

CONTRIBUTIONS GOING UP IN 2021: HOW TO REACT?

Employers are anxious. They are worried about contribution increases and a deterioration in their relations with insurers, just at a time when the economic crisis risks weighing heavily on their business. However, whereas 2021 has brought many uncertainties for corporate complementary health insurance plans, it may well also offer seizable opportunities.

Complementary health plans are paying the price

The Covid-19 crisis caused healthcare spending to fall during lockdown. Yet our barometer shows that the rebound seen in the months after that, only partially compensated for this dip. There is no way that complementary health insurance, and insured persons, can benefit from this! The public authorities have therefore hastily created a special "covid" contribution of an estimated total of 1.5 billion Euros, to be collected at the end of the 2020 and 2021 financial years.

Increases in sight for personal protection covers

As for personal protection, all the signals have been red for several years. Increasing absenteeism and the ageing of the working population is increasing needs, whilst negative long-term rates on the financial markets are increasing the cost of coverage. For complementary health and personal protection insurances, the economic crisis and upcoming redundancies will add at least two layers of difficulty that could put further pressure on premium rates. Firstly, we can see that many companies are getting behind in their payments. Secondly, the portability of benefits for employees made redundant is likely to unbalance schemes due to the sudden burden of non-contributing beneficiaries. The industry reckons on an extra cost of 1 billion Euros to provide cover for redundant employees. This could result in premium rate increases of around 5 to 10% and particularly bitter renewal negotiations for health and personal protection plans.

Solutions to cushion the blow or even take advantage

Despite the worrying situation, there is scope for action. The first step is to "lift up the bon-net" of

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your policies, i.e. take a close look at your insurance cover and data specific to your company. What is the aim of such a detailed look? Not to suffer the overall consequences of a deteriorating market by just arguing on the basis of your particular situation. For example, some business sectors, less affected by the crisis, present a lower portability risk over the coming years. However, with downsizing now on the go, portability is one of insurers' main concerns. In addition, some companies have set up a health prevention scheme or else have made changes recently to their insurance plan. If these moves bear fruit, it is still necessary to be able to prove this since the exceptional character of 2020 has blurred the picture.

Next, this crisis situation is perhaps an opportunity to rethink your long-term objectives for employee benefits. What are your priorities? Holding on to talented staff, preparing for re-structuring, making your scheme sustainable, reducing costs in the short term? In any event, it is essential to bring your schemes into line with your objectives. It is not enough to simply accept changes in premium rates, but, on the contrary, to put meaning into your coverage so as to make complementary employee benefits the basis for constructive negotiation with your social partners and with your insurer. For example, actions in favour of quality of life at work or health prevention offer positive negotiating leverage in both cases. They match the expectations of one side and offer the other side the prospect of risk reduction. If claims experience is deteriorating, a detailed analysis of this enables you to avoid cross-the-board rate increases by bringing targeted solutions. For example, if work stoppages are weighing down on your scheme, you always have the possibility of extending time excesses for temporary time off work.

In the end, if negotiations do not pan out right, why not change insurers? Transferring providers is now much easier with digital technologies, and as of this year, you can cancel a health insurance plan at any time. Cancelling a loss-making policy means leaving bad claims experience and outstanding claims behind you and starting afresh. This is a winner, if, of course, you find the solutions to redress your scheme. It is up to you to reassure the insurer! In the current turbulence, not all insurers have the same underwriting constraints nor the same strategy. Some are looking to improve their claims ratio whilst others are looking to seize market shares. If you know the market well, you can find opportunities in line with your needs. The experts here at Gerep are ready to act at your side. In turbulent times, sitting tight is not the best option.

Damien Vieillard-Baron

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