



TPC Newsletter

Global Legislative Developments

This document summarises recent legislative developments and trends related to employee benefits and highlights recently passed and pending legislation that may require employers to take action to comply with new rules. This document should not be seen as exhaustive and any action should be taken in conjunction with your Global Benefit Consultant.

About TPC Employee Benefits

Headquartered in Hamburg, we have operations nationwide as a leading provider of specialised consultancy services on all relevant pensions and benefits topics for Germany. For multinational organisations TPC offers the management of their most complex global benefits requirements.

TPC is a Partner of the International Benefits Network (IBN), a strategic global alliance of like-minded local consultants and intermediaries. We engage with our local partners to provide first hand benefit insight from the countries you may be interested in. To ensure you are prepared and your benefits are fit for purpose; we liaise with our partners to provide you with news, developments and legislative updates.

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Our company's portfolio of services offers all-round, all-inclusive support. It extends from professional consultancy and customer-specific planning to pragmatic implementation and documentation – all from a single source backed by 60 years of experience.

Countries covered in this Issue:

- **Americas:** Argentina, Colombia and the United States
- **Asia Pacific:** Australia, Japan, and Republic of Korea
- **Europe:** Ireland, Germany, Slovenia and the United Kingdom
- **Middle East:** Bahrain and United Arab Emirates

Recent developments summary

Argentina	With permission, large employers can self-insure workers' compensation risks.
Australia	The Australian Financial Complaints Authority "AFCA" is replacing the current Disputes Resolution Ombudsman as at 1 st November 2018.
Bahrain	In June 2018, the King of Bahrain ratified the National Health Insurance Law which is due to become operative in early 2019.
Colombia	The System of Attention to Financial Consumers (SAC) must be implemented by all entities supervised by the Financial Superintendency of Colombia (SFC).
Germany	New approaches to Heubeck's guideline tables.
Ireland	The Irish government has produced a 'roadmap' for Pension Reform for 2018-2023. It proposes a reform of the entire pension system.
Japan	In an effort to facilitate work style reforms, several legislations have passed and will be effective as early as 1 st April 2019.
Republic of Korea	Recently announced changes to private sector employees' statutory public holiday leave entitlements are scheduled for a three-stage roll-out commencing 1 st January 2020.
Slovenia	Employer contributions are being reduced for prescribed older employees in 2018.
United Arab Emirates	The Dubai Health Authority (DHA) has made it compulsory for all insurers as of 1 st October 2018 to use a mandated standardised content of health insurance claims records produced by insurance companies.
United Kingdom	The increase rate in the consumer price index (CPI) has been confirmed as 2.4% for September 2018.
United States	Mental Health Parity and Addiction Equity Act (MHPAEA) enforcement and IRS-SSA-CMS data match employer reporting requirement suspended.

Americas

Argentina



Self-Insured Workers Compensation Risks

With permission, large employers can self-insure workers' compensation risks. The minimum reference salary on which workers' compensation benefits are based has increased - from ARS 2,664.52 per month (March 2018) up to ARS 2,816.14 per month (June 2018).

Over the next couple of years two rolling amendments will come into effect. They consist of a gradual elimination of the SIPA (Sistema Integrado Provisional Argentino) pensionable salary threshold (ARS 91,523.41 per month since 1st June 2018), and the equalisation of employer contributions at 19.5% in 2022 for most employee benefits (contributions will total 18% or 20.4% of total pensionable salaries, dependent upon annual sales volume, in 2018).

Colombia



Insurance Financial Consumer Protection

The System of Attention to Financial Consumers (SAC) must be implemented by all entities supervised by the Financial Superintendency of Colombia (SFC), among them, the insurance companies. There is potential that financial consumers may submit claims relating to their insurance policies.

There are several mechanisms established by law for the protection of the rights of insurance financial consumers. These mechanisms provide information for purchasing insurance or for filing claims before insurers. However, many of the existing mechanisms are not known. Therefore, it is important to make them known and to explain their characteristics.

The main objectives are:

- Adopt mechanisms to provide adequate information to financial consumers
- Strengthen the procedures for the attention of complaints, petitions and claims of financial consumers

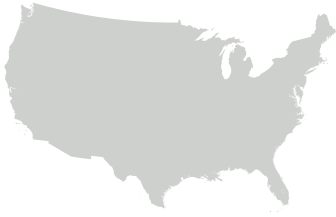
Due to the above, insurers must provide understandable, certain, sufficient and timely information regarding:

- The characteristics of the insurance; the rights of financial consumers; their obligations as insurers; insurance premiums or deductibles; the consequences derived from the breach of the insurance contract and the legal and contractual mechanisms for the defence of financial consumers.

Insurance financial consumers may submit complaints they have in relation to insurance contracted, in the following entities:

- The insurance company
- The Financial Consumer Advocate
- The Financial Superintendency of Colombia

United States



IRS-SSA-CMS Data Match Employer Reporting Requirement Suspended

The Centers for Medicare & Medicaid Services (CMS) has suspended the IRS-SSA-CMS Data Match employer reporting requirement. The data match program was designed to help CMS identify Medicare-eligible individuals who also had access to employer-sponsored benefits. The CMS data match reporting website has been shut down, and CMS will no longer send letters to employers requesting employee and participant data.

Mental Health Parity and Addiction Equity Act (MHPAEA) Enforcement

The Department of Labor (DOL), through the Employee Benefits Security Administration (EBSA), enforces the MHPAEA's requirements for private-sector employer plans. MHPAEA enforcement has been one of the DOL's top enforcement priorities for the last several years. When EBSA identifies MHPAEA violations in a specific group health plan, it asks the plan to make necessary changes to any noncompliant plan provision and to re-adjudicate any improperly denied benefit claims. Because many MHPAEA violations involve Non-Quantitative Treatment Limitations (NQTLs), employers should carefully review their coverage of MH/SUD benefits to confirm that any NQTLs satisfy parity requirements. NQTLs are often not readily apparent in plan materials so it may be necessary to present specific NQTL-related questions to insurers.

Asia Pacific

Australia



AFCA Replaces Ombudsman

The Australian Financial Complaints Authority “AFCA” is replacing the current Disputes Resolution Ombudsman as at 1st November 2018.

AFCA introduces higher monetary limits and compensation caps for general insurance broker disputes. For disputes lodged on or after 1st November 2018, AFCA will be able to award compensation up to AUD 250,000—an increase from the current FOS limit of AUD 170,000. The key message to note, as with all cases before they reach FOS, is to attempt and resolve all complaints (where possible) before they may escalate to AFCA.

Japan



Overtime Reforms

In an effort to facilitate work style reforms, several pieces of legislation have passed and will be effective as early as 1st April 2019, which include the following:

Tighter regulation on the cap of overtime work hours (45 hours per month, 360 hours per annum in principle. Some exceptions apply. For the employers who do not comply, a maximum of 6 months imprisonment or a fine of JPY 300,000 may be imposed.) The effective date for small to mid-size companies is delayed to 1st April 2020

Maximum period of settlement for flex time to be raised to 3 months

Same labour, same wages (prohibit unreasonable difference in treatment between regular and non-regular workers)

Overtime pay rate to be more than 50% for overtime beyond 60 hours per month for small to mid-size employers as well (currently at 25% for small to mid-sized employers)

Introduction of a new “highly professional” work system, under which overtime regulations can be lifted on people engaged in certain jobs requiring specialised skills, such as financial dealers or people in research and development, who earn JPY 10.75 million or more per annum.

Republic of Korea



Changes to private sector employees' statutory public holiday leave entitlements

Recently announced changes to private sector employees' statutory public holiday leave entitlements are scheduled for a three-stage roll-out commencing 1st January 2020. The largest private sector employers will be first, followed one year later for employers of between 30 and 300 employees. From 2022, employers with at least 5 employees will also need to offer the paid provision.

Paid statutory annual leave is provided on a voluntary basis where there are less than 5 employees. New minimum paid leave requirements came into force for all other employers at 29th May 2018. Employees are entitled to periods of leave ranging from 11 days to a maximum of 25 days per year, dependent upon years of service.

Europe

Germany



New approaches to Heubeck's guideline tables

Since the 1950s Heubeck GmbH (Actuarial Firm) issues generally accepted mortality calculation guidelines in Germany. These calculation principles are to be applied in the calculation of direct pension provisions as shown on a company's balance sheet.

In July 2018, Heubeck updated the 2005 mortality tables in order to update the biometric calculation basis for all companies with direct pension obligations. For the first time, socio-economic trends of mortality were also taken into account. But now an update of the new tables is already necessary.

As Heubeck GmbH announced in September, it has discovered inconsistencies in the data used for the new RT 2018 G in internal evaluations. These flaws lead to an overestimation of the trend towards an increase of estimated life expectancy. As a result, the pension provisions calculated on the basis of RT 2018 G are higher overall than if the overall mortality trend shows.

Ireland



Pensions Reform

The Irish government has released a 'roadmap' for Pension Reform over the years 2018-2023. The roadmap proposes a comprehensive reform of the entire pension system and details specific measures presented within six strands to modernise the Irish pension system.

Strand 1: Reform of the State Pension – including the 'Total Contributions Approach'

Strand 2: Building Retirement Readiness – A New Automatic Enrolment Savings System

Strand 3: Improving Governance and Regulation – including the EU Pensions Directive 'IORP II'

Strand 4: Measures to Support the Operation of Defined Benefit Schemes

Strand 5: Public Service Pensions Reform

Strand 6: Supporting Fuller Working Lives

The State pension system is going to be reformed to ensure a more equitable basis for calculations of contributory pensions. This allows clarity regarding the age when State pensions can be drawn and will provide confidence regarding pension value in the long term. The reforms will also ensure fair outcomes for men and women in the context of changing work patterns.

Slovenia



Pensionable Salary Changes

The minimum pensionable salary for contributions to pension and disability insurance, sickness and medical benefits, and workers' compensation, is equal to a percentage of the national average salary. The figure is currently 54% and is increasing at a rate of 2% annually until 2021. From March 2018, the minimum pensionable salary is EUR 878.55 per month. Employer contributions are being reduced for prescribed older employees in 2018. For employees aged 60 years or over, the contribution reduction is 30%. Where employees have amassed 40 years of qualifying insurance, a 50% reduction is applied for men aged 60 or over and for women aged over 59 years and 8 months.

United Kingdom



Increase in CPI confirmed as 2.4%

The increase rate in the consumer price index (CPI) has been confirmed as 2.4% for September 2018.

September's CPI has a number of impacts for pensions including the following:

Private Sector – Pensions in payment

Defined benefits which were accrued from 6th April 1997

Post 88 GMPs

Private Sector – deferred revaluation orders for 2019

Public Sector (or schemes which use the same increase measures)

Pension Increase Orders for non-active members

Increases in CARE benefits for active members

Annual Allowance – the uplift to the opening value for DB and CARE benefits in 2019/20

Lifetime Allowance – expected to increase to £1,054,800 for 2019/20

State Pension increase in April 2019

Notional Earnings Cap for 2019/20

Whilst it is normally a formality, confirmation of the increase to be applied to a number of the points listed above is required by legislation. Unfortunately, the legislation may not be published for a number of months (often as late as the following March).

For benefits still governed by increases in the Retail Prices Index (RPI), the rate for September is 3.3%.

Middle East

Bahrain



New Healthcare Law

In June 2018, the King of Bahrain ratified the National Health Insurance Law which is due to become operative in early 2019.

The National Health Insurance Law requires all citizens, residents and visitors to the country from January 2019 to have health insurance coverage. The Government of the Kingdom of Bahrain will pay subscriptions for all Bahraini citizens. Foreign employees will need to be enrolled for insurance.

United Arab Emirates



Compulsory health insurance claims records

The Dubai Health Authority (DHA) has made it compulsory for all insurers as of 1st October 2018 to use a mandated standardised content of health insurance claims records produced by insurance companies.

The DHA has made void any approval that it has granted in the past to insurers exempting them to release loss ratio reports.

Once all existing policies of these types are expired/ renewed the insurer is required to produce loss reports in line with the standardised format.

The report is mandatory for groups of 10 and above.

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