

Market and Benchmark Insight Report for Singapore – 2019

Competitive employee benefit norms for mid-market employers in Singapore

Introduction

Galaxy was originally established in 1982 as Galaxy Underwriting Agency Pte Ltd, to act as an authorized underwriting agent in Singapore. In 2005, Galaxy obtained a license to operate as Direct Insurance Brokers with Exempt Financial Advisors status and has developed a robust insurance broking entity since.

Galaxy developed Special Group Schemes for member companies and organizations affiliated with the National Council of Social Service (NCSS) and other affinity groups. The company is a nimble organization and serves group headcounts ranging from 2 to 3,000 employees.

This document considers:

- The Singapore Benefits Landscape – Singapore Benefits Menu, Mandatory Requirements
- Typical Benefit Design & Cost
- Adviser Remuneration

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

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1. Singapore Benefits Landscape

Employee benefits are important in Singapore because they help recruit and retain employees, and reflect the employers' brand. They vary substantially, based on four key dynamics:

- Sector – Private or Public
- Industry Type
- Salary Level
- Employee Grade



1.1 Public Sector Employees

Workers in the public sector are often members of trade unions and have a reasonable range of employee benefits that typically include:

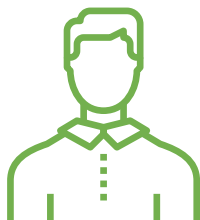
- Medical subsidy
- Life insurance opt in programs
- Maternity and paternity leave
- Childcare leave
- Sick leave

1.2 Industry Type

Benefits vary widely according to industry type. For example, we see generous benefits in the financial services, high-tech, marine, shipping and professional services sector. However, in the retail and hospitality sectors, benefits are far lower.

1.3 Salary vis-à-vis Grade

In certain scenarios, salary levels may impact benefit provisions. This is with respect to life insurance, personal accident benefits and benefits provided under the Work Injury Compensation Act. However, for most other benefits, it is the grade which will be the underlying driver in benefits delivery.





2. Singapore Benefits Menu

The ranges of benefits that are typically available to employees in Singapore are shown in this table.

2.1 Mandatory Benefits

BENEFIT	DESCRIPTION
Central Provident Fund (CPF)	<p>This is a mandatory benefit in Singapore for Singapore Citizens (SCs) and Permanent Residents (PRs) and it is subject to legislation. Employers must comply with this legislation and auto enroll eligible employees in their monthly Central Provident Fund (CPF) declarations.</p> <p>The contributions of the employee and an employer depend on the age and income of the employee. Only the first S\$6,000 of monthly wages are taken into consideration for the computation of CPF contributions. The contribution levels for those aged below 55, earning above S\$750 per month, is 37% of the basic monthly wage (employer contribution 17%, employee contribution 20%). This is the highest contribution bracket. The contribution levels for those earning less than S\$750 per month and/or age 55 and above, are lower.</p> <p>During the core income earning years, the CPF contributions will be divided into three accounts, Ordinary account (to fund housing and retirement), Special (to fund retirement), Medisave (to fund basic healthcare). Once someone reaches 55, the Retirement Account is introduced.</p> <p>The statutory retirement age is 62, however employers are encouraged to offer re-employment up to the age of 67.</p>
Annual Leave	All employees are legally entitled to seven days of annual leave. It is common for employers to offer a minimum of 14 days and a maximum of 28 days of leave.
Maternity / Paternity Pay	When an employee is pregnant, they are entitled to maternity leave benefits. Full rules can be found at profamilyleave.gov.sg .
Sick Leave	As part of the Employment Act, employees are entitled to a minimum of 14 days of outpatient leave and 60 days of hospitalization leave.
Childcare Leave	Singaporeans and permanent residents (PRs) are entitled to six days of childcare leave for children below the age of seven. The first three days are employer sponsored and days four to six are government sponsored up to a cap of S\$500 a day, including CPF contributions. As the first three days are employer sponsored, companies would typically offer at least three days to foreigners.



2.2 Wider Benefit Provision

In addition to the mandatory benefits, employers will often provide a range of benefits to help recruit and retain employees. The most common benefits are shown below:

BENEFIT	DESCRIPTION
Mobile Phone Allowance	With the growing trend of employees using their personal mobile devices for work (BYOD), employers are increasingly offering a mobile phone allowance.
Season Parking	It is common for members of the senior management team to be offered company sponsored parking at the office location.
Voluntary Benefits	Larger employers will often provide employees with a range of voluntary benefits that can be provided at discounted prices through the employer.
Flexible Spending Dollars	Large employers offer flexible spending dollars where employees are provided with a flexible spending budget to use for a wide range of items, from health screening to holidays.
Gym Memberships	Some of the larger employers and those seeking to attract the millennial generation will provide discounted gym memberships to employees.
Study Benefits	Singapore is actively trying to encourage its workforce to constantly upgrade its skills and retrain if necessary.

When designing your benefits, you need to consider your sector, employee census data, and objectives. As advisors, we will help you design your benefits that work for you and are within your budgets.



3. Insured Benefits – Design & Typical Costs

Below we have shown the most popular insured employee benefits in Singapore and typical levels of cover.

BENEFIT	COMMENT/COST	LOWER QUANTILES APPROACH	MEDIUM QUANTILE APPROACH	UPPER QUANTILE APPROACH
Life Assurance	Life Assurance is the second most common non-mandatory benefit in Singapore Premiums will vary according to ages, occupations, and locations. Costs are typically 0.1 to 0.5% the sum insured.	Flat sum insured by grade	36x basic monthly salary	48x basic monthly salary
Medical Insurance	Costs will vary based on census data and benefit design. The typical annual premiums range for a single employee between S\$700 to S\$1,500 for restrictive plans (GP, specialist, hospitalization) and S\$3500 and above for comprehensive plans. It is socially unacceptable to apply a deductible on a medical plan, however co-payment options on outpatient benefits are becoming increasingly common in view of healthcare costs.	Provided to all staff	Provided to all employees and dependents	Provided to all employees and dependents
Work Injury Compensation	While it is not mandatory to cover all employees Work Injury compensation, most employers would cover it any way as they carry the legal liability	Provided to all staff	Provided to all staff	Provided to all staff
Dental	Dental benefits are commonly provided by Multinational Corporations (MNC). With the ongoing battle for talent, small to medium enterprises (SME) have started providing this benefit to attract the necessary talent.	Not provided	Basic Dental Benefits Provided	Provided
Employee Assistance	EAP is usually included in an international medical plan. There was very little importance provided in this respect until recently.	Not provided	Not Provided	Provided



4. Setting Up Policies

Employers often ask us to comment on how policies need to be set up in Singapore and the possible restrictions that could apply.

4.1 Life Assurance

- If your policy has fewer than 20 employees covered, the premiums may need to be set on an age rated basis on a portfolio rated plan.
- The free cover (insurance level before medical underwriting applies) will depend on group size. Schemes on portfolio rated plans will typically enjoy a free cover limit of S\$100,000.
- All insurers will need information on any current long term absent employee or any employee who is substantially ill because this information heavily impacts premiums. This is usually required for customized quotes via completing a Group Insurance Fact Find Form (GIFF)
- Taking into consideration the aging population, improving life expectancy, and the national push for a later retirement, group life covers can be extended to 75 if required, but rates may be higher.

4.2 Income Protection (LTD)

- This is usually provided by multinational corporations and is quite rare relative to medical and group life benefits.
- Cover will not apply to any employee not actively working when the policy commences.
- A deferment period can range from three to six months. It is important to note the medical leave provided in employment contracts and best to align the deferment period with the leave provided.
- Insuring of basic salary only, not bonuses, is traditional. There is also a limitation on capacity and insurers are not comfortable providing high limits on this line.

4.3 Medical Insurance

- Smaller schemes (fewer than 20 employees) might have a restriction applied in respect to covering pre-existing conditions. For international plans, it is quite the norm to cover pre-existing conditions if the employee headcount is 10 or more.
- Domestic plans typically have a waiting period of 12–18 months on pre-existing conditions and permanently exclude cover for outpatient cancer treatment and kidney dialysis.
- The standard employer sponsored medical policy would cover:
 - GP visits and prescription medication
 - Specialist visits and prescription medication
 - Lab tests
 - Physio
 - Traditional Chinese Medicine
- The following are typically excluded from an employer-sponsored domestic plan:
 - Vitamins and supplements
 - Organ transplants and costs associated (covered on international plans)
 - Weight loss and sleep apnea (covered on some international plans)
 - Cosmetic
 - Alternative treatments such as chiropractic treatment, osteopathy, and homeopathy (covered on international plans)
- Premiums will be based on factors including:
 - Claims history
 - Eligibility
 - Scheme size
 - Employee contributions (if any)
 - Locations
 - Employee age profile



4.4 Dental Insurance

- These policies are quite straightforward to set up. Companies need a minimum of 10 employees to make policies viable. Very few insurers provide stand-alone dental.
- Increasingly, dental cover is now made available on portfolio rated products for small to medium employers. The limits however remain low, unless on an international plan.

4.5 Maternity

- Few employers provide maternity cover. Maternity cover is more prevalent in the following sectors:
 - Shipping
 - Fund management
 - High-tech
 - International law firms
 - Management consultants
- These policies are quite simple to arrange irrespective of employee numbers.

4.6 Documentation Required

The following documents are required to for the cover to commence:

- Group Insurance Fact Find Form (not required for products with off-the-shelf pricing)
- Completed Application Form
- Signed Quotation
- Health Declaration Forms (if applicable)
- MAS 314 (Anti Money Laundering) – for life insurers
- Data Authorization Form
- Census Data

5. Onboarding & Policy Administration

Onboarding

In the US for example, great attention is given to the onboarding process and the choices employees have to make. In Singapore, there is far less emphasis on this process because employees have few choices and are automatically enrolled into policies.

Regarding employee communication, we can support the following approaches to meet client needs:

- Staff presentations
- Benefit communication, handbooks (at a fee)
- Benefit portals allowing employees to have secure access to benefit data (need to have in excess of 100 employees)

Policy Administration

As advisers, we provide full support for policy administration including answering claims questions or general inquiries.

We are also able to obtain specialist appointments quickly at the leading private hospital group in Singapore.





6. Adviser Remuneration

We base our costs on the requirements of the client and the time spent providing that service. Commissions are usually paid on insured policies. We will be happy to discuss fee or commission options. For portfolio rate products, the standard commissions apply.

When looking at fees, we consider:

- Time required to set up any new policies
- The total number of policies to manage
- Do you want face-to-face client meetings in Singapore or are telephone meetings acceptable?
- Are member communication services required?
- The size of policies (expected claims volumes) under management

7. The Galaxy Team

We suggest contacting Sunil Chugani for all enquiries arising out of the Asinta Network. In his absence, please reach out to Josephine Ng.



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