

Market and Benchmark Insight Report for Italy – 2022

Competitive employee benefit norms for mid-market employers in Italy

Introduction

De Besi-Di Giacomo was founded in the late 50s by Antonio De Besi and Dorian Di Giacomo. Based upon their shared experience at Assicurazioni Generali, they decided to become partners and set up an insurance agency which later became a multimandatory agency. The official partnership between the two families started in 1959, with the business growing and expanding over the next 60 years. It now continues to be run by the second and third generations with the professional experience and expertise acquired by the company over the years making it the ideal partner for its clients.

In 1986, in accordance with new legislation at that time, De Besi-Di Giacomo SpA (DBDG) was registered in the newly established Official Insurance Brokers Register. This gave formal recognition to its brokerage activity. The company operates through its offices in Rome and Milan covering both the Italian and international insurance markets. It also has a long-standing collaboration spanning more than 25 years with Lloyd's of London as 'Correspondent Broker' in Italy. Today DBDG serves over 10,000 clients and represents over 45,000 insured lives.

This document considers:

- The Italian Benefits Landscape
- Mandatory Requirements and Employment Law
- Typical Benefit Design and Cost
- Typical Fees and Commissions

We are proud to be an Asinta Partner, and hope this document is of use to you.

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1. Overview

De Besi Di Giacomo S.p.A. (DBDG) places great emphasis on making employee benefits easy to understand for its multinational clients. Our employee benefit team offers high quality service for your needs whether you have one employee in Italy or thousands.

The DBDG benefit team has 3 employee benefits specialists to assist you plus 2 more employees who focus entirely on claims. This team ensures you receive **quick, clear, and competitive** answers to your questions, and strives to make sure you feel **comfortable** with your benefit decisions.

To do this, DBDG:

- Provides a desk quote **within 48 hours** from the request for different levels of benefits.
- Built a huge **benchmarking database** to ensure your benefits are equitable and competitive.
- Uses Cassinterass, an independent non-profit association set up under the Italian fiscal law, which allows both the employer or a group of employees to gain **fiscal benefit and competitive conditions**, without losing tax benefits.
- Recommends benefits based on your directions and on the advisement of your local employee benefits consultant. We can work with plans already in place or go into the insurance marketplace to see if there are products that suit your needs better.
- **Can use pooling** as a possibility if it's done on a corporate level.
- Assists employees in understanding and managing their **individual plan** and provides help should they face any unlikely challenges with their benefits.
- Sets up **easy to access** procedural documentation (this includes medical, life, pension, accident and others) in both **English and Italian** to help you, your employees, and DBDG manage employee benefits in Italy effectively.
- Has a digital library with information to answer client's most common questions about Italy's benefits and HR topics.

2. Statutory Benefit Requirements – What employers have to do

Health

Italian citizens and residents are protected by the National Health System (NHS) which provides free medical assistance to everyone. Depending on the income level, some beneficiaries are required to contribute a minor amount for outpatient treatment.

NHS service for employees is paid through a contribution included in the income tax applied to employees' salaries.

The quality of NHS assistance is good, but the wait times are not for obtaining non-urgent treatment. Therefore, one of the most welcomed benefits is medical expense reimbursement which allows employees to get quick assistance from the doctor and/or hospital of their choice.

Private medical benefits for employees are very much driven by the national labor contract which may provide mandatory coverage which varies by levels within different sectors and employment. Private medical benefits offer partial, integrative reimbursement to the NHS. It is very common for international employers to offer additional medical coverage to their employees and their families.



Retirement

State Benefits – Pillar 1

Italy has a mandatory Pillar 1 pension plan. Benefits will vary according to contribution history.

The current defined contribution (DC) style pension plan requires a contribution of 33% of salary of which 23.81% is paid by the employer and 9.19% paid by employee. This Pillar 1 contribution is currently capped based on a maximum salary of €103,055.



In Italy, there is a legally required severance pay called *Trattamento di Fine Rapporto* (TFR).

This indemnity is payable in any case of termination (dismissal, voluntary resignation, disability, death, etc.).

The state pension age is currently 67 and is expected to increase. It is in some cases possible to retire early if you have over 40 years of contribution history, but the pension amount is reduced.

The state pension is taxed as income.

Occupational Pension – Pillar 2

If you employ more than 50 people and do not have a pension plan, then you must pay into the TFR and INFS. If you do not employ over 50 employees, **the occupational pension is not mandatory.**

Nevertheless, many national labor contracts governing even small groups of some sectors provide an Integrative Pension Fund (IPF) that includes contributions by the employer and the employees with specific rules.

It is more common for companies with a small number of employees, and no contractual obligation, to provide an IPF. International employers tend to offer such a benefit. The contribution they usually pay is a percentage on the annual gross salary of the employee in the range of 1% to 10%, where the 75th percentile is at 4%.

The driver of the percentage is often the limit of tax deduction on the amount paid which is fixed at €5,164.00 per year. Any amount paid over the limit will be taxed as income and for social contributions as part of the salary.

In addition, the TFR could be paid into the same IPF with no tax consequences at the employee's request.

In order to set up a company pension plan, an internal ruling must be prepared. DBDG provides assistance for this process including employee meetings to assist them in their choice.

Life

Very few national labor contracts provide a life assurance benefit, and if so, it mainly applies to executive level employment (*dirigenti*).

It is quite common amongst international employers to provide a life assurance benefit based on a multiple of salary, mostly 2x the Annual Gross Salary (AGS).

DBDG has set up a scheme to waive the underwriting requirements up to a reasonable amount (normally €300,000), and include an active at-work declaration which enables an employer to start a life plan.

Life assurance benefits are subject to a fringe benefit tax regime. This means employees will pay taxes on the premium paid by the employer.

Long-term care is an additional benefit which falls under the life sector, and is tax free up to a premium of nearly €1,300 a year per employee.

Disability

The NHS provides for a state guarantee on salaries in case of short-term sickness, and disability, with various level of daily salary, guaranteed by the state in conjunction with the employer.

Very few labor contracts, including the executive level (*dirigenti*), provide for a loss of employment benefit, and the insurance market does not provide any coverage on this specific issue.

Personal Accident and Disability

It is very common to provide employees, under the rules of the national labor contract or company agreement, with an accident and disability benefit.

The main benefit is personal accident which includes death and permanent, partial or total, disability caused by an accident.

It is usually based on a multiple of the annual salary. Many international companies maintain an equal treatment amongst different categories of employees thus applying the same multiple on salaries for all employees. This is unlike the provisions in the labor contract rules for executives (*dirigenti*) for whom the benefit is already set at 5x the AGS in case of death and 6x the AGS in case of permanent, partial or total disability.

It is much less common to provide employees with a benefit covering disability caused by illness, although it is increasingly demanded.

Wider Benefit Provision

It is common practice to calculate the benefit value on the basis of the AGS, therefore it is important to understand the definition of AGS in Italy.



Remuneration means everything, gross of withholding taxes, the employee actually receives, in compensation and in his / her benefits on top of the salary. All the elements constituting the salary are of an ongoing (repetitive) nature, including commissions, production bonuses and any other remuneration (e.g., one-time bonus) and indemnity, even if not of fixed amount, with the exception of the amount paid as reimbursement of expenses and exceptional emoluments.

There are a number of additional benefits which are becoming more common. They are normally organized under a flexible benefit plan which allows the employers and employees, if properly set up, to gain tax benefit. This includes car allowance, gym memberships, childcare, eldercare, school and university fees, vacations, books and so on.

Other benefits, like meal vouchers, can be provided up to a tax-free limit of €8 per day.

These additional benefits do not fall under the scope of an insurance broker activity in Italy so they must be provided as a separate service agreement.

3. Plan Set-Up (or taking over)

When a company sets up its activity in Italy for the first time, a Broker of Record (BORL) must be designated to act as their insurance benefit representative.

The company must also enroll in a non-profit fund (e.g., Cassinterass) in order to achieve a fiscal benefit for both employer and employees, and to enjoy competitive schemes for Cassinterass members.

The employer will be asked to give DBDG directions on the benefit plan they are willing to put in place in Italy based on their global rules adapted to the Italian market practice.

To take over a plan, copies of the existing documents will be necessary, as well the claim history.

It is of utmost importance that the company is set up in Italy, or at least have an Italian fiscal code via a fiscal representative. DBDG is not allowed to place any benefit plan for a non-Italian based company.

Last but not least, it is crucial for DBDG to be in connection with the company's payroll provider in order to properly manage the flow of required benefit information into employees' pay slips.

4. Response Time for Information and Quotes

As previously mentioned, DBDG already sets up schemes for each benefit through Cassinterass. If DBDG applies those schemes, DBDG needs the census of the employees' personal data which is the basis of the benefit plan and includes:

- Name date of birth
- Fiscal code
- AGS
- Information about dependents if applicable
- Level of employment

DBDG is able to provide a desk quote in 48-hour max. If required DBDG can go to the market for specific needs and in such case the desk quote could take up to two weeks depending on the carrier involved. The desk quote will be in English and the document provided to the employees will be their original Italian version.

All tasks are carried out in complete safety and in privacy by digital transfer.

5. Onboarding

The onboarding process is simple and assisted. Employees' data is required which includes: full name, date of birth, place of birth, fiscal code, salary, and family status as appropriate.

DBDG will contact individual employees in order to gather the family member data unless otherwise organized by the employer.

DBDG will also collect from the employee the acceptance forms due by law on life coverage as beneficiary of the guarantee together with a copy of their ID.

If a further underwriting process is needed, DBDG will follow up with the employee providing the information he has to complete, including medical. For this purpose, and under the European GDPR rules, DBDG provides the employee with a privacy statement to allow DBDG to process his personal data.

When a pension plan is set up, DBDG will collect from each individual employee the questionnaire after having discussed and described the plan features and their possible choices.



6. Insured Benefit – Typical Plan Design

Benefit	Key Design Point	State Benefit	Average Plan Design	Competitive Plan Design
Retirement	<p>1st Pillar: National Social Security is provided by the state.</p> <p>2nd Pillar: In addition to the 1st Pillar and includes:</p> <ul style="list-style-type: none"> - Contractual pension funds – these are independent legal entities set up through collective bargaining agreements (CBAs) between employers' associations (or by each single employer) and trade unions. Membership is open only to employees that meet the conditions set out by the agreement (e.g., employees in the metalworking and plant installation industry or employees in the banking sector). - Company integrative plan set up for the whole employees of a specific category through a company ruling signed and accepted by the employees who are free to join the plan. 	<p>The general rule is: The current DC style pension plan requires a contribution of 33% of salary of which 23.81% is paid by the employer and 9.19% paid by employee.</p> <p>This 1st Pillar contribution is currently capped based on a maximum salary of €103,055.</p>	<p>The company's internal rules can set a company contribution between 1% and 3% of the AGS subject to an employee contribution of an equal or smaller percentage.</p> <p>The tax exemption will be up to a total annual contribution of €5,164.</p> <p>In addition, the Severance Fund (TFR) can be paid into the Integrative Fund upon employee request.</p> <p>Companies over 50 employees with no Integrative Fund in place must pay the TFR into an INPS (Institute for National Social Security).</p>	<p>The company's internal rules can set a company contribution between 4% to 10% of the AGS irrespective of employee contribution.</p> <p>The tax exemption will be up to a total annual contribution of €5,164.</p> <p>In addition, the Severance Fund (TFR) can be paid into the Integrative Fund upon employee request.</p>



<p>Health</p>	<p>Italian citizens and residents are protected by the NHS which provides the medical free assistance to anyone. Depending on their income, some beneficiaries are required to contribute to certain minor outpatient treatments.</p> <p>National labor contracts may provide integrative assistance through a specific fund.</p> <p>Private insurance may cover the integrative assistance or provide coverage in place of public assistance.</p>	<p>The state's medical benefits: treatment by a general practitioner (GP), hospitalization (including confinement) in public medical establishments (hospitals and clinics) and in private medical establishments that have contracted with the NHS, specialist treatment (including dental care) in public outpatient departments and in private outpatient departments that have contracted with the NHS.</p> <p>The assistance includes amongst others mental health, psychological support and related medical treatment.</p>	<p>Hospitalization, outpatient, dental, vision, and employee check-ups.</p> <p>Freedom to use doctors or medical structures of the employees' choice regardless of insurance network.</p> <p>Co-payment may be required.</p>	<p>Hospitalization, outpatient, dental, vision, and employee and dependents' check-ups with higher limit than the average.</p> <p>Freedom to use doctors or medical structures of the employees' choice regardless of insurance network.</p> <p>In addition, unlimited telemedicine is provided.</p> <p>An integrative self-funded plan can be added to cover mental health, and flu vaccine through Cassinterass.</p>
<p>Accident/ Disability</p>	<p>Few national labor contracts provide personal accident insurance for employees. Executives (dirigenti) are the exception. Short-term disability is provided to all workers by a mix of mandatory employer payment and state payment of the salary for a preset length of time (typically 180 days).</p>	<p>The state provides accident at work insurance for all employees via a mandatory premium payment to INAIL (National Institute for Accident at Work).</p> <p>INAIL has the right of recovery for the amount paid to the employee should the employer be found responsible for the accident.</p> <p><i>Specific coverage under the liability policy is strongly recommended</i></p>	<p>The most common coverage is a personal accident policy covering professional and non-professional risks.</p> <p>Coverage is commonly 4x the AGS for death by accident, and 5x for total or partial permanent disability. For dirigenti, the limit must be those fixed by the national labor contract (5x AGS in case of death and 6x AGS for disability).</p> <p>Not fulfilling the national labor contract obligation may cause the employer to pay the equivalent amount of the accident benefit.</p>	<p>The best plan design covers all employees, irrespective of their category, for a minimum of 5x AGS in case of death and 6x or more AGS in case of permanent disability, but know that there could be a problem of market capacity for higher salaries.</p> <p>In addition, a permanent disability by illness coverage could be provided to employees of select or all categories.</p>



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Life	<p>Few national labor contracts provide life insurance for employees.</p> <p>Executives (dirigenti) are the exception.</p>	<p>The state provides accident insurance for all employees, which includes death, through the payment of a mandatory premium to INAIL (National Institute for Accident at Work).</p> <p>INAIL has the right of recovery of the amount paid to the employee should the employer be found responsible for the accident.</p>	<p>Life coverage for a sum insured based on 2x the AGS can be provided. Dirigenti of certain industry sectors must have a life and disability coverage which varies if the employees have dependents or not. Typically, €300,000 for those with dependents, €200,000 for those who are single.</p> <p>Other sectors, like service and commerce, provide coverage through the mandatory Fund Antonio Pastore.</p>	<p>Providing a life and disability plan for higher limit (typically up to 4x the AGS) is more competitive.</p> <p>To apply an equal treatment to all the employees, the mandatory coverage in pace for dirigenti could be taken into account.</p>
Long-Term Care			<p>Long-term care benefits for non-self-sufficient situations is a life-long €1,000 per month payment.</p>	<p>Long-term care benefits for non-self-sufficient situations is a life-long €2,000 per month payment.</p>

7. Fringe Benefits and Perks

Benefit	Comments / Costs
Retirement Integrative Pension Fund	<p>Both employers and employees need to complete and sign a 'company rules' document that defines the rules and levels of contribution. A fee paid by the employer to DBDG will be agreed upon before the document is prepared, and the cost of the plan varies based on the contribution.</p>
Life	<p>The cost is related to the age and sum insured. If the sum insured requires an underwriting process, the cost could vary based on any medical conditions, and each year increases in age are considered.</p>
Medical	<p>The cost is very much related to the level of coverage. DBDG's scheme provides the same price for 1-50 employees, and manages the claims experience of small and big groups to mitigate the risk with the overall schemes. The DBDG set-up provides a cost for a single or a unique cost for a family group despite the number of members. The sum insured will be shared amongst the family members.</p>
Accident	<p>The most common insurance policy will be based on the amount of annual gross salaries paid. This guarantees automatic coverage for any new hire and the cancellation of any employee terminated. This means that the premium will be based on a rate applied on an estimated number of gross salaries paid to all the employees, and at the end of the year, the adjustment premium will be calculated. The alternative would be a fixed individual sum insured for all employees. For tax saving reasons, the premium will be split between professional and non-professional risks.</p>
Long-Term Care	<p>This benefit is becoming more popular to help provide for employees who become unable to care for themselves due to illness or accident. No underwriting is required.</p>



8. Other Mandatory/Best Practice HR-Related Activities

Employers of commerce and service sectors (e.g., typically, high-tech companies) must adhere to the National Fund for their executives (dirigenti), Antonio Pastore which covers life, permanent disability by illness, unemployment, long-term care, and saving account; Fondo Mario Negri which provides integrative pension plan, Fondo Besusso (aka FASDAC) which covers medical expenses for the Dirigente and family. The counterpart of this medical fund for the industrial sector is FASI. The minor mandatory medical benefit is provided for middle managers and employees of the commerce and service sector as well the pension fund which is not mandatory.

9. Typical Fees or Commission (Core Plans)

Benefit	Commission	Fees
Retirement	No commission	Set-up fee based on the number of employees; handling fee based on the service which needs to be provided
Medical	Commission is applied	
Life	Commission is applied	
Medical	Commission is applied	
Other		For companies with less than 10 employees, an annual handling fee is charged, in addition to commission earned

10. Top 3 Industry Specializations

Benefit	Fees
Commerce and services sector	Includes high-tech companies
Industrial sector	Includes pharma and manufacturer companies
Financial sector	Includes banking, investment funds, financial consultants

8. Contacts



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