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Health Insurance | Life Insurance

## The Ultimate HR Guide to Employee Health Benefits in Hong Kong - 2022/23

A practical guide for HR professionals, business leaders  
and managers



## A step-by-step handbook for HR professionals and business managers.

Talent acquisition and retention are increasingly challenging for businesses. As it happens, competitive employee health benefits are a simple and cost-effective tool to attract and keep employees.

But how do you find a solution that both makes your team happy and falls within your budget?

To answer this question, our experts have gathered all their insights in the first-ever comprehensive handbook on the topic. In it you will find useful information to choose the right group insurance and renew it at the best conditions, along with tips, downloadable checklists and answers to common questions.

Whether you're looking for a group medical insurance plan or your company's policy is up for renewal, this guide will help you understand your options and find the best solution.



## Group medical insurance: The basics

Group medical insurance is often referred to as “employee health benefits”. It is a common non-salary perk offered by employers to reimburse their employees’ healthcare costs.

Medical insurance is not the same as Employees’ Compensation Insurance. **Employees’ Compensation Insurance (ECI)** is required by law. Employers must take out ECI for all their employees to cover occupational disease, injury or death at work, regardless of an employee’s length of service, working hours and place of employment. **Group medical insurance**, on the other hand, is not required by law in Hong Kong. It covers non-work-related health conditions and is often an additional employee benefit.

A health insurance plan comprises different types of benefits. Most plans come with standard benefits, which cover inpatient care, outpatient care and worldwide evacuation. More comprehensive plans will include additional benefits such as dental, maternity, optical and more.

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# Group medical insurance: The basics (Cont'd)

## Standard benefits

- **Inpatient / hospitalization:** This is the essential benefit **included in all insurance plans**. It covers treatments that require an overnight stay in a hospital. Examples: Surgeries, hospital room fees, intensive care room fees and other costs incurred while you are admitted.
- **Outpatient / doctor visit:** Covers medical care that doesn't require hospitalization. Can take place in a hospital, clinic / medical center, or other healthcare settings. Examples: Doctor consultations, prescribed medications, diagnostic tests, vaccinations and other alternative treatments like [Chinese medicine](#).
- **Worldwide evacuation:** Should you ever require urgent care that is unavailable locally overseas, the insurer will arrange emergency transportation for evacuation or repatriation to your place of origin.

## Additional benefits

- **Dental:** Usually covers routine items such as scaling and polishing, oral examinations, fillings, X-rays and simple extractions under a group plan. A waiting period of 6-12 months may apply. Orthodontics are rarely covered.
- **Annual health checkup:** Package may differ from plan to plan. Comes with monetary or time sub-limits.
- **Maternity:** Covers pregnancy-related costs, including prenatal and postnatal care, delivery, c-section, complications, etc.
- **Optical:** Covers an eye examination to screen for eye diseases and evaluate vision. High-end plans may reimburse prescribed spectacles with a fixed amount.
- **Life insurance:** More likely offered by large corporations and limited to executive-level staff, usually as a renewable term policy.
- **Mental health:** Covers consultations with psychiatrists and psychologists; almost always subject to an annual limit. Certain insurers provide more extensive coverage and virtual self-help tools.
- **Other wellness programs,** fitness programs, discounts and memberships, etc.

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# 1.

## Assess your team's needs

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To find the right health insurance options for your team, you'll need to gather some information.

- How big is your team?
- Do they have dependents?
- Where is your team located?
- Are your employees interested in health insurance?
- If you already have group medical coverage, are your employees happy with it?



# 1.1 Number of people to cover

Certainly you already have the current number of employees at hand. But what about your future workforce? Is your company planning for an expansion in the coming year? Can you foresee changes in your company size? Will there be a relocation?

Besides staff, does your company wish to also cover their dependents (spouse and children)? Are benefits tiered based on different levels of seniority or by department? All of this information will factor into your options.

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## 1.1a Company size affects group insurance options

Normally, the larger the group, the more margin of negotiation and thus flexibility you will have over the terms of your employee health benefits.

- With more than 10 employees, you can generally get discounts, **\*MHD (*medical history disregarded*)** and even negotiate for better offers from insurers.
- With 7 to 10 employees, you may also be offered MHD and discounts, though the margin for negotiation may not be as large.
- Small enterprises with fewer than 10 employees may have a more difficult time getting ideal coverage.



### Glossary

**\**Medical history disregarded***: no exclusions or loadings for any pre-existing conditions, such that employees are fully covered regardless of their medical history.

## 1.1a How does your company size affect your group insurance options? (cont'd)

Most group policies on the market can start from a minimum of 3-5 employees. When starting small, you are looking at either individual plans per worker or micro-enterprise solutions.



### Expert Tips

Alea works with some insurance providers to offer solutions for early-stage startups with as few as 1-2 employees.

Even though the company size is not qualified to get any discounts or special offers, a group plan allows adding/removing of employees throughout the policy year and can offer greater flexibility than multiple individual plans.



# 1.2 Local vs International coverage

Whether you opt for local or international health insurance comes down to your staff profile and business model. If you have an international team with members from all over the world, if your company is based in multiple locations or if your people have frequent travel needs, an international plan is likely the right fit.

On the contrary, for local startups or SMEs whose businesses are based in Hong Kong and have a local focus, local health insurance is usually the more suitable solution. What's more, local health benefits are good value for money.



## 1.2 Local vs International coverage (Continued)



### Expert Toolkit: Employee survey template

#### Questions you may want to ask:

1. Are you interested in a group medical insurance provided by the company? (a scale of 1-10)
2. How important are dental, maternity, optical, and wellness benefits to you? (rate each item)
3. How many dependents do you have (include your spouse and children but exclude your parents)?

[Download survey template](#)

*\*Health is a highly personal topic, an anonymous survey may encourage your staff to voice out their opinions.*

After you've gathered your data and made your initial needs assessment, you can devise a budget, draft a proposal and pitch it to your company's decision-makers. Give some thought as to how much the company is willing to allocate to employee health benefits with its current financial capacity. If you have had a group plan before, past premiums are a good place to start.

# 2.

## Pitch your senior management

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The next step is to demonstrate to executive management the value of employee health benefits.

Be strategic, thoughtful and forward-thinking, whether you're looking to introduce group medical insurance for the first time or aiming to upgrade your current plan.

# Step 2: Pitch your senior management

Tips for talking to your management about getting health insurance or upgrading your company's plan:

- **Stick to whichever communication tactic works best** based on your rapport with the decision maker. Arrange a meeting, prepare a presentation or initiate an informal discussion.
- **Present your analysis of the current situation.** Justify why now is the right time to implement changes. Maybe your company has seen promising growth over the past years, and it's time to take it to the next level. Maybe your company has fallen behind the industry in the job market. Or perhaps you have received solid feedback from employees that their health benefits are insufficient and/or the claim reimbursement process isn't satisfactory.
- **Propose the solution.** Align the key benefits of implementing group medical insurance with the company's goals and articulate your points in an organized manner. Show how a sound health insurance plan will benefit your employees, your employer and your company as a whole.
- **Put yourself in your employer's shoes** to anticipate their concerns and be prepared to answer their questions. Show that you have considered the costs altogether.
- **Illustrate with data.** Exemplify the potential benefits of having group medical insurance with real-world statistics and examples. You can use the data you collect from the employee survey in **Step 1**, as well as the facts and figures we have prepared for you below.

## Step 2: Pitch your senior management (Continued)

Although you're not preparing for a debating competition, you'll want to back up your proposal with strong reasoning and solid evidence. Below you will find research-backed facts demonstrating how organizations benefit from group medical insurance. Feel free to cite these figures in your pitch if you find them handy.

- **Put yourself in your employer's shoes** to anticipate questions they may have, and be prepared to answer their concerns. Show that you have considered the costs altogether.
- **Illustrate with data.** Exemplify the potential benefits of having group medical insurance with real-world statistics and examples. Where to find them? Apart from the employee survey in Step 1, we have prepared a few more numbers for you below.

Although it's not a debating competition you're preparing for, you'll want to be best prepared for your proposal, by backing it with strong reasons and solid evidence. The below points are a reminder of why you may need group medical insurance, feel free to cite these figures if you find them handy at the pitch.



## 2.1 Attract and retain top talent

Although they are not mandatory, employee health benefits are an excellent tool for talent acquisition and retention, especially in an expensive city like Hong Kong, where medical costs can inflate at an average rate of 8-10% each year. For this reason alone, employee health benefits can make your organization more attractive to potential hires. At the same time, for current employees, knowing their healthcare needs are taken care of increases job satisfaction and the likelihood that they will stay with you year after year.

In their [Global Talent Trend 2022](#) publication, international human resource consulting firm Mercer reports that, in Hong Kong, medical insurance and employee wellbeing programs are among the **top 5 reasons** employees stay in a job.

A 2021 Workmonitor survey by global recruitment agency [Randstad](#) highlights that **73% of Hongkongers** consider “**compensation and benefits**” as the top priority when it comes to career considerations. In their [2022 Employer Brand Research](#) report, Randstad also pinpoints the trend of employees in Hong Kong and worldwide prioritizing work-life balance and health, placing more importance on **healthcare benefits** such as corporate health insurance.

Finally, in the context of COVID-19, [employee wellbeing](#) has become more important than ever. As employers develop an awareness of the value of employee health and wellness, they’re beginning to integrate initiatives to support their staff’s physical and mental wellbeing. **Employee health benefits are no longer a nice-to-have frill but a necessity.**

## 2.2 Keep your workers healthy, happy and productive.

To access healthcare in Hong Kong, you have the choice between the often overloaded public system or the extraordinarily expensive private sector. On one hand, waiting times for non-urgent cases at public hospital [A&E departments](#) can be [more than 8 hours](#), and [stable new case bookings](#) at government-run specialist outpatient clinics can have wait times of up to 146 weeks. On the other hand, Hong Kong's top-notch private health care system is the **second most expensive** in the world – just after the US.

Having a reasonable amount of health coverage is therefore critical in Hong Kong. It encourages employees to seek care from a medical practitioner when they feel unwell by opening up more private options and removing cost concerns. It saves their time waiting in the public sector and ensures the best care is delivered within the prime time for treatment.

The theory is simple: healthier and happier employees, fewer sick days and more productivity. In fact, **happy workers are as much as 20% more productive than unhappy ones**. Investing in your employees' health is key to growing your business.

## 2.3 Maintain a competitive edge

According to a 2021 survey conducted by [Bupa](#), one of our insurance partners, 45% of SMEs in Hong Kong do not provide any health insurance coverage to their employees. This means that by offering fringe benefits such as group medical insurance and wellness programs, you can maintain a leading position among your competitors.

If you work with a recruitment team (either in-house or at an agency), try to talk to recruiters and investigate the compensation packages provided across your industry. This will help you understand the standard practice and give you a more accurate idea of how you compare to your competitors. If you find your company is falling behind, then you have a strong argument for upgrading your employee benefits.



# 3.

## Shop around and compare quotes

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## Step 3: Shop around and compare quotes

By now you know your requirements; it's time to obtain relevant quotes to compare what's on the market. In case you are wondering how things work, how to choose a plan and so on, rest assured. We will help you cut through the jargon.

Certainly, **there is no “best” insurer or “one-size-fits-all” solution**, but there are key factors that will help you narrow down your options and find the right solution for your needs and budget. All of the information in this section can be used when you contact an insurance broker for recommendations or if you reach out to different insurance providers.

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## 3.1 Costs

Costs are a realistic consideration for every company. More often than not, when we say the “right” plan, we actually mean the one that gives you the most benefits at the lowest cost – the best value for money.

Insurance premiums (what you pay to the insurance provider) are determined by:

- **Cover:** Costs and cover are, most of the time, interdependent. Better coverage naturally comes with a higher cost; the same goes for any additional benefits you opt for.
- **Number of employees (and any dependents) to be covered:** The bigger your group, the lower your premiums per employee. With more members, you enjoy more room for negotiation and may even get discounts or special offers from the insurer.
- **Job nature:** For instance, insurance providers may perceive higher health risks for construction workers than for office workers.
- **Age of members** (not always required): Some insurers use the average age of the group to estimate the health risks, and hence the risk for the insurer.
- **Claim history** (except if you are getting a plan for the first time): You may see a substantial increase in your premium if the number of claims or amount reimbursed over the past year is high.

## 3.1 Costs (Continued)

### 3.1a Coinsurance and deductibles for cost-saving

Despite not being a common practice, [coinsurance/co-payment and deductibles](#) are two cost-sharing mechanisms that help cut down medical insurance costs whereby the employee agrees to pay part of the healthcare expense out of pocket.

- **Coinsurance/co-payment:** A pre-established percentage the employee will have to pay for every medical bill (usually set between 10% and 30%).



#### Example

With a 20% coinsurance, the employee will need to pay 20% of every medical bill incurred, and the insurer will pay for the remaining 80%.

- **Deductible:** A threshold only above which the insurer will start paying. It is rarely used in group policies.



#### Example

With an inpatient deductible set at HK\$30,000, the employee will need to pay the first \$30,000 of any inpatient expenses they incur; only after that amount is reached will the insurer cover inpatient expenses in that policy year.

## 3.1 Costs (Continued)

### 3.1a Coinsurance and deductibles for cost-saving



#### Expert Tips

Deductibles make more sense with inpatient benefits and coinsurance with outpatient benefits. This is because outpatient care is a more frequently claimed, lower-ticket item, whereas inpatient care is less used but can result in expensive bills.

This way, you can save on your premiums by paying a relatively small amount and still get the most expensive treatments covered. Because deductibles and coinsurance require paying out of pocket, some companies also make use of these features to discourage abuse of the benefits.

Choosing a plan with deductibles or coinsurance, however, means shifting part of the costs to your staff. This may not be ideal if you plan to make health insurance a talent-attraction tool.



## 3.2 Cover

This is the central component of every health insurance plan. From basic inpatient and outpatient benefits to more comprehensive dental, optical, health-checkup and maternity benefits, group health insurance cover can vary a lot from one plan to another. Here's an overview to facilitate the decision-making process.

### 3.2a Local vs International Coverage

Match the geographical area of coverage with your company's business needs and demographics, as we mentioned in Step 1. A local plan may be sufficient for a local firm based in Hong Kong, but if you have an international team or frequent travel needs, it may be wise to opt for international coverage.

Your options of geographical areas of international coverage are generally Worldwide, Worldwide excluding the United States, and Asia only.

## 3.2b Packaged vs Tailored plan

You can also choose between a packaged plan and tailored plan.

**Packaged plans** are standard, ready-to-use combinations of benefits with all the benefit items, insured amounts and premiums clearly predefined. A packaged plan can be obtained by companies with a minimum of 3 to 5 employees.

These plans are much simpler and economical for SMEs and startup businesses, saving you from expending energy on setting things up and handling insurance issues. Packaged plans are “community-rated,” and future price increments are mitigated by the pool of SMEs that have purchased the plan.

**Tailored plans**, on the other hand, can be customized to fit your organization’s requirements and budget. Such plans allow you to pick and choose the extent of coverage for each category of benefit (hospitalization, doctor visits, dental, maternity, etc.) for the different tiers of employees and their dependents.

To be eligible for a tailor-made plan, your group should have more than 20 members (10 is the bare minimum). It is important to note that tailor-made employee health benefits constitute “experience-rated” plans. This means that your renewal premiums and increases will be based on your company’s claim ratio, and that premiums may increase significantly if big claims were made in the previous year.

## 3.2c Types of benefits & coverage amount

Earlier we covered the different types of benefits in health insurance. Now let's look at the standard practice in Hong Kong.

- **Inpatient or hospitalization benefit** is a fundamental part of all policies. Ideally, it should be enough to cover the fees of any common surgery plus the hospital stay, which can cost as much as HK\$100,000.
- **Outpatient or doctor visit benefit** is another essential. Ideally, it should cover a regular GP consultation in Hong Kong. The median consultation fee was HK\$300 in 2019, but a GP consultation in Central can cost HK\$800-1,500.
- **Dental benefits** are also included as part of the employee benefits by many companies.
- **Health checkup benefits** are optional and often attached with sub-limits in the cost or frequency.
- **Maternity, optical and other wellness benefits** are less common, but some large corporations provide these as part of their comprehensive employee wellness program.
- **Mental health coverage** is a new trend in the insurance market. With growing awareness of employee wellbeing, demand for mental health benefits has soared in the past few years.
- **Critical illness, accident and life insurance riders:** Mostly limited to employees of a certain level of seniority in the company.

## 3.2d Room Level

Private, semi-private and standard wards are the three hospital room levels. In Hong Kong's private healthcare system, doctor fees are tied to the room types, so the more expensive the room, the more expensive all the other fees.

At Alea, we have seen a preference for semi-private room cover in basic employee benefits and private room cover in more comprehensive plans. Semi-private and private rooms allow employees to enjoy an adequate level of privacy during recovery.

## 3.2e Sub-limits

Most basic local plans come with a number of restrictions, such as sub-limits on each category of care. Beware: it is easy to exceed these sub-limits when using private healthcare in Hong Kong.

A high-end plan provides comprehensive health cover that encompasses full reimbursement of many healthcare services. This way, your employees won't have to pay out of pocket, purchase their own private top-up plan or spend time waiting for treatment in the public sector.

## 3.2f Referrals for specialists

Some plans may require a referral letter from a doctor in order to claim for certain treatments or procedures, namely specialist care, physiotherapy, and diagnostic and imaging tests (e.g. MRI, CT scan, PET scan). Check with the broker/insurer beforehand to avoid hassles or misunderstandings when your employees use the policy.

## 3.3 Customer service

Talk to your broker for insider knowledge about different insurers. A specialized medical insurance broker will know, for each insurance provider, typical claim processing times, claim settlement ratios (a good ratio falls within 75-90%), financial stability and ratings, healthcare networks and overall quality of customer service.

Another crucial aspect of customer service is the availability of digital tools. More and more insurance companies are investing in technology and embracing digitalization. They have developed web portals and mobile apps that allow members to efficiently file and manage claims online and access information about their policy without dealing with paperwork.



### Expert Tips:

[Telemedicine](#) is an emerging trend under the COVID-19 pandemic. Many health insurance providers in Hong Kong have already adopted telemedicine consultations as a free addition to their services. With this option in place, your employees can easily access medical support via video or telephone calls in the comfort of their homes.

## 3.4 Medical underwriting

Many group plans offer **\*medical history disregarded (MHD)**, which waives medical underwriting and guarantees full coverage regardless of any **\*pre-existing conditions** your employees and their dependents may have. The minimum group size to get MHD varies from insurer to insurer and typically starts from 5 to 10 staff.

On the contrary, if **\*full medical underwriting (FMU)** is offered, everyone should disclose their health condition to the best of their knowledge and with “utmost good faith” in the confidential medical questionnaire, or they may risk getting their claims rejected.

Your broker should point out to you if there are any underwriting requirements hidden in the terms and conditions.



### Glossary

**\*Pre-existing condition:** any medical condition, disease or illness for which you had symptoms, required treatment, or which you knew of, even if you did not seek treatment for it.

**\*Medical history disregarded:** No exclusions or loadings for any pre-existing conditions, such that employees (and their dependents, if applicable) are fully covered, regardless of their medical history.

**\*Full medical underwriting:** Every member covered needs to complete a confidential medical declaration to state clearly any health conditions they have or had for the insurer’s risk assessment purposes.

## 3.5 Portability and conversion options

Portability or a conversion guarantee allows employees to convert their group coverage to an individual plan under the same insurer when they leave their company or retire, ensuring continuity of benefits. A converted policy does not require a new underwriting and therefore will cover any pre-existing conditions your employee or their dependents are living with.

People come and go, and you may wonder: why offer a feature that potentially makes it easier for some employees to leave? Portability is indeed a rare and expensive option to offer your staff, but it can be extremely attractive to experienced talent you wish to hire or keep.

Nevertheless, companies usually lay out certain conditions for employees to be eligible for portable group health insurance, most commonly a certain level of seniority and a time limit to convert (generally within one month from when the group policy is renewed or when the employee departs).

## 3.6 Do you need a broker?

### What do brokers do? How are brokers different from agents?

Most people get insurance through an [insurance intermediary](#), either an agent or a broker. **Insurance agents** represent the insurer in the selling process and usually work for only one (or at most 4) insurance provider(s), whereas **insurance brokers** represent the clients to shop around for the best coverage and work with multiple providers to offer a range of plans.

Brokers also choose the insurers they work with and often sell only products they believe in and are comfortable recommending. Brokers are paid by insurance providers and remunerated by a commission off the premium you pay to the insurer. Premiums are the same whether you decide to get insurance directly from the insurer or go through a broker.

*\*Insurance agents and brokers are both regulated by the Insurance Authority in accordance with the [Insurance Ordinance \(Cap.41\)](#). Prior to using the services of a broker/agent, you can look them up on the [Register of Licensed Insurance Intermediaries](#) to verify their credentials.*



## 3.6 Do you need a broker? (Continued)



### Expert Tips:

Alea works with 25+ insurance providers that we carefully chose and have repeatedly tested over the years. Our advisors evaluate each client's situation and advise on the best insurance solutions by comparing the ins and outs of different plans on your behalf, so you don't need to go door to door searching for group insurance.

We promise you choice, unbiased advice, and personalized service – to save you time, money, and worries!



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## 3.7 Case studies

Every company is unique. There is no one-size-fits-all insurance solution because choosing a group plan depends on a range of factors. Let's take a look at some scenarios.



### Case 1: PayTechie\*

Local fintech startup

#### Profile

TechiePay\* is a fast-growing local fintech startup with 5 members. They currently have a limited budget and have no human resources to handle insurance matters. They are looking to hire more people in a very competitive environment.

#### Our recommendation

A packaged plan would be the convenient option for TechiePay – simple and straightforward to understand. You can quickly choose a package that fits your company budget and provides sufficient cover, then let the broker and insurer take care of the rest.

Some insurers can offer MHD (medical history disregarded) for teams with as few as 5 employees. Talk to an Alea advisor and we'll sort it out for you.

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\*All names and situations portrayed in these examples are fictitious and created for a demonstrative purpose only. They are informative only and not intended to be a substitute for professional advice. Every group should carefully assess their circumstances before making an insurance decision – or consult a professional to do so.

After understanding your situation, your broker will analyze plans from their insurance partners and carefully study and compare the benefits that correspond best to your needs and requirements. You will then receive a quotation detailing the costs and benefits of the recommended plans.

## 3.7 Case studies (Continued)



### Case 2: Legal Star Co., Ltd\*

International Law Firm

#### Profile

International law firm *Legal Star Co., Ltd.\** has 50 staff members working in their Hong Kong office. The business is stable, and the management is willing to invest in more comprehensive benefits that also cover spouses and children.

#### Our recommendation

A packaged plan may be the most suitable option here. Study the employees' preferences by circulating a survey, then curate the most suitable packaged benefits that fall within your budget with a broker. With this group size, Legal Star should be able to get MHD and a community-rated plan, whereby their premiums will be determined not by the company's claim history but by the claim history of the insurance company's overall client portfolio.



### Case 3: LifeIsFood Ltd.\*

Food & Beverage corporation

#### Profile

LifeIsFood Ltd.\* is a large Hong Kong-based food and beverage corporation. They have a small-to-medium back office with around 50 staff, in addition to 300 frontline workers.

#### Our recommendation

A tailor-made plan may be the most suitable option here. You can get a local plan that allows customization of benefits for the back-office and frontline teams, with different levels of coverage to cater to different needs. With this group size, *LifeIsFood* can easily get MHD and may even be able to negotiate for discounts and additional wellness benefits.

## 3.8 Get an insurance quote

Now that you have a clear idea of what you're looking for, it's time to get insurance quotes. Through a broker, you can receive quotes from multiple insurance providers in just one go, and benefit from an advisor's expertise and experience.

An insurance quote is an estimate provided by an insurance company of the cost of a specific insurance policy, along with the policy's coverage options. Getting a quote is commitment-free, and it allows you to understand the main elements of a policy before making a purchase.

In order to generate a quote, you will need to provide some basic information, such as the number of employees needing coverage, their ages and the benefits required.

Bear in mind that the quotations are not final until reviewed by an insurance underwriter. The real contract with the confirmed premium pricing, coverage items and amounts, and terms and conditions is provided upon completion of the application or applicable underwriting process.



### Find your ideal coverage with Alea

From budding startups to established corporations, Alea's team of licensed advisors will tailor our recommendations to suit your specific needs and budget and provide unbiased advice case by case. Tell us about your situation and we'll find you the best solutions right away.



[Get a Free Quote](#)

# 4.

## Apply for a policy

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You're almost there!

With the numerous quotes you've received, you can present a shortlist of the most attractive ones to your company's management in order to get a final decision.

If the company decides to proceed with a plan, the next step is to submit an application to the insurer.

## 4.1 Application Process

You will have to complete an application form with the company's information, benefits specifications, employee eligibility, claim settlement methods and so on. You will also need to provide a full census of your employees, specifying their names, dates of birth, working locations, nationalities, etc., along with a copy of your company's Business Registration Certificate. The declaration and authorization will also need to be signed and chopped by an appointed company administrator.

Remember to carefully read through the contract and table of benefits before signing.

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## 4.2 Underwriting

For FMU (full medical underwriting), every member covered will have to complete a health declaration about their medical history. For MHD (medical history disregarded), all employees and dependents will be fully covered regardless of any pre-existing conditions.

Refer to [Medical underwriting in Step 3](#).

## 4.3 Premium Payments

Most insurance companies accept premium payment by cheque or bank transfer annually and semi-annually, either at the time of application or at the end of the policy year.

On top of the premium paid to the insurer, you must also pay a **\*premium levy** to the [Insurance Authority \(IA\)](#) of Hong Kong via the insurer when you make your premium payment. The current premium levy is at 0.1% (since April 2021), and the levy cap for general insurance (including group medical insurance) is **HK\$5,000, calculated per policy, per policy year**.

Insurance premium	Premium levy payable
HK\$200,000	<b>HK\$200</b> (= \$200,000 * 0.1%)
HK\$6,000,000	<b>HK\$5,000</b> (as \$6,000,000 * 0.1% - \$6,000 exceeds the cap)

## 4.3 Premium Payments (Continued)

As specific arrangements may differ between insurers, please check with your insurer or broker in advance of your payment.



### Glossary

**\*Premium levy:** A fee collected from policyholders by the IA to [cover its operating expenses](#) while maintaining financial independence from the government.

Once submitted, a new application should take around two to three weeks to process. If all goes well, you should receive a confirmation email, policy documents and medical cards from the insurer. Your coverage officially begins from the effective date stated in the contract.

### What if I haven't received any confirmation past the agreed effective date?

Even if the official confirmation letter comes after the agreed effective date, any eligible medical expense made after that date can still be covered. Save the receipt and medical proofs to make a backdated claim later.



# 5.

## Manage the policy

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You are covered now, but that's not the end of the story.

Over the policy year, you might have to manage the group policy by taking charge of routine administration and helping your employees with claims.

Likewise, a broker's service doesn't end after you sign a policy. A broker like Alea will help you all year long to make your life easier and support you on administrative matters.

# 5.1 Present the policy to your team

The first thing to do is to share this good news with your team members. Distribute the full table of benefits to members of your team so they know what they are entitled to and how to use their cover.

Your insurer or broker can arrange for a representative to explain the benefits and claim process to your team. This presentation can be held virtually or in person at your office. The representative can also introduce the tools and resources available, such as:

- Online portal / mobile application for managing the policy and claim submission
- List of **\*network doctors and clinics**
- Medical card (physical or digital)
- Telemedicine



## Glossary

**\*Network doctors and clinics:** Healthcare service providers who have signed a contract with the insurance company to offer a special rate to their clients; the insurer can pay directly to the provider so you can go cashless.

## 5.2 Adding and removing members

To add and remove members from the policy during the policy year, you will have to fill out a special form with the new member's information. The same goes for updating employee information and company settings. Some insurers allow you to fill out these forms online. Your premium will be adjusted pro-rata.



### A smoother insurance experience

After the policy has been set up, we always host a briefing session to meet our clients and their teams and tell them about the *how-tos* and *what-ifs* when it comes to their health insurance plans.

It's important to engage with your team and explain what your company is doing for them. Working with Alea ensures that you are best taken care of in this regard. Your team can also talk to our advisors anytime with queries about their work cover or for personal insurance-related matters like topping up their insurance.



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## 5.3 Making claims

What and how to claim using the employee benefits is probably the number-one question on the minds of your employees.

A medical [insurance claim](#) is a request you make to your insurer to reimburse you for the costs of treatment or services covered by your policy. If your claim is accepted, the insurance company will reimburse the relevant amount to you.

Nowadays, many insurers have adopted paperless claim submission processes, allowing users to submit an application and upload photos of supporting documents through an online portal or mobile app.

Even more convenient, if you are using a service provider within the insurer's direct-billing network, you can simply present your medical card at the doctor's office, and the insurer will handle the rest of the payment directly.

### **Documents required for a medical insurance claim**

1. Claim form (completed by you and your doctor/hospital)
2. Proof of payment (bill, invoice, receipt)
3. Medical reports (diagnostic or laboratory reports, discharge summary, sick leave certificate)
4. Referral letters for any specialist service

You'll need to attach the original copies of these documents, which should show clearly your full name, treatment date, diagnosis, cost breakdown and your doctor's signature.

## 5.3 Making claims (Continued)

### 5.3a Time frame for insurance claims

The time limit for filing a claim is generally **30 to 90 days** from the consultation or discharge date.

On average, a typical claim takes **two weeks** to be reimbursed, but the processing time may take anywhere from a few days to months depending on the insurer, assuming that your claim is legitimate and there is no missing information or documentation.



#### Expert Tips

Pay attention to the terms and conditions in your group policy and educate your employees to do the same. Some definitions of treatments, conditions and health coverage in the policy can be tricky. Ask your broker for clarifications so you stay on top of any exclusions, sub-limits, coinsurance or deductibles applicable.

Some common exclusions in medical insurance are:

- **Pre-existing conditions & congenital diseases**
- **Cosmetic surgeries**
- **High-risk activities and extreme sports**
- **Substance abuse or self-inflicted injuries**
- **Fertility treatments**

In some group plans, a GP **referral letter** may be prerequisite to claim the expenses of specialist consultations, diagnostic tests, physiotherapy and other care items.

## 5.3 Making claims (Continued)

Although you are mostly dealing directly with the insurer when you file a claim, a broker can step in and assist you when large claims or more complicated issues are involved. A broker can help you obtain a pre-authorization letter and a guarantee of payment from the insurer prior to a major treatment that requires hospitalization. They can also sort out missing information or claim issues on your behalf.



### Insider Knowledge

When handling cases from brokers like Alea, insurance companies usually allocate a contact person to us, making it easier for us to resolve queries. Instead of going through the insurance company's regular customer service line, which then connects you to the relevant department, we can directly communicate with our contact person and quickly resolve issues with renewals, claim processing or policy documents, to name a few.

Alea helps mitigate the paperwork and advocate for your best interests so you can focus on your health and recovery.



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# 6.

## Prepare for renewal

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In this step, we will show you ways to effectively evaluate your current insurance plan, understand the changing needs of your team and prepare for the renewal.

## 6.1 Evaluate your current employee benefits

A good way to understand your team is to distribute a survey with a few simple questions asking how they feel about the existing health benefits. *Is there anything they would like to change about the current plan? Do they have any concerns? What was the claim experience like? And overall, are they happy with the current plan?*

Group medical insurance plans are renewed yearly. This means you'll need to sign a new contract with the insurance company every year to continue your coverage, or you may choose to replace your current plan with a different one and sign a new policy for next year.

We suggest you start planning at least **two to three months ahead** to assess whether your current plan is still competitive and see if there are better options available.

Designated administrators can also access their company's claim history through the employer account in the insurance provider's online portal. By observing claim history data from the last year, you can get a clear idea of usage patterns: Which benefits were the most used? Which were the least used? Were there any large claims?



## 6.1 Evaluate your current employee benefits (Cont'd)



### Expert Toolkit: Employee benefits evaluation survey

You can use a mix of rating-scale questions and open-ended questions to gather opinions from the team for analysis. It would be helpful to learn:

- How well your employees understand the benefits they are entitled to
- If they find the existing coverage sufficient
- How much do they utilize the plan
- How long did it take to process a claim
- If they have encountered any claim issues
- What other benefits are desired
- Any additional comments

[Download survey template](#)

*\*Health is a highly personal topic, an anonymous survey may encourage your staff to voice out their opinions.*

## 6.1 Evaluate your current employee benefits (Cont'd)

Designated administrators can also access their company's claim history through the employer account in the insurance provider's online portal. By observing claim history data from the last year, you can get a clear idea of usage patterns: Which benefits were the most used? Which were the least used? Were there any large claims?

## 6.2 Consider your company portfolio

A lot can happen in one year. Before setting off for renewal, take into account any changes in the company's size, business model, financial status and growth strategy. Make adjustments to your budget and coverage accordingly to address these changes such that your HR policy stays aligned with the company's business goals.

For instance, if anyone on your team is aging over 65, some policies may refuse to take them on without further underwriting.

## 6.3 What to expect at renewal

Most insurance companies issue a renewal notice **four to six weeks** before the renewal date. At that time, your broker will contact you to discuss the renewal and present you with alternative options on the market. Different brokers may adopt different approaches to handling renewals. Some brokers take a proactive role in renewals, while other brokerage companies automate the process in their back office.



### Audit your current plan and seek for better options

Our team of advisors at Alea takes a hands-on approach to handling renewal cases.

We can start by conducting a comprehensive review of your existing policy to see how well it serves your needs. Then we leverage our expertise in the industry to personalize renewal advice for each group and look into better offers on the market for you. Even if you are already covered, switching insurance policies with Alea won't cost you a thing.

Let us know if you have any questions about your group policy and we will help you right away!



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## 6.3 What to expect at renewal (Continued)

### 6.3a Brace for a premium increase

A premium increase is to be expected. Unlike other general insurance policies, health insurance premiums increase every year when a new contract is drafted. This is largely tied to the worldwide [medical inflation](#) problem – in Hong Kong, healthcare costs go up by **8-10% per year** on average.

Apart from inflation, insurance companies will also review your **\*loss ratio** and claim records when they prepare the renewing terms.



#### Glossary

**\*Loss ratio:** is an indicator used by insurers to assess the financial performance of a policy they sold. It is a percentage calculated with the formula:

$$\text{Loss ratio} = \frac{\text{Claimed amount} + \text{Other expenses}}{\text{Premium received}}$$

In other words, a high loss ratio implies a low profit margin and high risk for insurers. A loss ratio of above 100% means that the insurance company is suffering a loss on a policy.

To minimize the ratio and maximize profitability, for loss ratios over, say 60%, insurance companies may increase your premiums for the coming year or even decline your renewal after a risk assessment.

## 6.3 What to expect at renewal (Continued)

### 6.3b Community rating vs. Experience rating

Health insurance premiums are regulated by these two opposing pricing systems. A community-rated plan bases renewal premiums on the performance of their entire client portfolio, whereas an experience-rated plan bases it solely on a group’s claim history.

	Community rating	Experience rating
<b>Characteristics</b>	<ul style="list-style-type: none"> <li>• Based on the claim ratio of the whole “community”</li> <li>• Mainly applicable to packaged plans</li> <li>• Used in small- to medium-sized groups with fewer than 20 staff</li> </ul>	<ul style="list-style-type: none"> <li>• Based on the claim ratio of your group</li> <li>• Mainly applicable to tailored plans</li> <li>• Used in policies for larger groups with at least 20 staff</li> </ul>
<b>Implications on renewal premiums</b>	<ul style="list-style-type: none"> <li>• It mutualizes the risk by distributing the cost across a large risk pool</li> </ul> <p>➔ Premiums are relatively more stable</p>	<ul style="list-style-type: none"> <li>• It relies solely on your group’s track record</li> </ul> <p>➔ Premium may fluctuate if there were large claims within your group</p>

## 6.4 How to minimize premium increase at renewal

Although a premium increase sounds almost inevitable, there are a number of things you can do to minimize its extent and make the most out of your group medical plan in the long run.

Here's some practical advice from our advisors.

- Remind your employees that while health coverage is there for when they really need it, overusing or abusing the benefits can have an adverse effect on the company's cover the following year.
- Make use of deductibles and/or coinsurance. Some companies might impose a deductible or co-payment to prevent abuse of the cover by asking employees to bear part of the medical cost.
- Conduct a mid-year review of your claims history with your broker. Keep your broker in the loop when you have to make claims so that they can keep an eye on the usage and help plan ahead.
- Talk to your broker for insights when you are halfway through the policy year. They may be able to spot important details, point out a major claim or flag an ongoing one that you didn't know about.

## 6.4 How to minimize premium increase at renewal (Continued)

- Shop around for insurance providers... and even brokers! In medical insurance, many aspects are actually negotiable. It's worth exploring whether other options can provide the same level of cover at a lower cost.
- Last but not least, take good care of your employees' health and wellbeing! Build a healthy team by promoting work-life balance, maintaining a safe and clean workplace, and providing mental health support and employee wellness programs.



### Expert Tips:

In Hong Kong's competitive market, it may not be difficult to land an insurer who is willing to lower their premiums to win your business. However, there are still reasons to avoid continually jumping from insurer to insurer.

The obvious reason is you'll run out of options at some point. You get what you pay for, and it's better to stay with an insurer that gives you great service for the right price. For example, if your new plan doesn't cover certain areas that your original plan did, you might need to seek alternatives to fill the gap. On the other hand, switching insurers frequently may alarm your team as it might indicate instability within the company.



**Talk to an advisor**



# Alea makes insurance easier

Alea saves you the hassle of scouting around the market and reaching out to insurance companies one by one. We compare the best options on the market for you and use our team's vast experience in the health insurance and benefits market to help you save money, time and worries.

**Did you know? Alea works with the largest number of health insurance providers in Hong Kong – more than 25! We have years of experience with names like AXA, April, Bupa, Cigna, Chubb, FWD and many more.** As an independent insurance broker, we choose to work with insurers that have an excellent track record, and we sell only products that we believe in and have tried and tested.

We know the market inside out and are in constant conversation with our clients and partners to stay abreast of the latest trends and developments. This enables us to secure the most competitive benefits for you at the best price. What's more, we offer exclusive member perks to clients, with special discounts on wellness products and ongoing health information to keep you refreshed!

alea.

**Don't miss out on the best service.**

Save time, money and worries now with Alea!

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# Appendix

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# To-do checklist

## Finding a new policy

- Research on the type and level of coverage you need
- Survey your team for what kind of benefits are they interested in
- Devise a budget and draft a proposal to introduce new employee health benefits
- Pitch the boss to get their approval
- Request quotes from your broker
- Compare and narrow down your options
- Present a few suitable plans to the management for final decision

## Onboarding a new policy

- Complete the application form with a full census of your employees
- Submit the application form with a copy of your company's Business Registration Certificate
- Arrange the one-off premium payment by cheque
- Set up your employer account on the insurer's online portal (if available)
- Coordinate with your broker for a team briefing session to educate staff on how to use the benefits
- Distribute medical insurance cards and policy information to employees
- Educate staff on benefits

## To-do checklist (Continued)

### **Preparing for renewal (start planning 2-3 months ahead)**

- Distribute employee surveys to understand how they feel about the current cover
- Analyze the survey results, the claim history and the company's budget to see if the coverage needs to be adjusted next year
- Discuss renewal offers with your broker (4-6 weeks before the renewal date)

### **If you decide to continue with the current policy:**

- Sign the renewal contract

### **If you decide to switch providers:**

- Get quotes from your broker
- Compare and choose a plan that works better than your original one
- Complete the application process onboard a new policy (see above)

# 8.2 Employee survey template

## Employee survey template

Dear team,

[Company name] cares about you and your experience working here. To help us improve our employee benefits, we hope you could share with us what you'd like in a company medical insurance.

Please take a few moments to complete this survey by [date]. If you have any questions, please do not hesitate to contact [person in charge].

We would appreciate your feedback!

---

1. Are you interested in group medical insurance provided by the company?

- Very interested
- Interested
- Neutral
- Not interested

2. To what extent do you agree or disagree that employee health benefits affect your decision to work in a company?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

3. Do you already have personal health insurance?

- Yes
- No
- I prefer not to answer

## 8.2 Employee survey template (Cont'd)

4. Rank these benefits according to their importance to you (1 = most important, 8 = least important)

- a. Inpatient / hospitalization    \_\_
- b. Outpatient / doctor visits    \_\_
- c. Dental (e.g. scaling, checkup)    \_\_
- d. Annual health checkup    \_\_
- e. Maternity (e.g. delivery, pre- and postnatal care)    \_\_
- f. Optical (e.g. eye health check)    \_\_
- g. Mental health (e.g. psychiatrist/psychologist consultation)    \_\_
- h. Wellness benefits (e.g. fitness program)    \_\_

5. How many dependents do you have (including your spouse and children, but excluding your parents)?

Thank you!

# 8.3 Employee benefits evaluation survey template

## Employee benefits evaluation survey template

Dear team,

We would like to invite you to share your experience and opinions about our current employee health benefits. Your feedback matters to us and will help us better plan our coming renewal.

Please spare a few minutes to complete this survey by **[date]**. If you have any questions, please do not hesitate to contact **[person in charge]**.

Your feedback is much appreciated!

---

1. Do you understand what is covered under our current health benefits?

- Yes
- No

2. How much do you utilize the group medical plan?

- Never
- Rarely
- Sometimes
- Regularly
- Often

## 8.3 Employee benefits evaluation survey template (Cont'd)

3. How satisfied are you with the current employee health benefits provided by the company?

	Very dissatisfied	Dissatisfied	Neutral	Satisfied	Very satisfied	Not sure
Coverage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Network of healthcare providers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Claim process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Overall experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

4. Did you use the health checkup benefit? (if applicable)

- Yes
- No

5. Did you encounter any claim issues?

- Yes
- No

6. Is there any specific benefit that you would like to have in the future?

7. Any additional comments?



# Choosing the right insurance has never been easier



## Easy & Human

You deserve unbiased advice. We answer all your questions, with outstanding care all-year long.



## Save Time & Money

We compare 100+ options from 25 trusted insurance providers. We always find the right plan for you.



## Great Experience

Insurance can be a great experience: caring, efficient & in your interest. Let us show you how!

## About Alea

Alea is reinventing the health & life insurance experience with **choice**, **unbiased advice**, **simplicity** and a commitment to wellbeing - **for individuals, families and groups**.

Every day, Alea helps people get peace of mind and know their options, by comparing 100+ insurance plans from 25 insurers with outstanding service and care.

Alea's mission is to help you take control of your health, so you can lead a better, longer life.

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