obtain a higher return by investing directly in the market than with a guaranteed product.

Anglo-Saxons always compare the performance of their investments with inflation. In terms of real interest rates, a pension with a guarantee can have negative return when inflation rises above the guaranteed interest rate. On the other hand, partisans of products with a guarantee outline the volatility risks of the Unit Linked products and prefer more security to higher profits. But in the market today, this security has a cost related to the guarantee, which make guaranteed pensions less attractive overall.

in this issue...

Back to main index

The death of the guaranteed pension?

A careful analysis of the European pension market suggests that Unit Linked pensions will perform better than guaranteed products in the future. The financial crisis and Europe's reaction to austerity are contributing factors to this conclusion.

Economists such as Bruno Colmant in Belgium, Jean Hervé Lorenzi in France and many others are supportive of less restrictive government budget policies. If this happens, it is reasonable to believe that inflation will return, and the only way to beat inflation lies in equities. Unit Linked products that offer a scalable level of Asset Allocation in equities are in that sense more attractive today than during the 1990s.

Although it is premature to sound the death knell of defined contribution schemes with a guarantee, some factors continue to support them. Not the least the legal obligations on employers, such as in Belgium, to offer a guaranteed product or the related cultural and legal biases.

In the long run however, we believe that Unit Linked products will replace traditional pension products with a guarantee. Resistance to this shift in the pension market will result in lower performance, higher costs and lower transparency for all the parties involved in the pension schemes.

BEYOND HEALTHCARE: GCS from Europ Assistance

Assistance companies are usually associated with repatriation, evacuation and the women and men ready to bring injured or ill expatriates to their country of residence at a moment's notice.

GEB has partnered with Europ Assistance - Global Corporate Solutions (GCS) to complement the network's solid medical coverage throughout the world.

In the past 50 years, the assistance business has broadened its services beyond repatriation and evacuation. Nevertheless, the traditional services receive the most requests and remain the core service of any corporate travel policy. These services ensure that business travellers and expatriates will be repatriated according to international medical safety standards in case of any major issue.

Europ Assistance's core activity is human-related, and each evacuation is a challenge. Medically and logistically, every decision to evacuate a person is a unique case, and all decisions are difficult and made with careful consideration. Evacuation and repatriation are not simply a matter of requesting an aircraft, a pilot and a medical doctor to get a patient and fly him/her to a safe destination. Volume, technology, expertise and people having the knowledge, know-how and experience are key elements to Europ Assistance's success in organizing medical evacuations.

Volumes

To efficiently manage the high annual volume of cases, international assistance companies must establish solutions to standardize their procedures. The objectives are multiple:

- To ensure maximum safety to patients, through the choice of solutions and the rigorous selection of our providers.
- To open up the number of available means of transportation at the time of the decision.
- To be prepared for any type of situation, regardless of the patient's origin, culture, localisation and evac-destination.
- To choose not to evacuate when it is not necessary. Investing in a quality medical network is also a key point, even more so for resident employees or expatriates.
- To optimize evacuation costs – a stretcher on a commercial airline requires reserving six to nine seats in addition to the medical escort's seat, and the cost of an air ambulance rapidly reaches amounts up to several tens of thousands of euros.

Back to main index

Technology and expertise

Europ Assistance employs more than 400 health professionals dedicated to assistance in addition to GCS medical staff who are dispatched on sites. GCS supplies its experts with the most professional tools in order to ensure that the decision to evacuate is made in the best conditions.

These dedicated tools, fully developed and owned by Europ Assistance, combine expertise, technology and knowledge of the travel industry. They are strengthened by nearly 50 years of statistics and experience. Our global purchasing team also uses the tools to negotiate with carriers, whether commercial airline companies or specialized air ambulance companies.

Medical coordination at the heart of the plan

The common denominator of each evacuation is the medical clearance physician who, supported by collected reliable information (medical reports, localization, local logistical relays, etc.), takes the decision. Rarely alone, the physician's first quality is the ability to dialogue and exchange with the medical team, with operational teams receiving the first call and managing the case, with local providers and with the client company's general management – or the client company's medical department, if applicable – regarding the evacuation or repatriation of an employee, a contractor or a guest.

Crisis management capacity

With the largest medical equipment supplies and oxygen reserves (200,000 litres) in the assistance market, Europ Assistance has the capacity to evacuate up to 70 individuals incubated and ventilated simultaneously at any one time via our Europ Assistance Crisis procedure. This procedure can be activated from our nerve centre in Paris within two hours of a crisis outbreak.

The management of large-scale emergency situations by Europ Assistance is guaranteed for our clients, showing the mastery of our trade as well as the quality delivered for each case we handle. It also guarantees that during a major event – crisis, natural catastrophe or industrial accident – all these actions and procedures, repeated on a daily basis, are already sufficiently mastered in order to give teams plenty of room to concentrate on the event's exceptional aspect.

With more than 300 million covered members, Europ Assistance has been involved in all major events since its creation in 1963. Our clients' feedback on our interventions – professionalism, reactiveness and responsibility – is a testament to the quality of the choices made by men and women working with us and the logistical means that support their decision to evacuate.

in this issue...

Back to main index

About Europ Assistance - Global Corporate Solutions

Europ Assistance is a Generali Group company and watches out for more than 300 million people around the world since 1963. More than 7,000 employees within 40 local companies are available 24/7 to respond to assistance requests from our clients. They are supported by a close-knit network of 420,000 partners to provide an instant answer adapted to each situation and to the client's need. The development of "Care Services" by the Europ Assistance Group - the union of "health, innovation and proximity" - embodies the new meaning behind our business lines.

This involves a strong sense of being there – acting effectively when needed for our customers in everyday life and exceptional circumstances alike.

Europ Assistance - Global Corporate Solutions (GCS) is the division dedicated to International Corporations, Institutions and Global Organizations and Health carriers. GCS is able to provide worldwide Remote Medical & Security Services, Business Travel Risk Management and International TPA Services.

GEB and Europ Assistance - GCS work together closely to complement and reinforce the medical services GEB has in place.

For further information please visit http://www.ea-gcs.com/

in this issue...

Insurers work to adopt gender-neutral policies

The EU ruling on gender discrimination is one of the biggest challenges currently facing the insurance market.

In 2011 the EU Court of Justice ruled that insurers in Europe will have to charge the same prices to women and men for the same insurance products without distinction on the grounds of sex.

The new rules apply to contracts that begin or are amended after December 21, 2012. The directive applies to all private, voluntary insurance policies that are separate from the employment relationship – including auto insurance, life insurance and annuities. These limitations have the immediate consequence of identifying precisely the product lines affected by the regulation and they imply that occupational schemes and group insurance contracts remain unaffected by this ruling.

The ruling calls for new methods to calculate premiums that exclude gender-based information. Unisex or gender-neutral pricing provides that men and women with same age and in similar health, for example, should pay the same price for the same product.

Belgium, Bulgaria, Cyprus, Estonia, Latvia, Lithuania, the Netherlands and Slovenia serve as examples, since they already use unisex premiums for car insurance.

While the EU ruling does not affect group insurance contracts, local insurers in several countries are working to modify their group life tariffs to make them consistent with the new individual life business pricing schemes.

Italian insurers have not yet moved to modify group life tariffs. However, several insurance companies in Italy are modelling a single gender-neutral tariff which considers the gender mix present in the insurers' portfolios. A more advanced method considers not just the ratio of males to females, but the corresponding relative weight in terms of sums insured.

German insurers are also moving toward a single gender-neutral tariff based on a portfolio's male-to-female ratio. They are also offering a tailor-made gender-neutral rate to clients who insure a large number of lives. Insurers calculate this rate based on the gender mix of the specific client.

The actual impact of the changes on the pricing structures across the EU is hard to predict. Several factors will come into play when insurers calculate their prices, including the transition cost to adapt to the new system and the level of competition in each market.

The ruling is a significant change for the insurance industry. The impact of gender neutral pricing will vary depending on the product line, and insurers will likely take a prudent view on calculating gender neutral rates until the market settles.

in this issue...

Bahrain National Life: a new partner in the Gulf Region

We are pleased to announce that the GEB Network has a new local partner in the Kingdom of Bahrain. Bahrain National Life Assurance is a dedicated life and healthcare provider established in 2000 and is a subsidiary of Bahrain National Holding with an insurance history of more than 40 years.

The island nation of Bahrain has a population of 1.2 million inhabitants and maintains a strategic position in the Persian Gulf. The country has served as a centre for financial services since the 1970s and has a highly developed insurance market.

BNL is one of the leading insurers in the country, able to provide corporate clients with up-to-date information on health and wellbeing topics in the region.

BNL's vision is "creating prosperity through security." By partnering with Generali, BNL aims to become a leading provider of financial protection and risk management in the region. A pioneer in the Gulf region, the company relies on key values such as integrity and excellence.

For more information about GEB's new local insurer, please visit the BNL website at www.bnl4life.com.

in this issue...

Back to main index

CLAIMER®: Anadolu Sigorta's New Health Claim Software

At the Fourth Annual International Brokers' Conference organized by Generali PPF in February 2013 in Istanbul, Ms Idil Pamir, Head of Health Insurance Department at Anadolu Sigorta, presented the new health claim management software called CLAIMER.

After intensive research and development, Anadolu Sigorta, one of GEB's partners in Turkey, has proudly launched CLAIMER, the next generation of electronic health claim management software using the highest security, technology and medical information infrastructure. CLAIMER is a patented intelligent claim management system that enables health payers to administer their health claims in real-time online and in a cost-effective manner. The software communicates electronically through built-in web services and interfaces between health payers and health care providers.

The software relies on extensive control mechanisms of the beneficiary such as age, sex and unique policy number, terms and conditions of the insurance policy including the exclusions and special clauses and the contract conditions of health care providers including agreed prices. Taking into account these criteria, CLAIMER is an innovative software solution that manages claim authorisations within seconds for both outpatients and inpatients.

CLAIMER is equipped with a smart rule engine that gives health payers the opportunity to incorporate their own policy rules and the contract conditions of healthcare providers into the software. Multi-language support is also available, which means the software can be adapted for use in different countries. In addition to excellent claim management, the software noticeably increases the insurance companies' operational performance by optimizing their human resource capacities and generating decision support systems based on detailed, classified data collection.

With CLAIMER, hospitals can optimise the process of claims' authorisation thanks to greater accuracy and improved payment collection.

Insureds also benefit from faster authorisation processes. The software's accuracy and efficiency reduce premiums, and thanks to low claim-premium ratio, insureds are able to pay lower renewal fees on their policies. With CLAIMER, Anadolu Sigorta is pioneering Turkish health insurance sector.

For more information, please contact ipamir@anadolusigorta.com.tr or info@cgmturkiye.com.

in this issue...

Back to main index

New Era in Turkish Private Pension System

In June 2012 the Turkish government announced pension reforms that will include state-matching contributions, effective January 1, 2013. The state hopes these changes will encourage more savings among employees and create larger asset pools for the financial services industry to manage.

According to the Official Gazette of the Republic of Turkey, the new regulations are advantageous for all using the private pension system.

- In accordance with the new regulations, the state will contribute an amount that corresponds to 25% of the contributions paid to the private pension account by participants. The state's contribution on behalf of each participant is capped at 25% of annual gross minimum wage. Regardless of whether the participants have a taxable income, all participants hereafter will benefit from the state contributions. State contributions will be classified in a separate account, and in case of any early exit from the system, participants will be able to get a certain percentage of state contributions based on how long they have been in the system. Beginning January 1, 2013, participants who remain in the system at least three years will earn 15%, participants who remain in the system at least six years will earn 35%, participants who remain in the system at least 10 years will earn 60% and participants who remain in the system at least 10 years and reach the age of 56 will earn 100% of the state contribution and its returns.
- The tax incentive articles came into force at the beginning of 2013. However, the previous clauses related to the deductions from taxable income – which were capped at 10% of gross monthly salary and annual gross minimum wage in the current tax incentive system – are not applicable after December 31, 2012.
- The articles relating to the tax-withholding policy became effective on August 29, 2012. Tax withholding previously applied to both contribution and financial gains under the former rules. Now only financial gains will be subject to taxation.
- The current deductible amount for employers is capped at 10% of the employee's gross monthly salary and annual gross minimum wage. The limit of the employee's salary increases from 10% to 15% with the new regulations.
- Another regulation that affects employers is the increase in the vesting period. According to this new legislation, the maximum vesting period applicable has been increased from 5 to 7 years.
- Effective immediately, the new regulations also allow associations, foundations, funds and companies to transfer their savings fully or partially to the private pension system without incurring tax until the end of 2015. This allowance provides more favourable tax treatment of distributions at retirement. Amounts transferred to the private pension system will be exempt from VAT.

in this issue...

Back to main index

- Moreover, there are additional advantageous changes for participants in terms of pension fees:
  - The management and fund management fees of pension companies are decreased.
  - As of January 1, 2013, the legal upper limit for management fee is reduced from 8% to 2%.
  - The upper limit for fund management fees is reduced from 0.01% daily (3.65% annually) to the levels shown below based on the type of funds:

Type of Pension Fund	Max. Daily Rate of Total Fund Management Fee (%)	Max. Annual Rate of Total Fund Management Fee (%)
Money Market Funds	0,003	1,09
Public, Corporate, International Bond, Precious Metal, Index Funds	0,00525	1,91
Equity and Other Funds	0,00625	2,28

in this issue...

Generali Versicherungen recognised for service and expertise

Munich – Generali Versicherungen received recognition from two German agencies for both its service and expertise for its occupational pension schemes (OPS).

Independent analysis company MORGEN & MORGEN awarded all Generali Versicherungen occupational disability insurance tariffs with the highest rating of "five stars." Generali Versicherungen is the first OPS provider to receive this award.

Additionally, Generali Versicherungen's OPS expertise won the rating of "excellent" in all four subcategories – advice, liability, service and administration – from the German Institute for Financial Planning & Security (Das Institut für Vorsorge und Finanzplanung; IVFP). This is the second time Generali has won "excellent" recognition from IVFP.

"The market significance of this OPS rating is particularly clear for Generali Versicherungen," said Dr. Thomas Dommermuth, founder of the IVFP. "The company already belonged to the top providers following the 2010 rating, and it recognised the potential for improvement identified by the IVFP. As a result, Generali Versicherungen has further improved its performance for its OPS expertise, which had already been rated as excellent. For us analysts, this is a pleasing observation."

Both rating systems involve comprehensive evaluation processes that weigh factors such as expertise, service and administration.

"We are very pleased with this recognition, which emphasises our expertise in occupational pensions. In comparison to the previous assessment we have improved in certain subcategories," said Michael Reinelt, Head of Product and Consultancy Management OPS at Generali Versicherungen. "This excellent result is also an incentive and a challenge to continue to develop our processes."

Occupational Pensions in Germany

2013 study on occupational schemes in medium-sized companies

Munich – Employees at Germany's medium-sized companies are worried about their standard of living in old age. As a result, they are considering occupational pension schemes (OPS) to close this threatening income gap in retirement. It is a topic that many are now seeking to discuss with their employers. Some employees are estimating what their future income from state pension and an OPS will be, but some simply don't have enough money to provide adequate financial support during retirement. Just one in every three medium-sized companies offers an employer-financed OPS. While every second company offers an incentive scheme for retirement provision, employee participation rates can be improved.

in this issue...

These are the findings of the recent study “Occupational pension schemes in medium-sized companies 2013” (“Betriebliche Altersversorgung im Mittelstand 2013”), carried out by Generali Versicherungen and the F.A.Z.-Institut. The study furthers the research of the first study on occupational pensions that the two parties conducted and published in March 2012. This year’s study is similarly based on a survey of 100 HR employees in medium-sized companies with 50 to 500 employees. The market research firm Forsa carried out the survey in November 2012 via computer-assisted telephone interviews based on a structured questionnaire. Participants gave answers on their own OPS offering, their requirements for products and services as well as their HR management.

Security and flexibility more important than high returns

The impact of the global financial crisis in 2008 and 2009 still influences investment behaviour today; people avoid risk and prefer reliable investments. As a result, employees in medium-sized companies place great importance on investment security with pension products and on flexibility for contributions and pay-outs; high returns are of secondary importance. For employers and product providers, guarantees are the key to boosting demand for occupational pensions. Companies do not want to exert pressure on their employees and the majority reject obligatory opt-out models for OPS, preferring instead to convince workers via the quality of the products and advice.

“The results show that above-average service, individual advice and security have a higher value with participants, and that return on investment is not paramount. Alongside comfortable interest rates, occupational schemes include the important safeguard of a lifelong pension payment, provision for dependants and the increasingly crucial coverage of disability insurance,” says Michael Reinelt, Head of Product and Consultancy Management OPS at Generali Versicherungen.

Nevertheless, HR employees at medium-sized companies still see a number of problems. Legislative authorities, for example, must ensure that regulations for occupational pension models are prepared for the future as demographic changes and the current low interest policy threaten to make employer-funded pensions more expensive. The rise in average life expectancy means occupational pensions must be paid out for a longer period, meaning either a rise in costs or a decrease in benefits.

Decline in demand

According to the survey, the number of employees with occupational pension scheme (OPS) entitlements has declined since the first OPS study by Generali Versicherungen and the F.A.Z.-Institut. This is particularly the case among non-managerial employees, who have a participation rate of 40.5%. In top management, the participation rate is 62.9% and 50% in middle management. Smaller companies with between 50 and 100 employees show the lowest demand for occupational pensions, whereas companies with between 250 and 500 employees have the highest.

“The market penetration of OPS for medium-sized companies has been stagnating for years, although demand is high and there are good products on the market,” comments Dr. Guido Birkner, editor at the F.A.Z.-Institut and author of the study. “The occupational pension rises and falls with the boss’s commitment and due to the diminishing job market is becoming an increasingly important means of employee retention.”

in this issue...

Back to main index

GEB brings expertise to 2013 World Captive Forum

The World Captive Forum annually brings together risk and captive managers, regulators from various US domestic and international domiciles, consultants and brokers as well as representatives from across the global insurance industry. This year's event took place at the beautiful Turnberry Isle Miami resort in Aventura, Florida, from January 28 to 30, marking the 22nd anniversary of the event.

The conference centres around property and casualty as well as benefit "tracks" with introductory and advanced sessions covering a range of captive-related topics from risk financing to tax and regulatory issues. The venue is ideal for industry professionals to learn about this internationally growing sector, exchange ideas, share experiences and develop working relationships.

As one of the traditional co-sponsors of the forum, GEB representatives participated in some of the employee benefit conference sessions moderated by consultants from Towers Watson's international benefits practice.

Marco Giacomelli, GEB's chief operating officer, was a co-speaker in the session titled "Understanding Benefits Basics." During the session, representatives from GM, Caterpillar, Marsh Management Services and Prudential Financial shared their practical experiences on how to foster cooperation and collaboration between HR and finance management, building a strong business case for the inclusion of employee benefit plans in captives.

Eric Butler, GEB's Brussels-based medical director, served as a panellist to the session on "Global Medical Trends and Benefits Captives." This session focused on how companies such as Coca-Cola and DHL partner with benefit networks to manage the rising medical costs of their international programs via data collection, utilization pattern and claim-trend analysis.

Marc Reinhardt, GEB's director for the Americas located in Parsippany, New Jersey, participated in a panel discussion with the captive managers from ADM, Coca Cola and 3M as well as other benefit network representatives on challenges that arise with country regulations and practices in different markets (e.g. Argentina, Brazil, China and India) when reinsuring international benefit programs to a captive.

A highlight of the event, Coca-Cola's director of risk management Laurie Solomon and Stacy Apter, director of global benefits financing and asset management, received this year's Award of Excellence. With this award, the World Captive Forum recognizes the parent company of a single-owner captive for thought leadership and extraordinary contributions in the field of risk and captive management. Last year's award went to Mike Lusk of ADM. GEB is honoured to be a partner of both companies for their innovative and in many ways trail-blazing captive programs.

As usual, the event was impeccably organized, well attended and very informative. GEB looks forward to being part of the 2014 World Captive Forum.

in this issue...

Back to main index

GEB APAC Conference

From March 13 to 15, Generali Employee Benefits (GEB) hosted its annual APAC conference in Hong Kong at the Island Shangri-La.

For the first two days, GEB's chief executive officer Mauro Dugulin, Chief Commercial Officer Ludovic Bayard and Chief Operating Officer Marco Giacomelli met with officers from GEB's regional offices and exchanged with GEB Network insurance partners on market trends and challenges. GEB hosts regional meetings annually in order to strengthen its regional network position by working to balance growth and results and improve the quality of service for our global clients in the region.

As in past years, the third and final day of the conference opened the conference to clients, brokers and consultants in the market. More than 100 participants from 52 different companies were represented. Hosted in Shanghai in 2012 and Singapore in 2011, the GEB APAC Conference always attracts a large audience of insurance professionals who appreciate both the high quality content and networking opportunities the seminar provides.

There were several external speakers. Mr Franck Baron of International SOS spoke on Multinational Employee Benefits Pooling. He outlined the approach taken by his company and why international pooling is beneficial to multinationals. He also shared his experience on multinational pooling, where he underlined that pooling is a "financial tool" which multinational companies can take advantage of.

Mr Carl Redondo of Aon Hewitt spoke on Corporate Governance in Employee Benefits Plans. Mr Redondo shared Aon Hewitt's survey findings. Currently more than 50% of multinationals align their benefit plans with corporate policies or guidelines. This figure will likely rise to 90% within the next three years, and corporations will also see reduced compliance risk through corporate governance and control.

Mr Hans Han, from Huntsman Asia, gave a presentation on implementing simple and meaningful benefits programs that are flexible in order to boost employee engagement. According to the 2012 Hay Group Report, company loyalty hit a 5-year low as more than 40% of the global workforce intended to leave their current company within 5 years. Employees need to be engaged so that they feel a sense of connection. One area is to offer flexible benefits programmes whereby employees can choose benefits that best meet their needs.

in this issue...

Back to main index

Mr Daniel Gutin of Sanofi presented on wellness programmes. He provided us with the different types of wellness programmes adopted by Sanofi Australia and Sanofi China. Wellbeing and wellness should be a part of culture, according to Mr Gutin, and Sanofi has launched several initiatives around three pillars: diet, physical exercise and health prevention. Mr Gutin reiterated that Management must be committed to employee wellbeing in order to have a successful wellness program.

Overall, the seminar was extremely successful. The APAC conference remains a key opportunity to engage with regional partners, intermediaries and clients. GEB's in-coming business in the region continues to increase annually and now represents more than 15% of the GEB portfolio – on par with North American countries (USA, Bermuda and Canada).

As more Asian corporations establish a global presence, our aim is to increase the flow of out-going business with Asian multinationals with subsidiaries beyond Asia. With our team of specialists located in Singapore, Mumbai, Shanghai and Hong Kong, we are strategically placed to capture new opportunities throughout the region in the coming years. The investment flow going from China to Africa underscores the importance of having our Regional Offices in key countries and maintaining an extended geographical presence to meet the needs of our corporate clients.

Back to main index

Outlook: Malaysian healthcare reform

As Malaysia continues to grow and prosper, the Malaysian government has proposed new healthcare reform to meet the needs of its citizens. The 10th Malaysia Plan 2011-2015 will work to establish a comprehensive healthcare system and recreational infrastructure, encourage health awareness and healthy lifestyle activities and empower the community to plan or implement individual wellness programme. Malaysia wants its citizens to take responsibility for their own health, as well as to transform the health sector to increase the efficiency and effectiveness of the delivery system to ensure universal access

As part of the plan, the government also constructed a number of 1Malaysia clinics and hospitals across the country to curb rising healthcare costs. At these clinics, a consultation with a general practitioner costs RM1 or RM5 with medication. A visit to 1Malaysia hospitals costs RM2, and the other charges are drastically reduced to offer services to people. There are also free vaccinations against cervical cancer for Form 1 students and mobile clinics. 1Malaysia clinics and hospitals provide affordable healthcare to all classes.

Data protection

Malaysia has also implemented the Personal Data Protection Act to protect patient privacy. Effective from June 2012 onwards, medical practitioners and insurers are not allowed to share any personal information, such as identity information or date of birth, or medical diagnosis with clients unless each of the policy members has signed a letter of indemnity allowing their data to be shared. Thus, if an employee calls a clinic or insurer to inquire regarding his or her spouse's medical condition, companies cannot provide that information. This also applies to HR personnel who inquire about an employee's diagnosis; healthcare providers are not able to disclose this information.

The Personal Data Protection Act further extends to quarterly claims review to clients. Insurers may no longer mention names of claimants or their diagnoses. GEB's network partner in Malaysia, Great Eastern Life, usually presents the top diagnosis with no reference to a particular individual.

New conditions term life

The rate for term life insurance was revised in December 2012 in order for Great Eastern Life to be more competitive in the market. Previously, the rate for term life made Great Eastern the most expensive in the market.

As Malaysia moves forward with healthcare reforms, so too does Great Eastern Life. The company provides value added services such as quarterly claims reviews, advise cost containment methods, conduct onsite employee briefings and establish wellness programmes. These services also add value to the GEB Network and its clients with a presence in Malaysia.

(1 euro = 3.98 RM, on April 8, 2013)

in this issue...

Q&A with Simon Lam, General Director of Generali Vietnam

Generali Vietnam Life issued its first group employee benefits insurance policy in November 2011. Within a fairly short period of time, the company has built up a product suite and quality customer service offerings to fulfil enterprises' needs. Both renowned multinational companies and domestic Vietnamese companies have entrusted Generali to look after their 7700 employees and their dependents, attesting to GEB's ability to provide global employee benefits service.

Mr Simon Lam, General Director of Generali Vietnam, took the time to respond to a Q-and-A with GEB. Mr Lam discussed some of the new services Generali Vietnam offers, the vision of Generali Vietnam and the goals and opportunities for the company moving forward.

Simon, what are some of the recent developments of Generali Vietnam?

We have recently invested in building the necessary service infrastructure to fulfil the customer service needs of our corporate clients and their employees. This includes a proprietary e-service portal, "G-Link," and a nationwide medical services provider network.

Although this is a small start, we are pleased with our establishment in the group employee benefits insurance market in Vietnam. We are creating a new service experience for our customers in a market where employers still think of group employees benefit insurance as primarily medical insurance and make heavily price-driven decisions. Our customer service and risk management approach is a long-awaited business model in the Vietnam insurance market. We are pleased to offer Vietnamese clients better choices and will continue to do the same in 2013.

What are your goals for the company moving forward?

Our vision for the Group Business is to develop and provide quality employee benefits products to our GEB clients as well as to local enterprises. We will continue to expand our innovative product suite, with high quality service offerings to employers, employees and their dependants, as well as enhance our nationwide medical services provider network. For 2013, we have two top priorities.

First, we aim to deepen our relationship with our corporate clients and medical services providers in order to strengthen the risk management integrity of the group employee benefit business model. This will take us to the heart of the challenge of the health insurance market in Vietnam, which is still developing. This is critical to the sustainability of our business.

At the same time, we will leverage the unique position of Generali Vietnam Life under the newly introduced corporate income tax code of the Vietnamese government. Under this tax framework, insurance premium (life, accident, income compensation and medical) that employers pay on behalf of their employees under group insurance policies issued by life insurance companies will be a tax deductible expense.

in this issue...

Back to main index

How does Generali distinguish itself in the Vietnamese market?

We believe this tax advantage places us in a very strong position in relation to our major competitors in the non-life market. By incorporating this Corporate Income Tax (CIT) advantage, Generali Vietnam Life will be able to offer our clients a very compelling value proposition:

1. *Exemplary customer care and claim service.*
2. *Broader coverage since we offer life insurance protection, compared to accident-only and Vietnam-based coverage from the non-life market.*
3. *Since our premium reflects loss expenses better than the price-driven approach prevalent in the non-life market, we can achieve better sustainability of the insurance program for the benefits of our clients and Generali Vietnam Life.*
4. *Our client will benefit from our risk management and analytic approach to understanding and managing the loss ratios with the goal of improving the loss experience. To achieve this, we use a combination of measures such as benefits design, terms and conditions limitations, management of clinics and hospitals, staff utilisation as well as staff engagement through wellness program in collaboration with the heads of HR of our clients.*

Overall, by leveraging the tax framework to our advantage, we use a cost-optimized approach (premium and CIT savings combined) to respond to the competitive, price-sensitive environment. This approach allows us to compete without compromising our customer service and risk management business model. Our clients will achieve much more than what the current market can offer in terms of services, protection and risk management support at a very competitive total cost. All these benefits also give our clients better reasons to stay with us upon renewal. We therefore have a better basis to achieve a long term, and mutually viable relationship with our clients.

We are capitalizing on this window of opportunity while continually working to develop additional leverage for sustainable success.

For more information visit the Generali Vietnam website at www.generali-life.com.vn.

Easing the worry of fluctuating employee turnover

There are many reasons leading to employees' low loyalty. One important reason is the increasing gap between the expectations of employees and employers. According to a human resources survey in the Asia Pacific area in 2011 by Price Waterhouse Coopers Saratoga (PwC), compensation philosophy and remuneration structure for talent retention change on a day-to-day basis. While high starting salaries can attract new employees, they often fail to retain them and are not likely to yield the best returns. Starting salaries are only one way to attract talent. The key factor to determine employees' interest in developing a long-term career with a company relies heavily on added fringe benefits.

According to an HR survey in Vietnam, Vietnamese enterprises face similar problems in talent management. The survey highlights that 75% of companies in Vietnam would like to increase their workforce by 20% in upcoming years. However, they are confronted with high employee turnover, especially among younger employees, who account for more than 50% of the Vietnamese manpower. Many enterprises still lack long-term human resource management strategies of which critical added benefits such as healthcare insurance, accidental insurance for employees and their dependants play an important role.

While employee benefits insurance have been the norm in Europe and developed economies, the concept is still new in Vietnam among employers. Although there are no available statistics on the number of enterprises operating in Vietnam with employee benefits insurance for their employees, the market is changing very quickly.

Generali Vietnam Life Insurance is the first life insurer licensed by the Ministry of Finance to provide employee benefits solution for employees and their dependants since October 2011. Since its establishment in Vietnam, Generali's statistics reveal positive results. At present, the number of its insured members in terms of healthcare, accidental and death coverage has reached over 9,900 and includes employees of renowned multinationals as well as local companies and their dependants.

Not only foreign enterprises but also Vietnamese companies realised how strategic investment in talent management can remarkably help improve productivity. The PwC survey also presents some concrete figures that underline how investment on talent management can increase the profit per staff capita by more than 20% every year and the annual income growth by more than 20%. Moreover, these investments lead to a higher percentage of successful candidates accepting offers and lower staff turnover.

According to Mr Simon Lam, General Director of Generali Vietnam, the company's vision is to bring better choices to clients and new standards to the Vietnamese market. Lam is confident that the Generali Group's rich international experience and expertise in Group Business can do just that. Aiming to further develop the HR field in Vietnam and to bring added benefits to employees, Generali Vietnam organized in the seminar "Maximizing your staff retention program with Generali Vietnam Life" in October 2012, which was attended by more than 100 HR heads and HR practitioners.

in this issue...

Back to main index

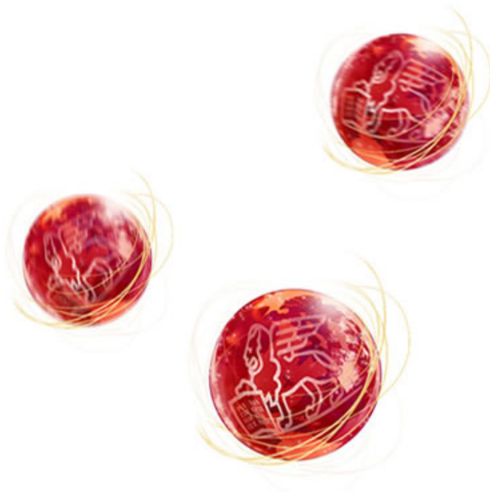
In March 2013, Generali Vietnam held a seminar “Flexible Employee Benefits” in cooperation with Vietnam Human Resources (VNHR) for HR Heads, HR executives and HR practitioners. A similar seminar is planned for Hanoi in May 2013.

Recently, the Ministry of Finance has approved an increase in Generali Vietnam’s chartered capital from 720 billion VND to 800 billion VND. This is the third capital injection since Generali Vietnam started its operation in Vietnam in April 2011. The approval reaffirms Generali Group’s long-term commitment to the insurance market in Vietnam and confidence in its potential.

Mr Lam also shares that for 2013 the company continues to adopt a multi-channel distribution strategy with the business model covering individual and corporate business. With this strategy, the company will be able to capitalize on the unique franchise of the Generali Group in the group employee benefits solution segment while building up its tied agency force.

The vision for Group Business is to develop and provide quality employee benefits products to multinational companies as well as local enterprises and to deepen its relationship with clients and medical service providers for mutually sustainable relationships. As for individual life business, the company will continue developing its quality-focused tied agency model. This encompasses an all rounded approach to focus on quality recruitment, training and development, mentoring and activity management of its agency force to enhance agency productivity. This approach is supported by a strategic investment in building up the agency development competence of the company which will provide Generali Vietnam Life with a sustainable competitive edge for long-term success. The company is also on the way to expand its footprint to Hanoi in 2013.

Source: Securities Investment magazine article by Ngoc Lan (translated), published on March 06, 2013



in this issue...

Country Focus: FRANCE

With its fine wines and cheeses, architectural cityscapes and splendid countrysides, France is known worldwide for its joie de vivre. But French savoir-faire extends beyond life's simple pleasures; keeping France healthy and secure is a rich and burgeoning insurance market.

The French insurance market is the fourth largest in the world after the United States, Japan, the UK and before Germany, with more than 200 billion euro in life and non-life premiums.

Table 1. Top 10 countries by total life & non-life premium

	Premiums (millions of euro)	% of Premiums	% Change
LIFE AND NON LIFE INSURANCE			
1. United States	879,491	26.9%	-0.2%
2. Japan	420,414	12.8%	+0.1%
3. United Kingdom	233,815	7.1%	-2.7%
4. France*	**211,235**	**6.5%**	**+2.1%**
5. Germany	180,867	5.5%	+3.9%
6. China	161,869	4.9%	+26.2%
7. Italy	131,491	4.0%	+6.6%
8. Canada	87,125	2.7%	+2.9%
9. South Korea	86,296	2.6%	+7.8%
10. The Netherlands	73,199	2.2%	-2.6%
Total Life and Non-Life	**2,465,802**	**75.4%**	

**approximately 25% of total premiums in France relates to non-life benefits (property, casualty, marine, etc.) and 75% to life benefits. (Source: Swiss Re, sigma 02/2011)*

France's population is 65.32 million, according to Eurostat, with an unemployment level of 10.8% in February 2013. The fertility rate in France is 2.01 and life expectancy is 78.7. The OECD denotes France as a high income country, with a 2011 gross domestic product (GDP) of 2.16 trillion euro, a figure that has grown approximately 2% over the past two years.

French employees enjoy the generous benefits of a highly developed country, and despite its maturity, the French market is still profitable.

However like many countries, France is facing many changes to the customary benefits and programmes due to global economic concerns. Pensions, healthcare, wellness and the overall insurance market are undergoing large structural changes. French insurers and Generali, more specifically, are developing solutions to counter these issues and overcome these challenges.

Back to main index

The French market

Of the overall 142 billion euro of French life premium, 114 billion euro relates to pension or savings products, while the remaining 28 billion is risk-related (life, disability, accident and healthcare). Thanks to a strong social security system, life and disability premiums play a much large role when compared to healthcare in France, unlike some other markets where social security services are weaker and private health insurance must compensate.

Combining total risk and pension benefits, the group market (insurance benefits that corporations provide its employees) constituted roughly 20 billion euro of premium; however, the group market had a successful fourth quarter in 2012, which provided a boost to the mild slump of recent years.

In 2011, total premiums for group employee benefits (life, disability and health contracts) was 14.6 billion euro, a figure that has remained relatively stable over the previous year. Of this total, 6.6 billion euro represent total life premiums, 3.9 billion in health and 4.1 billion in disability. Furthermore, the group pension market was in excess of 5 billion euro.

Table 2. Group Life premiums in France 2007 – 2011

	2007	2008	2009	2010	2011
Life insurance	5,756	6,233	6,308	6,516	6,615
Savings plans	7,580	7,854	8,618	6,032	5,320
Healthcare	3,262	3,542	3,810	4,008	3,911
Disability	3,931	4,104	4,062	4,061	4,056
Total	**20,529**	**21,733**	**22,798**	**20,617**	**19,902**

The group employee benefits market in France remains strong thanks to a combination of laws that require companies to provide minimum benefits according to their activity. Furthermore, the country's social history, labour unions and fairly competitive market conditions create a favourable market for employee benefits, which are increasingly used to attract and retain a strong workforce.

The French group business market is broker driven. Unlike most countries, France's brokers manage the scheme administration, including medical claims handling for instance, and do not solely consult or manage acquisition activity.

All the major international brokers and consultants are present in France, as well as important regional brokers who are independent or part of "non-integrated" networks and have key global clients in their portfolio despite their lesser-known brand names. More than in most markets, relationship management skills and tailored services are key drivers in France and allow smaller intermediaries to attract and retain clients and often compensate for lower brand name visibility.

Back to main index

Furthermore, there is fierce competition between insurers, “institutions de prévoyance” and French “mutuelles,” non-profit, policyholder-owned insurance companies. The competition makes for a dynamic market, which offers policyholders a wide range of choice.

Generali France

To cover this large market, GEB - through its affiliate Generali France - offers a variety of benefit solutions including death with lump sum; spouse and orphan pensions; short and long-term disability; and comprehensive medical benefits with hospital, generalist, specialist, dental and optical coverages. Compared to many countries, the insurance packages are quite generous for employees and their beneficiaries and provide good protection in case of death, disability or illness.

Together with Generali Germany, Generali France is the main foreign subsidiary of the Generali Group, and the second largest general insurer in France (excluding bank insurance), with a turnover of around 13 billion euro. Generali France operates in all branches of insurance through its nearly 8,000 employees and also through diversified distribution networks – 900 agents, 1,950 employed producers and 2,300 financial advisors and major banking partners. The company maintains a leading position in the growing and innovative internet segment.

Generali France founded Europ Assistance in 1963 to meet the needs of French cross-border multinationals and invented the concept of assistance. Europ Assistance remains the Generali Group’s dedicated assistance service and the undisputed reference in the industry with a highly recognised brand name in the market.

But the French insurance market is also in the midst of a sea change. From pension and medical reform to more comprehensive wellness and prevention requirements, French companies and insurers must work to implement adequate solutions to a multitude of discussions concerning the French insurance market.

However in this focus, we decided to highlight three legal regulations that we think are worth developing and relevant in the employee benefits market beyond France. These reforms affect Pension, Healthcare and Wellness, three topics affecting many worldwide markets today. French markets are adjusting to regulations regarding: **Pension** with a reform increasing progressively the retirement age, **Healthcare** reform that mandates employers to provide employees with supplementary health benefits and **Wellness** with a law that requires employers to implement measures for the physical and mental health of the employees. The examples demonstrate reform efforts and solutions that France must implement and how they are doing so to comply with local laws, culture and customs.

The first step of France’s pension reform: *Impact of the pension reform on life and disability coverage in France*

Like most Western European countries, France is facing many challenges with an ageing workforce and an inflated welfare system. Former President Nicolas Sarkozy worked to combat these new challenges by introducing a gradual increase to the national retirement age.

Article 18 of the 2010 law on pension reform imposes a progressive increase on the retirement age from 60 to

62. The progressive increase begins with those born in 1952. Employees born in 1952, 1953 and 1954 have incremental retirement ages according to the table, and those born in 1956 may claim their state-sponsored pension benefits once they have reached the age of 62.

Because employers must cover workers an additional two years, they face short-term challenges in terms of the technical reserves that are required to finance life and disability plans and guarantee future claims.

To finance this reform and its inherent costs, insurers have agreed upon a staggered increase in additional premium. Article 36 of the law specifies transitional measures that apply to disability and life contracts. Overall, insurers have six years to progressively establish the necessary reserves to cover the additional liability of current and future claims.

Table 3. Progression of the retirement age in France

Year of birth	Retirement age
1952	60 years, 9 months
1953	61 years, 2 months
1954	61 years, 7 months
1955	62 years
1956	62 years

Companies have two choices if they decide to cancel their policy during the transition period from 2012 to 2015. Either the former insurer can remain in charge of the technical reserves but with a cancellation penalty in order to help the incumbent Insurer to face the increase of the current technical reserves, or they can be transferred to the new insurer who will be in charge of adjusting the technical reserves.

Healthcare reform and new potential

France is also in the initial stages of a new healthcare mandate. A reform to the National Interprofessional Accord (ANI, Accord National Interprofessionnel) will require employers to provide complementary health benefits to all employees by 2016.

According to the French daily Les Echos, the French private sector employs 16 to 17 million workers, of which 74% receive health coverage from their employer. Therefore, the law stands to directly impact the remaining 26% – more than four million employees who currently don't have group health insurance through a traditional insurance company, institution or mutuelle.

Mostly, the reform will affect small and medium-sized businesses, which do not always offer healthcare benefits in France. Those businesses that do not currently offer healthcare benefits must enter into obligatory negotiations on the subject before June 1, 2013.

Back to main index

According to CEDEF (Centre de Documentation Economie-Finances), there are 3.2 million small and medium businesses in France, and more and more of these businesses are developing on an international level. The daily L'Express presented the top 120 French small and medium businesses for which more than 50% of their total revenue –between 10 million and 1 billion euro – comes from outside France. "International" today is not limited to the Fortune 500 companies as it has been traditionally.

The fact that French employers will have to offer health coverage their employees opens a new market to insurers. Furthermore, it offers insurers the opportunity to cross-sell healthcare products to businesses that already insure their non-life risk through them.

Generali France has also a standard solution for French employers who employ one to 20 expatriate employees, allowing them to keep their benefits package in their home country.

Generali France's Worldwide Health Program (WHP) is a collective contract that covers all of a company's expatriate employees. Generali can adapt the plan for companies that employ one to 20 expatriates. WHP also offers companies a range of flexibility with two options for medical schemes, self-standing underwriting, optional life and disability and spousal pension.

In addition to the traditional benefits offered through WHP, beneficiaries also profit from a range of travel assistance services. Travel help, sickness and accident assistance, evacuation and repatriation, and 24/7 medical information are just some of the benefits available to WHP participants.

Wellness and prevention

As France aims to broaden healthcare accessibility throughout its country, it's also focused on making employers accountable for the wellbeing of their employees.

While companies today effectively minimize traditional risks such as fire, personal liability, equipment failures, theft and roadside risk, the evolution of working conditions has emerged as a risk factor that is much more complex. These risks are usually classified as psychosocial, but they can also impact organisational performance.

As France's business environment becomes more globalised and competitive, human capital often falls by the wayside when it is actually a lever of a company's competitiveness and makes up a large part of a company's intangible assets.

The progressive decline of wellbeing and social climate at work can have a direct impact on a company's development and profitability:

- Accidents / work-related illnesses
- Absenteeism
- Decrease in productivity
- Decrease in quality / errors
- Conflict in poor social climate
- Limited innovation
- Increased turnover and loss of talent
- Increase in health claims
- Risk of tarnished image and reputation

Since 2001, French companies have been legally required to document all psychosocial risks in a security report, or "document unique," to help increase company wellbeing. For many companies, the wellness risk report has been difficult to implement and includes many factors of social responsibility for the company, such as image, reputation, productivity and financial results.

To help companies with this report, Generali France partnered with brokers and specialised wellness providers at preferential rates to offer comprehensive prevention plans to meet the needs of each individual company.

Through the programme, these providers offer services and expertise in absenteeism prevention, wellbeing and security, health and return to work management and psychological counselling following an accident or loss.

Outlook: 2013 and beyond

France remains an attractive destination for multinational employers. The Organisation for Economic Cooperation and Development (OECD) ranks French worker productivity at $57.7 worth of output per hour compared with $55.8 in Germany and $47.2 in the United Kingdom.

There is strong market for a wide variety of industries in France, including luxury, service and industry. Total, L'Oreal and Sodexo are just several of the more than 35 French multinationals on the 2011 Global Fortune 500 list. The high number of non-French companies with a presence in France further attests to the country's resources and potential.

For GEB specifically, the French market makes up the Network's largest portfolio. GEB reinforced its Western Europe regional office in Brussels with a new Area Manager to further grow this key country to help with French business intelligence and the influx of business from France.

Taking advantage of our new product for small and medium-sized multinationals – Generali Multi Plan, we hope to tap the fast growing middle market. In this respect, GEB looks forward to future partnerships with new distribution channels, agents, and regional brokers and to reinforcing its longstanding relationships with brokers and consultants to provide multinational employee benefit solutions to a new class of French businesses.

Back to main index