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Ascend Health

Private Medical Insurance Solutions

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The Impact of Group Private Medical Insurance on Staff Retention in the UK



Why PMI is a good idea

In today's competitive business landscape, employee retention has become a significant concern for UK employers. From small and medium-sized enterprises (SMEs) to large corporations, businesses are constantly seeking innovative ways to attract and retain talent. One such effective strategy has been the adoption of group private medical insurance (PMI) schemes. This benefit is not only enhancing the well-being of employees but also proving to be a pivotal factor in improving staff retention across various sectors.

The Growing Importance of Employee Well-being

Employee well-being has increasingly taken centre stage in corporate strategies, particularly in the post-pandemic era. According to a survey by the Chartered Institute of Personnel and Development (CIPD), **75% of employees consider health and well-being benefits a crucial factor** when deciding to stay with their current employer. As businesses grapple with the 'Great Resignation' trend, the provision of comprehensive health benefits has emerged as a critical retention tool.

The Value of Group Private Medical Insurance

Group PMI provides employees with faster access to medical treatments, reducing the waiting times associated with the NHS. This immediate access to healthcare not only ensures quicker recovery times but also enhances employee satisfaction and productivity. The 2022 Health and Well-being at Work survey by CIPD revealed that companies offering health benefits, such as PMI, reported 21% higher employee satisfaction rates compared to those that did not.

Conclusion

As the competition for talent intensifies, UK employers must leverage every available tool to enhance their attractiveness and retention rates. Group private medical insurance stands out as a highly effective benefit, offering significant advantages for both employees and employers. From SMEs striving to attract skilled workers to large corporates aiming to maintain their workforce, the impact of PMI on staff retention is undeniable. By investing in the health and well-being of their teams, businesses can ensure a more stable, satisfied, and productive workforce.

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PRIVATE MEDICAL INSURANCE - ADVANTAGES

Case Study: SMEs to Corporates

SMEs

PMI can be a game-changer when it comes to attracting top talent. By providing PMI, SMEs can level the playing field.

Corporates

Larger companies have long recognized the value of health benefits in their retention strategies. For instance, Aviva, a leading UK insurer, reported that **85%** of their employees view PMI as a significant factor in their decision to stay with the company.

Return on Investment

The Oxford Economics study estimates that the cost of replacing an employee can be up to **£30,000**, considering recruitment, training, and lost productivity. In contrast, the annual cost of providing PMI per employee ranges from **£300 to £1,500**, depending on the level of cover and company size.

Enhancing Company Culture

Offering PMI fosters a culture of care and support within the organisation. It signals to employees that their health and well-being are prioritised, cultivating loyalty and trust. According to Bupa, **68%** of employees with access to PMI felt more valued by their employers, translating to higher engagement levels and a stronger commitment to the company.

Conclusion

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Private Medical Healthcare Industry Under Huge Growth Surge

Over the past 15 years, the private medical industry in the UK has experienced significant growth, driven in large part by the mounting pressures on the National Health Service (NHS) and accelerated by the COVID-19 pandemic. The shift towards private healthcare has been a response to the increasing inadequacies of the NHS in meeting patient demands, especially as waiting lists have reached unprecedented levels.

Growth of the Private Medical Industry

The private medical industry in the UK has grown substantially, with market reports indicating a marked increase in the number of people opting for private healthcare services. The industry, valued at approximately £13.8 billion by 2026, is expanding as more individuals seek quicker access to medical treatments and avoid long NHS waiting times. The rise in demand has been particularly noticeable in the "self-pay" market, where patients pay directly for services without relying on insurance. This trend has been driven by frustrations with the NHS's ability to provide timely care (Business Wire).

Figure 1: Individuals covered by private health insurance

	Lives covered 31 December 2023	Lives covered 31 December 2022	Lives covered 31 December 2021	Lives covered 31 December 2020	Change 2022-2023	Change % 2022-2023
Aviva Health	271,745	240,550	225,830	192,848	31,195	13
Axa Health	367,300	Not given	Not given	Not given		
Benenden Health	808,158	847,409			-39,251	-4.6
Bupa*	558,000	Not given	Not given	Not given		
Freedom Health Insurance	21,753	18,498	15,687	13,139	3,255	17.6
National Friendly**	6,246	7,121			-875	-6.9
The Exeter	39,912	24,700	21,860	23,262	15,212	61.6
Vitality Health	253,000	234,000	188,000	170,000	19,000	8.1
WPA	65,400	65,000	63,300	60,000	400	0.6
TOTAL	2,391,514	1,497,278	514,677	459,249	28,936	

*Bupa figure estimated using ABI data and cross-market increase
**National Friendly figure for 2023 is for policyholders which is down by 461 policies or 6.9%. In 2022 it covered 7121 lives through 6,707 policies.

Figure 6: Individual PMI claims

	How many claims did you receive?			How many claims did you approve?		
	2023	2022	2021	2023	2022	2021
Aviva Health	54,737	57,020	53,011	48,235	51,127	48,123
Axa Health	Not given			Not given		
Benenden Health	-			173,079	137,904	
Bupa	Not given			Not given		
Freedom Health Insurance	-	5,996	4,252	-	5,506	3,965
National Friendly	2,438	2,959	-	2,345	2,836	
The Exeter	-	9,984	7,343	-	9,600	7,123
Vitality Health	50,400	43,000	-	46,000	39,000	
WPA	Not given			Not given		
TOTAL	107,575	118,959	64,606	269,659	245,973	69,211

Impact of COVID-19 on Private Healthcare

The COVID-19 pandemic significantly accelerated the shift towards private healthcare. During the pandemic, the NHS faced unprecedented challenges, leading to a dramatic increase in waiting times for elective procedures and other treatments. The elective waiting list in England, for example, peaked at 7.8 million in September 2023, a stark contrast to the pre-pandemic figure of 4.6 million in December 2019 (Institute for Fiscal Studies).

As the NHS struggled to cope with the backlog, more people turned to private healthcare as a viable alternative. The pandemic highlighted the vulnerabilities of relying solely on the NHS, prompting individuals who might not have previously considered private medical insurance to invest in it.

The need for quicker, more reliable healthcare options became more apparent as the public faced delays that could extend into years.

Current NHS Waiting Times and Future Projections

As of 2024, NHS waiting times remain a critical issue, with the waiting list in England still hovering around 7.6 million. The NHS and government targets to reduce these numbers have largely been missed, and predictions suggest that the waiting list could still be as high as 6.5 million by the end of 2027 under the most optimistic scenarios. In a more pessimistic outlook, waiting lists could remain at their current elevated levels for several more years (Institute for Fiscal Studies, Office for National Statistics).

This bleak projection is one of the key factors pushing more individuals towards private medical insurance. The prospect of enduring long waits for potentially life-saving or quality-of-life-improving treatments is driving the growth of the private healthcare sector as patients seek quicker and more personalised care.

Conclusion

The growth of the private medical industry in the UK is a direct response to the ongoing struggles within the NHS, particularly as exacerbated by the COVID-19 pandemic. With NHS waiting lists reaching record highs and future reductions seeming unlikely, private healthcare is no longer seen as a luxury but rather a necessity for many. As we look towards 2025 and beyond, the trend towards private medical insurance is expected to continue, driven by the public's desire for timely and effective healthcare solutions.

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LIFE/KEYMAN

Keyman:

The purpose of key man life insurance is usually to keep a business afloat following the death of a vital employee.

A business may need the proceeds from a key person life insurance policy to:

- ✓ Decrease the risk of lost profits due to lost sales or the cancellation of projects due to a key person's death or serious illness.
- ✓ There are two separate forms of protection with Key Man Cover: Life Cover and Critical Illness Insurance
- ✓ Life Insurance protects against the death of a key individual (or them being diagnosed with less than 12 months to live under Terminal Illness Cover)
- ✓ Critical Illness Cover pays out a lump into the business should the key person develop condition out of a set list of serious illnesses / injuries
- ✓ The key person could be anyone within the business responsible for the generation of profits or who otherwise is crucially important to the ongoing success of the company
- ✓ Key Man Insurance is typically taken out for two main reasons: business continuity purposes (to ensure the business can continue without the input of a key person) or at the stipulation of an investor or lender who wants to protect their interest in your business.
- ✓ For business continuity purposes, the premiums are typically a tax deductible business expense providing they're taken out on the life on a non-shareholding employee, as these premiums are wholly and exclusively for the benefit of the business. However, the benefit will be taxed on a claim.
- ✓ If Keyman Insurance is to protect a loan, premiums are typically not tax deductible as the premium is for the direct benefit of the lender, but the benefit is usually received free from tax.

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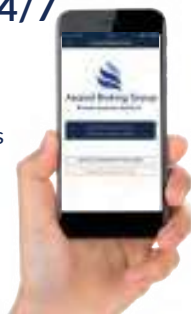
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In the press

Ascend Broking were awarded Broker of the Year by The Modern Claims Awards 2024!

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Ascend Broking feature in a number of articles in The Business Times magazine

Our managing director Matthew Collins featured in 3 recent articles covering cyber insurance, business interruption and predictions for 2024.

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