

Employee wellbeing in an evolving workplace

AIRMIC FastTrack

December 2020



Meet the team



Ruth Taylor - Zurich

Senior Medical Rehabilitation Consultant
Zurich Corporate Risk – Group Claims

Started my career as a social worker working with families and then qualified as a mental health nurse. I moved from the NHS into the education sector and now the insurance sector where I am enjoying my role at Zurich. To support my ongoing development, I have qualified as a mediator and undertake dispute resolution for a variety of situations and settings.



Rob Brown - Zurich

Director, Customer and Distribution
Management - UK & APAC

Rob has 17 years of experience in the life insurance industry across Europe and APAC and has deep expertise in employee benefits both in domestic markets including the UK and Australia and, most recently, five years in a regional capacity across Asia Pacific working in markets including China, Indonesia, India, Singapore, Thailand and Japan.

Learning objectives

- Understand the market trends and their impact on employee wellbeing
- Translate what these trends can mean for risk managers and potential solutions to manage this risk
- Identify how risk managers can work with their business to mitigate the risks associated to reduced employee wellbeing and the associated costs of this



The wellbeing landscape



PANDEMIC

Wellness: “next” normal

Unpredictability | Flexibility | Intrusion |
Disruption

Accelerated relevance and adoption of health
tech

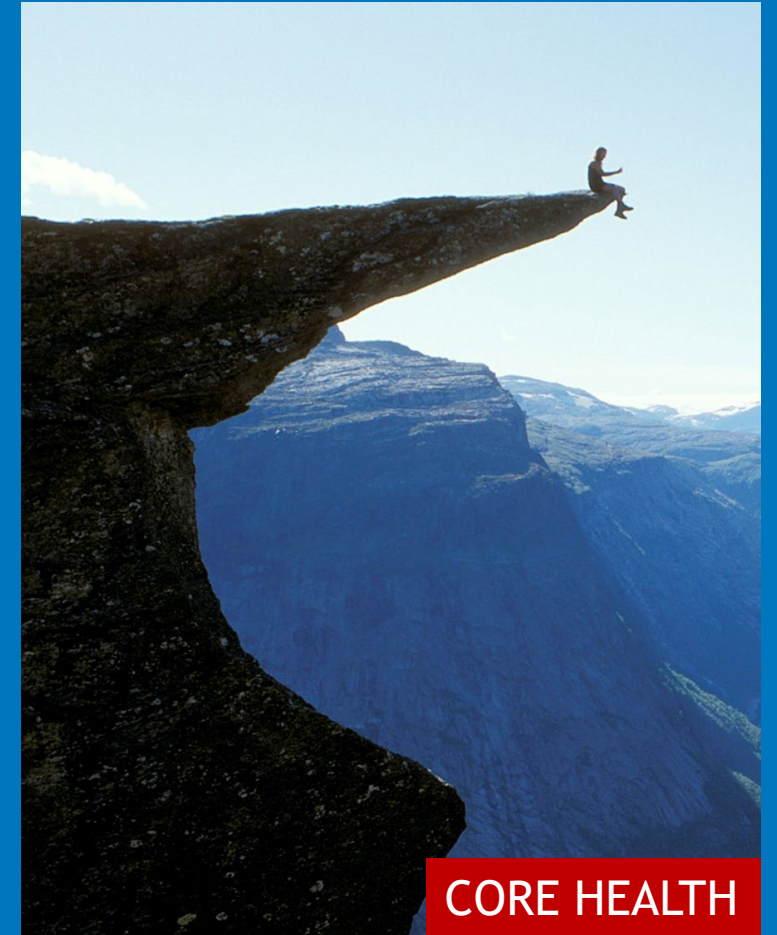


STRATEGY

Health: performance & resilience

Workplace < > Personal < > Family

Physical | mental | cognitive | social



CORE HEALTH

The Metabolic cliff

Obesity | Diabetes | Hypertension | Abnormal lipids
Vulnerability to chronic illness and pandemic impact

METABOLIC ILLNESS: Diseases of lifestyle are increasing

Top chronic conditions by prevalence in UK'17

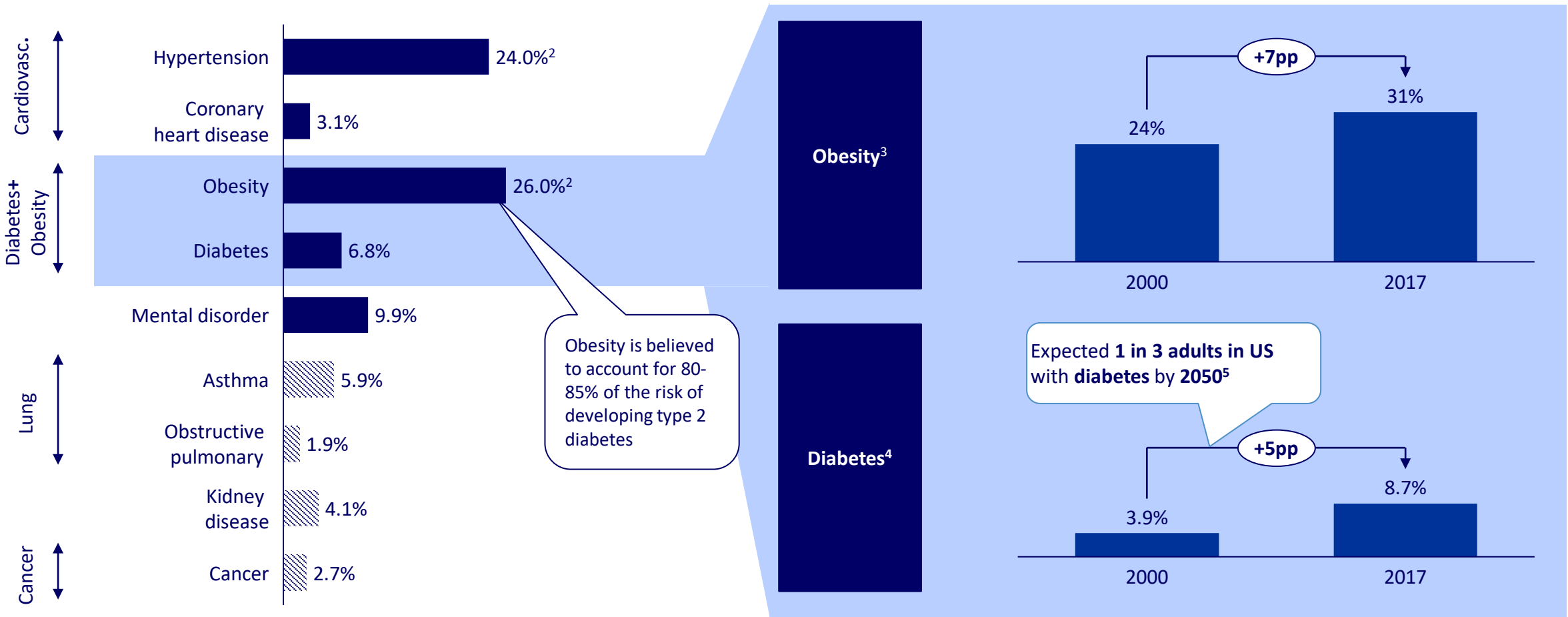


% of population¹

Primarily Lifestyle related

Development of obesity and diabetes globally

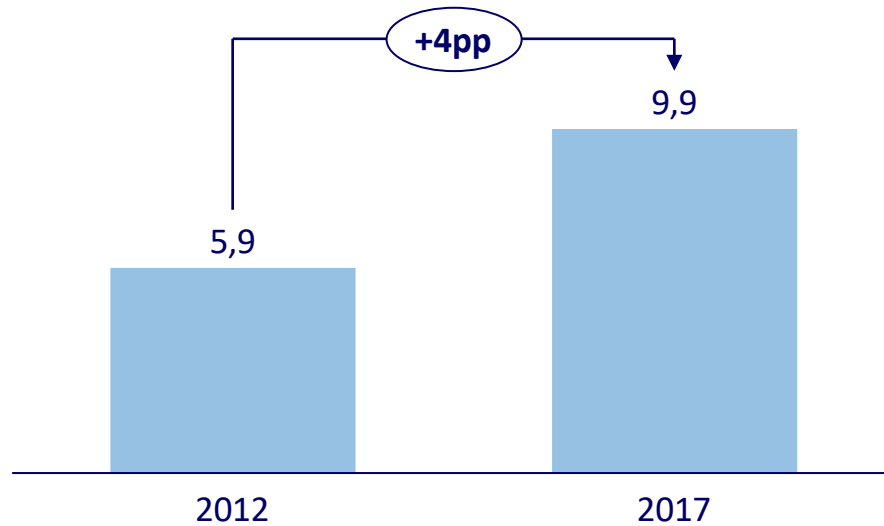
% of population



1. Data refers to UK, 2017-2018 period; 2. Incl. both diagnosed & undiagnosed conditions; 3. Obesity defined as BMI (Body Mass Index) equal or higher than 30 kg/m², based on data on US, MEX, UK, ESP, CH, IT; 4. Excl. Prediabetics and referred to people between 20 & 79 years old. Source: NHS, OECD, IDF (International Diabetes Federation)

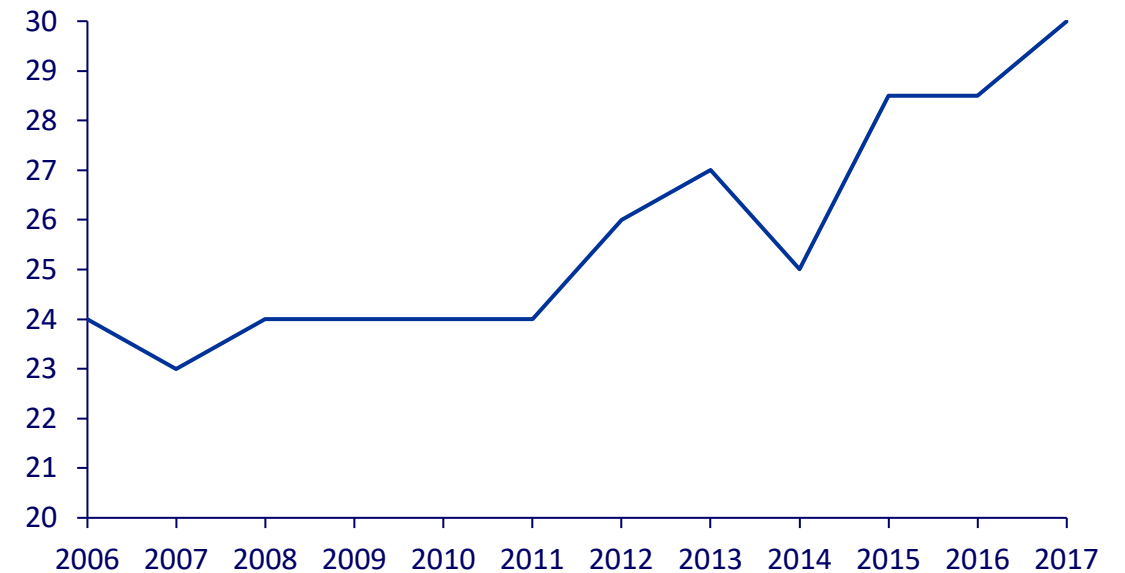
MENTAL ILLNESS also on the rise

Mental disorder prevalence in UK %



Increase in negative experience index, %

% of individuals who had negative experiences the day before the survey¹



- We live in the “age of anger”: ~70% of individuals report to be angry at least once per day²
- Worldwide, 700 million people are estimated to have a mental disorder
- Overall mental disorders are estimated to cost USD 1 trillion to the global economy per year⁴, with indirect costs (e.g. lost productivity) exceeding direct costs (e.g. treatment) with a 2:1 ratio

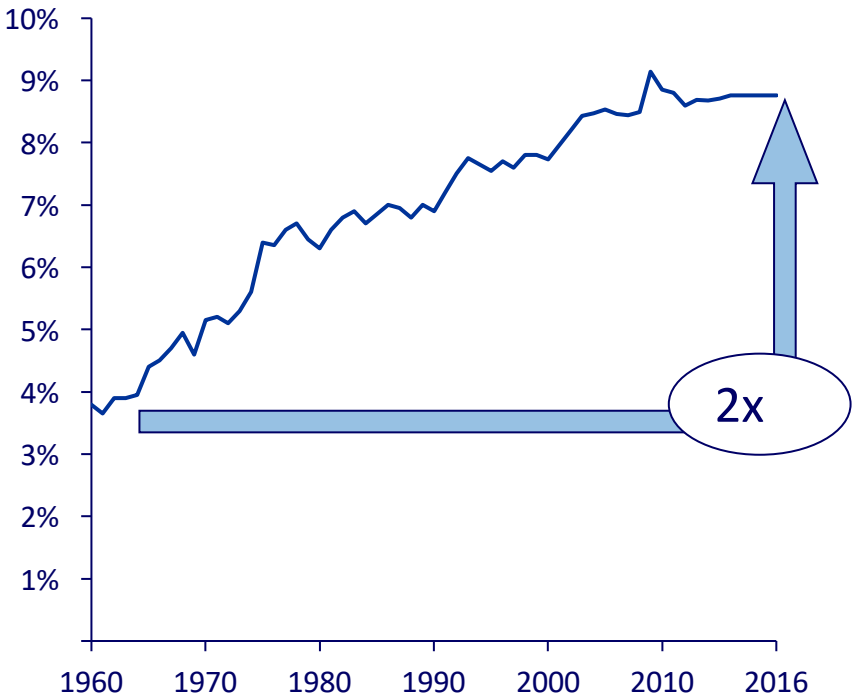
1. Data collected yearly by Gallup worldwide, negative experience incl. pain, worry and sadness

2. Referred to US in 2016; 4. Figure referred to depression and anxiety related disorders; Source: UK NHS, World Economic Forum, WHO

IMPACT: Healthcare costs are rising above inflation rates in the world

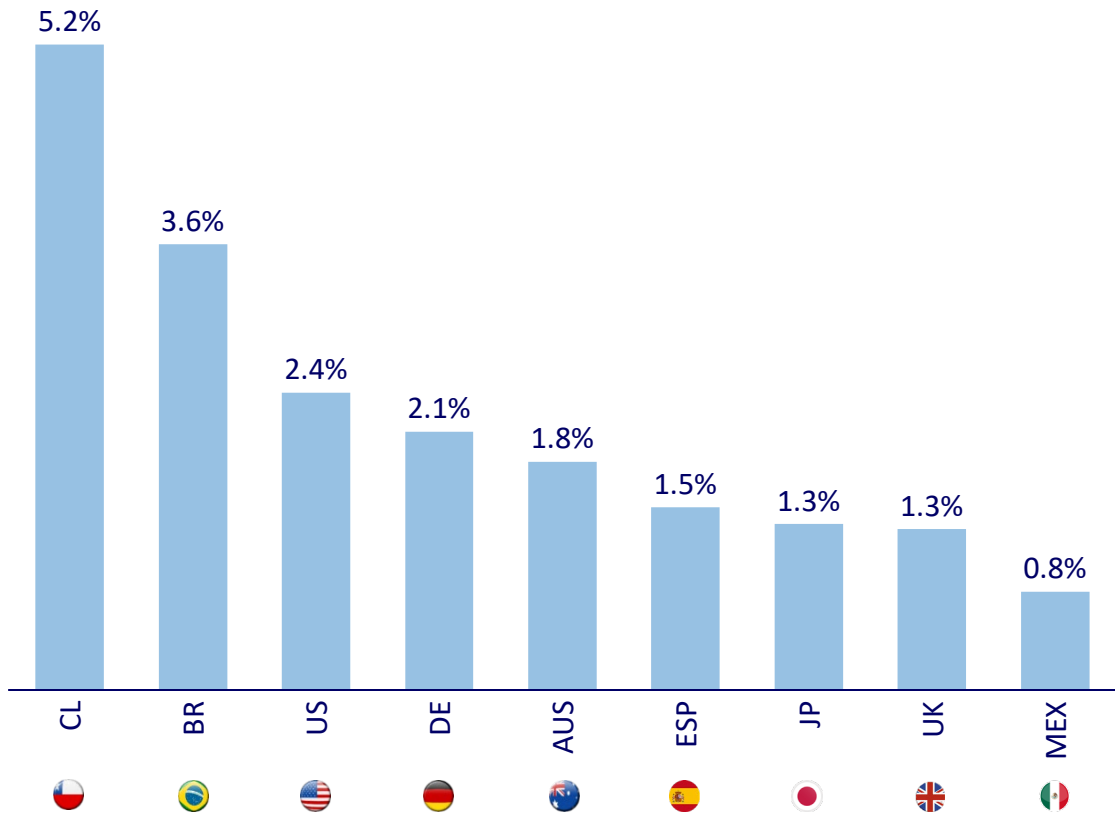
Increasing healthcare costs...

Total spending on healthcare in
OECD countries, 1960 – 2016, % of GDP



... at a faster pace than inflation

5Y average growth rate of health expenditure per capita net of inflation, 2012 – 2017
in %



DRIVERS: 3 global trends driving the cost increase



Aging population

- **Mortality rates as well as fertility rates** are **decreasing** in advanced economies
- World **population** aged **65+** expected to **increase** from 9% in 2019 to 16% by 2050



Rise of lifestyle related chronic diseases

- **Poor nutrition, physical inactivity** and **smoking** continue to drive **50% of deaths worldwide**
- **Chronic diseases prevalence** (e.g. obesity, diabetes) **increased** over past years



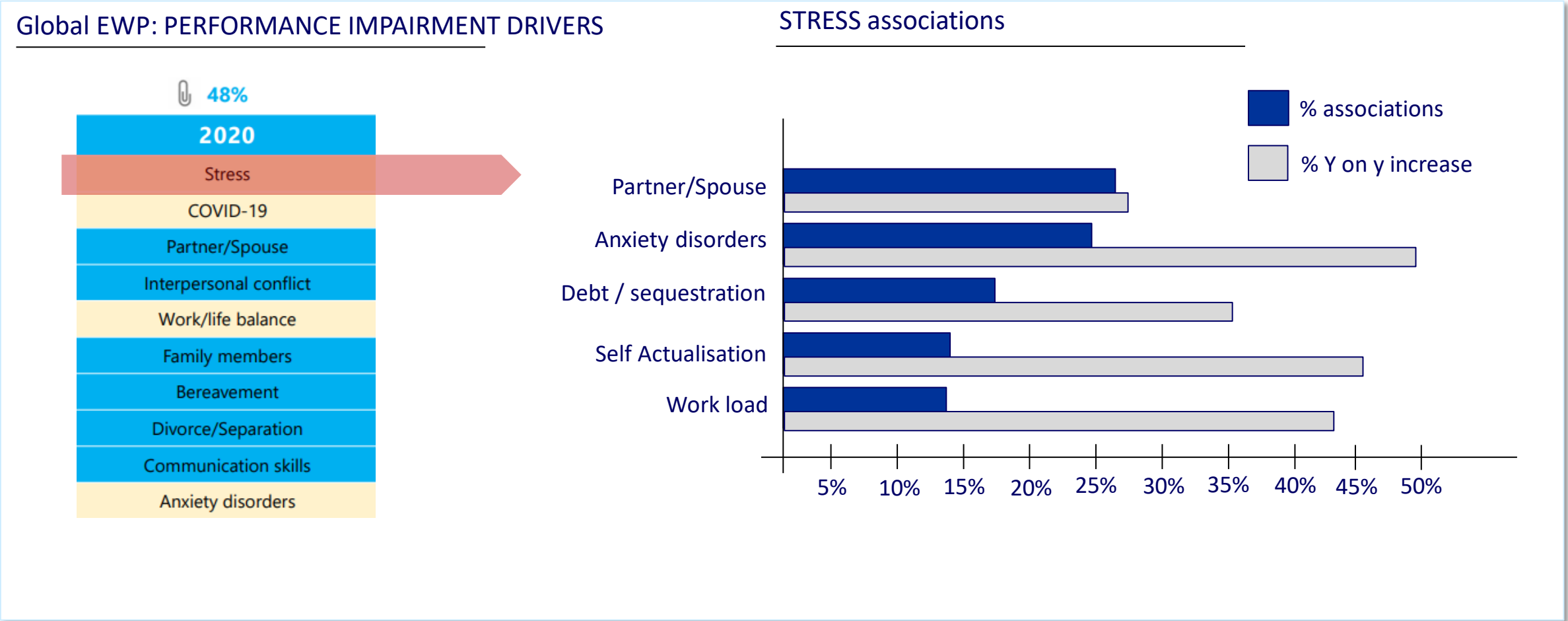
Increase of Mental Illnesses

- **Mental disorder/ illnesses** have been on the **upward trend** over the past years driven mainly by lifestyle changes
- Depression prevalence increased by **more than 50%** between 1990-2013

Outlook...

RISKS PRE-EXISTING, BUT
AMPLIFIED
BY COVID-19

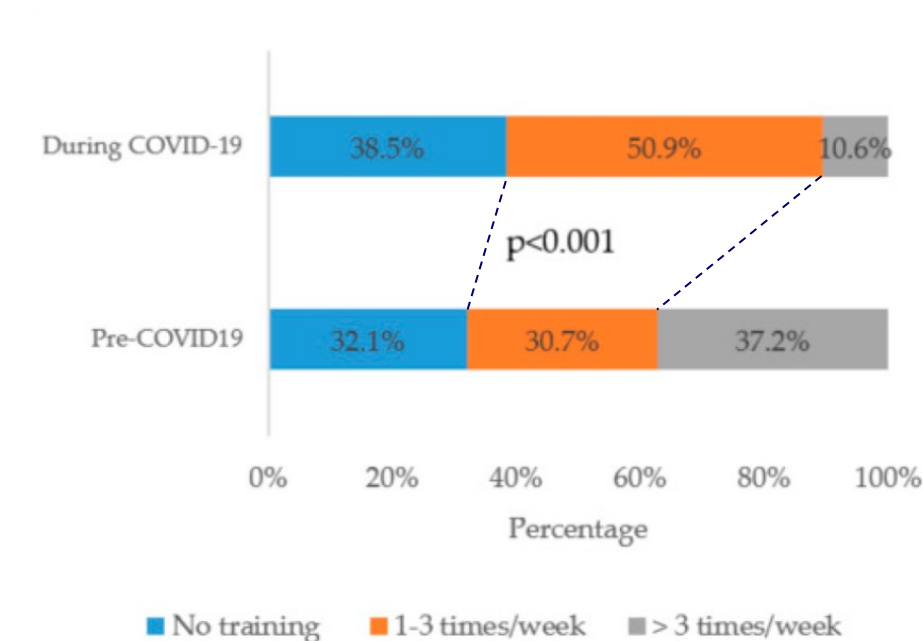
PANDEMIC CONTEXT: Mental Health – performance impairment



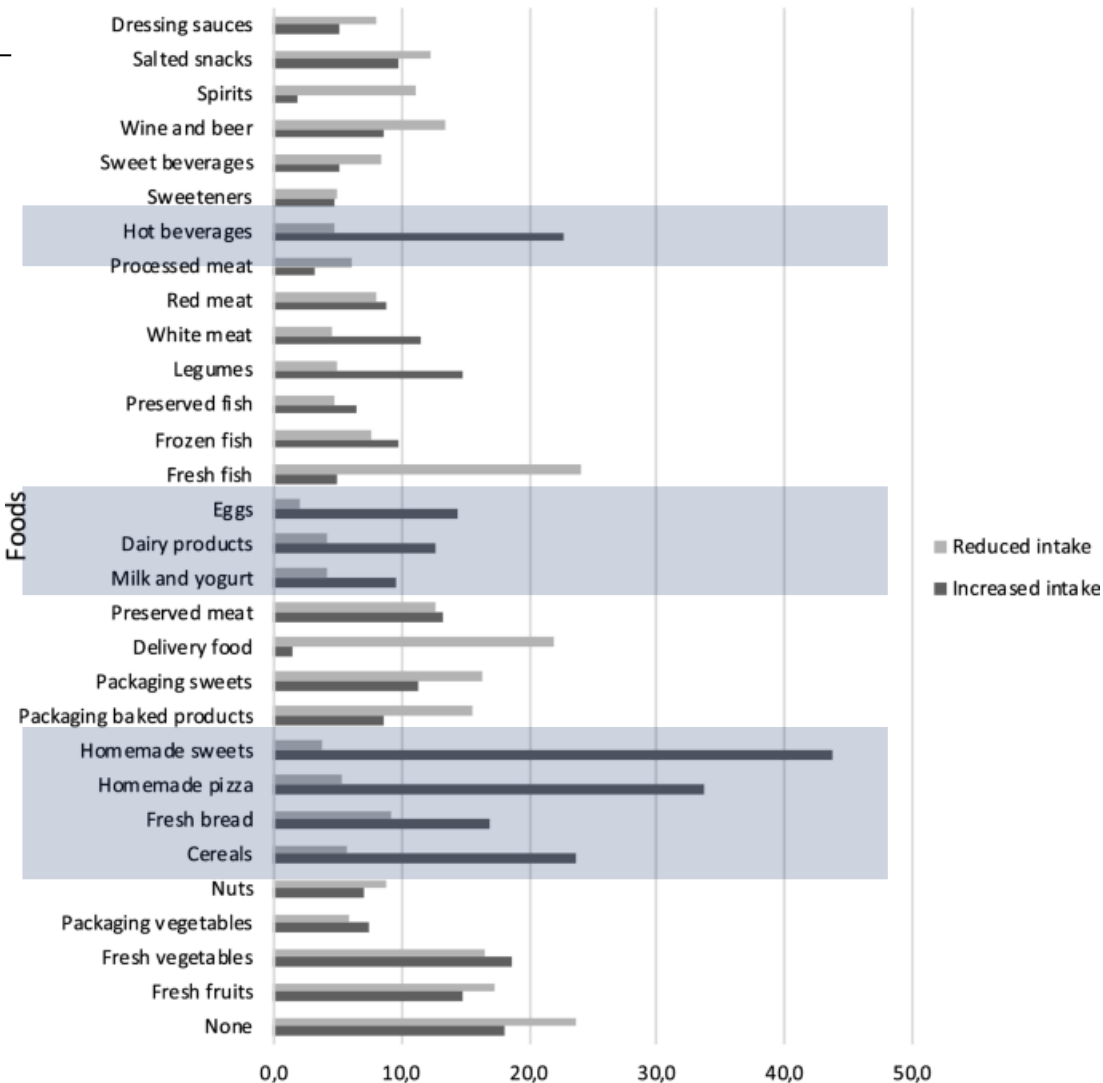
Source: GLOBAL EAP

PANDEMIC CONTEXT: Physical Health – Metabolic health impairment drivers

ACTIVITY



NUTRITION





The observations made by the medical rehabilitation team are in sync with the national picture.

- Currently the data suggests that there is little change in terms of what type of absences are presenting themselves at the point of claim, however we believe the impact of the pandemic, from a rehab perspective is yet to reveal itself and time will tell.
- Mental health factors remain the highest referrals followed by cancer and musculoskeletal problems however the way in which the mental health absences are manifesting themselves is changing and there is a small growth of presenteeism referrals and an increase in work related stress referrals.



The Covid19 pandemic has had an impact on the physical and psychiatric health provision

- Recent figures, (October 2020), from the Office for National Statistics (ONS) has uncovered that due to the coronavirus pandemic, 64% of UK adults have felt worried about the future, and 60% have felt stressed or anxious.
- Cancer research has undertaken studies, (July 2020), into the provision of assessment and treatment of cancer during the pandemic. The findings were that the ‘lockdowns’ have been associated with a decrease in, or cessation of, most non-COVID-19 NHS services, which includes the assessment, diagnosis and immediate treatment of cancer as well as follow up scans and treatment.



Psychologically trends are reflecting an increase in ...

- Free Floating Anxiety, fears and worry about personal, family and world affairs.
- Work related stress – due to change in focus, expectations, role or organisational uncertainty
- Depression (reactionary due to changed social engagements, challenging professional and tension within personal relationships).
- Loneliness and isolation due to remote working



Trends in relation to physical health

- Individual's reporting their condition are becoming chronic due to long wait lists for surgery or physio
- New reports of spinal, shoulder and neck pain due to home working in less than conducive environments.
- Scans, reviews and delayed chemo or radio therapy has meant claimants are delaying return to work due to symptoms or increased health vulnerabilities.
- More individuals are experiencing co-existing conditions where physical issues have impacted on psychological wellbeing and vice versa
- Individuals are delaying seeking advice or medical assessment for fear of burdening the NHS- the problem is that in some people the symptoms reach crisis point and the issue becomes more complex.

Solutions : Examples of proactive support

Issue	Manifestation	Action
Feeling isolated, lonely depressed, feeling disengaged.	Occupational withdrawal, poor productivity, disengagement with peers, managers.	<ul style="list-style-type: none"> • collaborative work between rehabilitation services • Support to use presenteeism service. • Assistance for employers with training and education, (webinar, pod casts, case studies). • Signpost to specialist, charitable and primary care services where needed and appropriate. • Risk assessment and relapse prevention.
Developing musculoskeletal problems as a result of poor (remote) work environment.	Increased absence or complaints of back, shoulder and neck pain, acute problem leading to chronic pain	<ul style="list-style-type: none"> • Educating both employer and employee in relation to positive posture, offering credible evidenced based information and resources. • Ensuring that referrals to appropriate services are considered. • Support in the form of structured plans, practical strategies that draw on self-help as well as professional services.
Cancer treatment delayed, paused due to logistical reasons / resources	Anxiety, potential decline in physical and mental health, inability to sustain work.	<ul style="list-style-type: none"> • supportive appropriate challenges to primary or specialist services to ensure that treatment is in line with NICE guidelines and expectations. • dialogue with employee to ascertain expectations, functionality and capacity. • Dialogue with GP, specialists where employee, employer and claims require.

The solutions are the responsibility of all

“The NHS will launch a network of more than 40 ‘long COVID’ specialist clinics within weeks to help thousands of patients suffering debilitating effects of the virus months after being infected. The clinics, due to start opening at the end of November 2020, Covid19 will have lasting impact both personally and economically and it is all our responsibility to minimise impact” NHS England

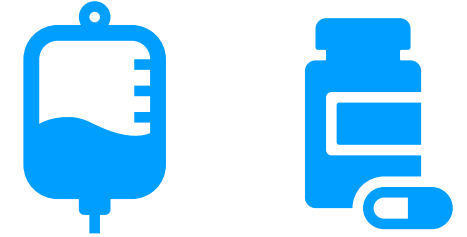
“Stress—as we all know—can destroy productivity. Mental health issues, including stress and anxiety, cost the economy over £26 billion annually. It’s important, then, to know how to combat it”. NHS England.

New figures show that downloads of Public Health England’s ‘Couch to 5k’ app skyrocketed over the last three months. From March until the end of June, there were almost one million downloads – 858,000 compared to 448,000 during the same time last year – a 92% increase compared to 2019. People do want to help themselves! Public health England
November 2019

- The **cost of providing some insurable Employee Benefits is increasing** at a **compound average rate of almost 10% per annum globally** e.g. Medical/Health
- Medical spend represents 80% of total insurable Employee Benefit Spend at a Global level
- Unchecked, premiums could reach **unsustainable levels** and become too expensive, resulting in provision of these benefits coming under pressure
- The **human side of risk** is coming of age. **Mental health** issues are approaching epidemic levels
- **Musculoskeletal, cancer, isolation and technology dependency** are all key issues organisations must consider addressing to ensure a healthy, happy and productive workforce

Key Claims Trends

What it means for the insurance industry



Mental health

22% of all new Disability claims made by employees in the UK were related to Mental Illness in 2019

This represents ~**£30m** in claims across the industry

Musculoskeletal

16% of all new Disability claims in UK were related to Musculoskeletal causes in 2019

This represents **£22.5m** in claims across the industry

Cancer

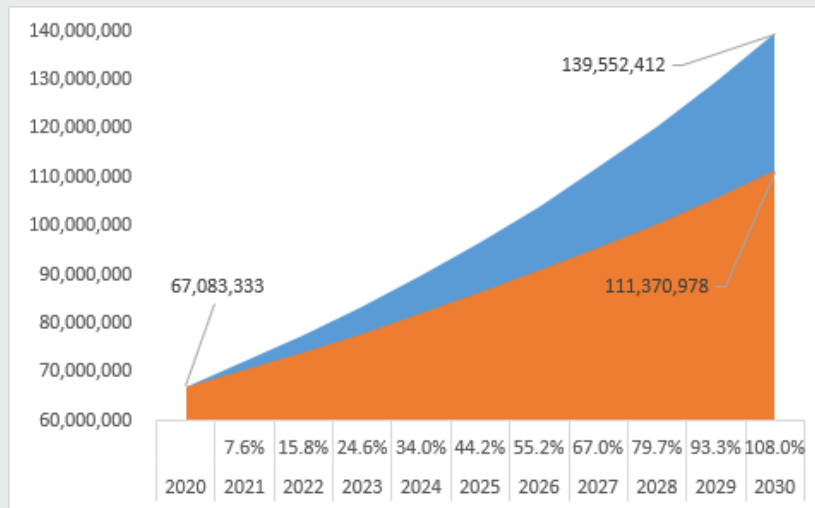
42% of all Life claims and **27% of all new Disability** claims in the UK were related to **Cancer** in 2019

That is **£442m** and **£37m** in claims, respectively, across the industry

Calculating the financial impact of medical trend on your business

Anonomised Customer - Global Medical Spend

General inflation v Medical inflation



If this customer left their Medical/Health plans unmanaged?

- Difference between the Global General (5.2%) and Medical (7.6%) inflation cost totals **USD 130m over ten years**
- Difference is more than **USD 28m a year** by year ten (and still compounding year on year)

Calculating the cost to your own UK business

UK Medical Inflation = # of UK based employees x GBP 650 x **5.5%** (compounded by 10 years) = **X**

Minus

UK General Inflation = # of UK based employees x GBP 650 x **1.5%** (compounded by 10 years) = **X**

Equals

Cost of not risk managing Medical Inflation/Trend

For example...

UK Medical Inflation = **1,000** UK based employees x GBP 650 x **5.5%** (compounded by 10 years) = **GBP 1,110,294**

Minus

UK General Inflation = **1,000** UK based employees x GBP 650 x **1.5%** (compounded by 10 years) = **GBP 754,352**

Equals

GBP 355,942 by year ten
(GBP 1,768,153 over ten years or GBP 176,815 on average per year)

Key Points of Consideration for the Business

- **Investment in low-cost tools** e.g. Nudge for Financial Education (Cost of benefit and perceived employee value do not always align).
- **Invest in preventive HR Risk Management solutions** such as a Virtual GP e.g Babylon
- **Implementation of an International Programme for Employees or Captive.** A financing solution more familiar to Risk Managers in the Property & Casualty insurances
- **Use of real claims data to steer decision making.** Engage with HR to drive fact-based initiatives to encourage self help, resilience and relevant wellness initiatives focused on preventative actions

Start small

Engage across:

- HR
- Risk
- Finance
- Procurement

Encourage
employee culture
of resilience and
self help

Tailor to your
needs

5 Key takeaways



- The healthcare landscape is changing – costs are spiralling
- Physical and Mental wellbeing come hand in hand
- Engage with HR is essential standard operating procedure
- Risk Management for human risks or ‘HR Risk Management’ is crucial in positively impacting the above
- Proactive and effective management of positive wellbeing and health promotion is the responsibility of all, and this has never been so important as it is today.

Thank you for your time

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