

# Case Study

## Group Income Protection (GIP) Benefit Flex Scheme Design

Sector: **Technology**

Employees: **3,000+**

### The facts

Our client delivers IT enabled business services which help organisations operate more efficiently and profitably.

GIP benefits (circa £1m per annum premium) were part of a flexible benefits offering. The scheme was insured on a Fully Integrated basis, whereby benefits are reduced in line with state benefits actually received. Fully integrated schemes are costed on a rate of salary, but flex options are costed on notional rates of benefit. This means that the flex element paid for by the employee bore no relationship to the actual charge made by the insurer. The client wished to ensure cost-neutrality in all eventualities.

Concerns over the existing benefit basis were not adequately addressed by the existing adviser, who instead put the client in direct contact with the insurer, meaning detailed and complex negotiations were being carried out without adviser involvement.

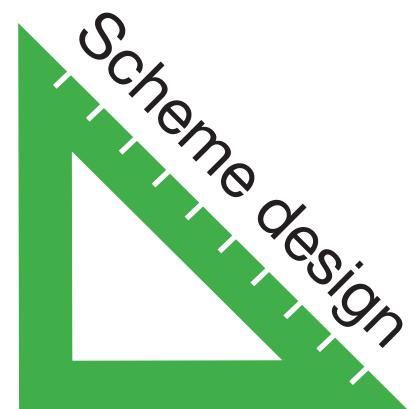
### The action

Johnson Fleming were appointed to conduct a review of the client's Group Income Protection scheme, although this was only commenced 3 weeks prior to the client's desired date for a decision.

Johnson Fleming conducted a full review, market test and provision of detailed recommendations in just a 2 week period.

### The outcome

- Negotiated an option for the client to stay on their existing benefit basis but move to an alternative provider and save approximately £40,000 premium per annum
- Negotiated an option for the client to retain their existing benefit basis, but change to a different method of costing which would ensure cost-neutrality.
- Negotiated an alternative option to move away from a Fully Integrated basis, achieving cost-neutrality in a simple manner.



## Johnson Fleming

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