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**IN FOCUS** // International PMI

## Opportunity knocks

**For intermediaries with the specialist  
know-how to navigate the burgeoning iPMI sector**



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# Off the peg or bespoke?

## The dynamic forces driving the iPMI market

Globally mobile employees have a myriad of different healthcare wants. But everything needs to be balanced against affordability. Is the move towards personalisation in the iPMI market taking the product out of reach for many? Or are providers simply responding to market need? **Rebecca White** investigates

The international private medical insurance market (iPMI) continues to evolve rapidly, driven by a number of powerful factors. Significantly, one of the consequences of the growth is the demand for more bespoke cover and an awareness by iPMI providers – and the brokers that they work with – for more flexibility and adaptation to cater for a fast-changing world.

With more people deciding to move abroad and populations generally being more globally mobile - both due to the rise of international tourism and outwards business expansion - the iPMI market is growing and the opportunities remain significant. Key market developments include:

- Ongoing advances in medical treatments and medicines driving demand from end-users, with an increasing interest in best-in-class treatments;
- The growing need arising from end-user expectation for policies to provide a broad suite of cover such as dental, emergency, pre-existing conditions and maternity;
- The continued rise of business travel and international assignments driving demand for high-quality iPMI solutions

- from traditional expatriate and business segments;
- The rise of global 'hubs' of medical excellence – such as Singapore, Miami and London;
- The rise of an affluent middle class demographic in developing economies that are increasingly looking for better healthcare for them and their families – even if it means travelling long distances to receive care and treatments; and
- New technologies and digital capabilities giving all stakeholders in the iPMI chain – from brokers and HR departments to end-users and the medical establishment itself – more choice, quicker connectivity, better service options and new functionalities.

### Emerging middle class and increasing mobilisation driving new growth for iPMI

Globalisation and the interconnectedness of the world economy mean that global mobility will continue to rise. According to a 2016 international survey conducted by Brookfield Global Relocation Services<sup>1</sup>,

for instance, 28% of the surveyed international companies reported that their assignment volume growth rate in 2015 compared to 2014 had increased, while another 35% said it had stayed the same. Looking forward, 36% of the respondents said the future assignment volume growth rate will increase in the next two years. The most cited reason for assignment volume growth was business growth, followed by merger and acquisition activity. China was the top emerging destination for assignments in 2015 (8%), followed by the US (8%), Singapore (6%), United Arab Emirates (5%) and Mexico (4%).

Regarding the global middle class segment, a recent report by the consultancy EY<sup>2</sup> found that in Asia alone, 525 million people can already count themselves middle class – more than the European Union's total population. Over the next two decades, the report stated, the middle class is expected to expand by another 3 billion, coming almost exclusively from the emerging world.

From an iPMI perspective, one of the key trends of the rise of affluent middle classes in markets such as Africa and Asia is that many people are prioritising

good healthcare. They are increasingly demanding the option to seek medical treatments outside of their home territories, given concerns about the quality of local care.

In many countries the local cover can be inadequate, or the standards of medical care and treatment do not meet equivalent standards in others. This is having a profound impact on the development of regional hubs and best-of-breed facilities.

### More personalisation and bespoke cover

The various dynamics shaping the iPMI market are having a significant effect on both the range of products offered and the debate about whether off-the-peg or bespoke solutions are the best approach for particular clients.

This discussion comes at a time when personalisation has become a key buzzword across not just the iPMI industry but most business sectors globally. One of the most significant trends to impact the iPMI market has been the use of digital

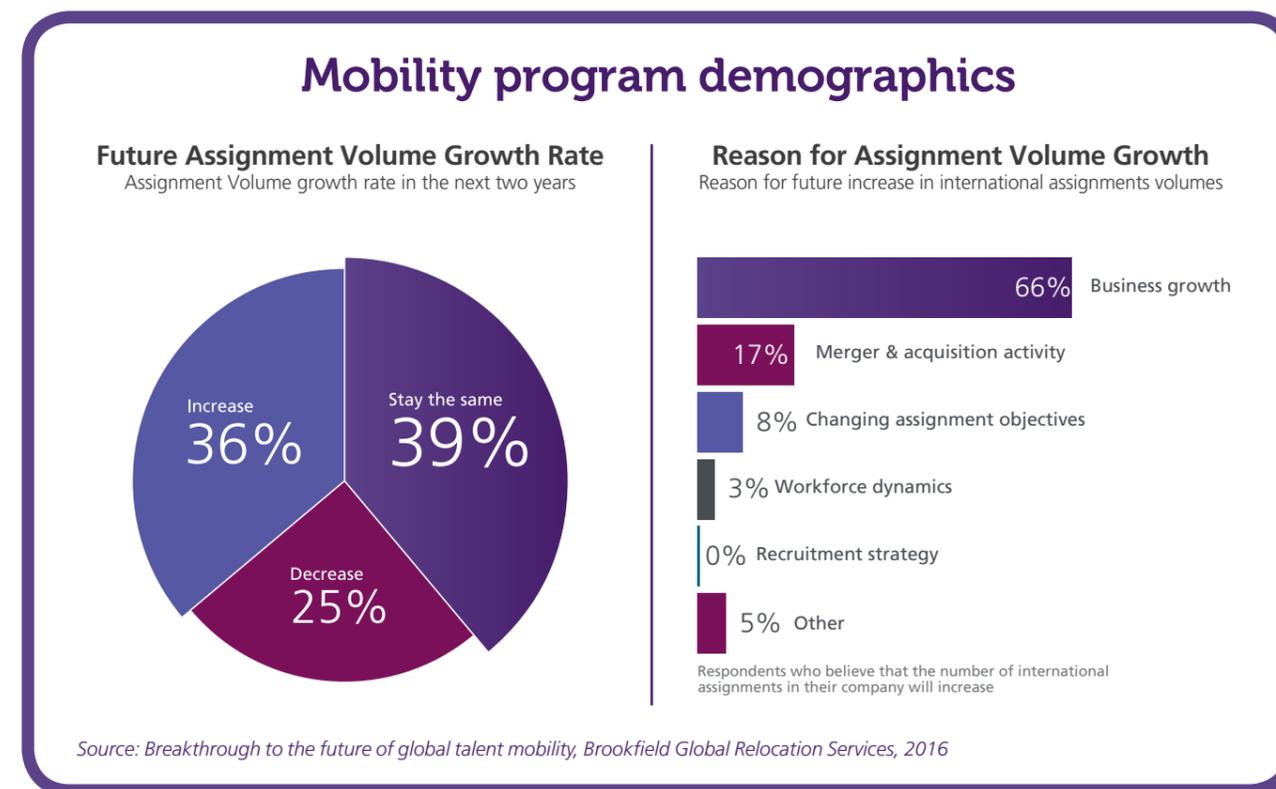
“Personalisation has become a key buzzword across not just the iPMI industry but most business sectors globally”

functionalities, solutions and platforms. These are facilitating the focus on more personalised services but also improved customer experience, such as online claims submissions and progress checks.

This trend for personalisation will become a vital driving force for industry development in the years to come. Greater technological advances and more digital interactivity are allowing stakeholders - such as brokers and clients - to better construct much more specific and relevant iPMI cover with value-added features such as telemedicine, mobile video consultations, or health related and wellness mobile apps. This trend is expected to continue apace over the next decade as the 'digital transformation' agenda escalates

– with the increased use of mobile devices and the ubiquitous use of smartphones at the centre of this industry shift.

So, while it is likely that off-the-peg solutions will still remain a core element of the iPMI market for some time, personalisation and the demand for more bespoke products from clients and end-customers will become more compelling in the future. Indeed, the trend for greater personalisation means even some off-the-peg products are able to be adapted and adjusted for specific covers to achieve a certain degree of customisation. Depending on desired level of coverage and price, tiered products, modular plans with deductibles or service additions can be arranged.



## Personalised cover

Importantly, working with iPMI providers that can deliver this sort of flexibility is becoming increasingly necessary for brokers and other intermediaries operating in the global iPMI market.

## Delivering flexibility and market knowledge

Bespoke products have traditionally been suited to larger companies sending higher numbers of staff on international assignments or secondment. If the size of the group is of sufficient size, the ability to offer bespoke cover becomes much more cost-effective. The challenge for stakeholders such as brokers these days is the growing number of variables that increasingly need to be taken into account when considering what sort of iPMI products are most suitable. For instance:

- While an off-the-peg product might suffice for junior members of staff, a Chief Executive or similar C-suite executives may require something more comprehensive;
- Different sectors usually require different types of cover. Oil workers have different iPMI requirements compared to, say, people working in the Higher Education sector;
- The specific demographics of the employee base will dictate the value of selecting a bespoke package. For example, an oil company with large numbers of male staff under the age of 35 will not necessarily need maternity cover as a standard service, if they are covering employees only;
- Similarly, the profile and personal circumstances of the workforce also affect the cover required. Younger employees who are single and do not have children might be more willing to relocate abroad as they see the overseas assignment as a huge boost to their career progression. Their expectations on health cover might be less discerning compared to older colleagues who are married and want to take their family with them on assignments;
- The resident location can impact the breadth of services and benefits provided as the needs of an expat based in Singapore can be vastly different to those resided in Venezuela;

“Even some off-the-peg products are able to be adapted and adjusted...”

- For cost-conscious clients, plan design can include cost control elements such as reduced benefits, restricted medical networks, co-payment or self-funding options for less costly basic services. This allows the iPMI plan to be better used to finance more serious treatment.

In the context of medical treatment itself, having an understanding of local healthcare infrastructure in specific countries and an approved network of high quality facilities is also vital – particularly since customers in countries with poor infrastructure tend to be keen to travel for the right care. For instance, it is crucial to be aware of the standard of medical facilities in the Democratic Republic of Congo and the corresponding infrastructure in Kenya or South Africa as policyholders become much more focused on receiving the best care possible.

It must not be forgotten that adapting to a foreign environment whilst also adjusting to a new workplace can in itself be a rather stressful process, both for the individual but also the family members involved. Some businesses, therefore, are increasingly expecting the inclusion of softer features in their iPMI policies such as employee assistance programmes (EAPs) with personal/ telephone counselling to enhance employees' wellbeing and facilitate the transition process.

In addition, Duty of Care must be an integral element in any preparation for overseas assignment. To help companies fulfil their legal and moral obligations, iPMI providers can provide value add services such as access to online portals for travel and security advice, as well as assistance services including repatriation and evaluation at times of emergencies. This ensures an all-encompassing package that safeguards

the health and safety of employees no matter where they are.

## Tailor and adapt iPMI cover

Being able to tailor and adapt iPMI cover in respect of evolving market dynamics will differentiate the market leaders. This is not just about iPMI, but also building policies and cover that reflect new demands: for example, while travel and health insurance have traditionally been separate insurance lines, hybrid solutions can be developed to meet new requirements from clients.

In a similar way, more and more businesses are looking at wider health issues such as employee wellbeing and mental health and are becoming more proactive in introducing preventative measures. Industry players in the market must ensure they keep abreast of these trends, along with changes to regulations and healthcare systems around the world.

Given the sense of change impacting the iPMI industry, working with providers that are at the forefront of these changes and can deliver the flexibility required to suit changing client requirements is becoming increasingly necessary for brokers and other intermediaries. Off-the-shelf products will undoubtedly fulfil a significant part of the market. But in a world where individuals expect choice at the click of a 'mouse' bespoke and build-it-yourself policies will likely become much more ubiquitous in the medium future. <sup>1</sup>

## References

- <sup>1</sup>Brookfield Global Relocation Services, 2016 Global Mobility Trends Survey  
<sup>2</sup>EY, Hitting the sweet spot, The growth of the middle class in emerging markets



## Flexible, tailored global health solutions.

The world's increasingly mobile population has led to a rise in demand for people wanting to access high quality treatment both inside and outside their home country.

Collinson Group's unique insurance and assistance experience means it is well placed to both understand and meet the varying needs of these customers through the development of flexible, bespoke solutions. We work in partnership with our clients to design end to end programmes, including capacity only, pricing and underwriting through to full product design. All of our programmes can be further enhanced by access to Medical Second Opinion, Expatriate Member Assistance Programme and security advice and wellness.

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