Online ISSN : 3049-3455

Mineral Metal Energy Oil Gas and Aggregate

Contents available at: www.informaticsjournals.co.in/index.php/2MEOGA

Excerpted Report:

To Retain Itself or to Outsource the Employee Medical and Accident Insurance for the MOGI, SAMOG, and MOGA Category Companies. Sector-based Analysis shows that the Majors and Juniors are Adopting Multiple Models

Jayanta Bhattacharya

Former Professor, Department of Mining Engineering, Indian Institute of Kharagpur, Kharagpur - 721302, West Bengal, India; jayantaism@gmail.com

Abstract

Senior, junior, and mid-sized Mineral Oil Gas Integrated (MOGI), Stand Alone Mining Oil Gas (SAMOG) and Mineral Oil Gas and Aggregate (MOGA) category companies across major resource economies—including Saudi Arabia, the USA, Canada, Australia, and South Africa—are increasingly investing in employee and family health and accident insurance as part of comprehensive benefits strategies, yielding both social and fiscal returns. These companies, including examples like Gold Springs Resource Corp. (USA), KWG Resources (Canada), Walkabout Resources (Australia), and Theta Gold Mines (South Africa), typically allocate between 1.5% to 3.5% of their annual payroll toward health-related benefits. For instance, a junior mining company with a $30 million payroll may spend $900,000 annually on insurance, which, due to tax regulations, can result in significant corporate tax savings. In Canada, where the combined corporate tax rate is approximately 26.5%, this translates to a tax saving of around CAD 238,500. Similarly, in the United States, with a federal rate of 21%, a $1 million expenditure can reduce taxable income and save $210,000 in taxes. Saudi Arabian firms not only comply with mandatory health coverage for employees and dependents under labor law but also gain deductions from the 20% corporate tax or zakat base, depending on ownership structure. In Australia, expenditures on medical insurance are deductible, though sometimes subject to fringe benefits tax unless exempted, while in South Africa, contributions to medical aid schemes are deductible and supported by national health incentives. This strategic investment in health benefits also lowers turnover, reduces absenteeism, and improves operational productivity, indirectly saving companies an additional 5% to 10% of labor replacement and training costs annually. With growing emphasis on mental health, flexible work support, and family well-being, these benefit programs are becoming not only compliance tools but also competitive levers in talent retention and ESG positioning.

Keywords: *Employee Benefits, Insurance, Oil, Gas, Mineral, Planning, On-site Services*

1.0 How Big and Widespread is the Cover to the Employees

Determining the exact percentage of employees in the Mining, Oil, Gas, and Aggregates (MOGA) sector in India who are covered under medical and accident insurance is challenging due to limited sector-specific data. However, insights can be drawn from available information on employee benefits in India.

2.0 Health Insurance Coverage in India

In India, the **Employees' State Insurance (ESI) Act, 1948**, mandates that companies with a certain number of employees provide health insurance coverage. Additionally, in response to the COVID-19 pandemic, the Ministry of Home Affairs issued an order in April 2020 making it mandatory for all private sector employers to provide health insurance coverage to their employees. Despite these mandates, the actual implementation and coverage can vary, especially in sectors with a significant informal workforce. In the MOGA sector, while large public sector undertakings and multinational corporations often provide comprehensive health and accident insurance to their employees, smaller firms and contractors may not consistently offer such benefits.[1-2]

2.1 Accident Insurance Coverage

Group personal accident insurance is a common benefit provided by employers in India. According to industry reports, over 80% of employers offer a fully funded group personal accident policy to their employees.

Summary

- **Health Insurance**: Mandated by law for many employers, but actual coverage in the sector varies, especially among smaller firms.
- **Accident Insurance**: Widely provided, with over 80% of employers offering group personal accident policies.

A guess-estimate all over the world in terms of major, senior, and junior companies.

Here's a guess-estimate of medical and accident insurance coverage for employees across the global MOGA (Mining, Oil, Gas, and Aggregates) sector, segmented by company scale:[2-5]

Global Estimate of Insurance Coverage in MOGA Sector

Breakdown by Sector

Regional Variation

Key Observations

1. **Accident insurance is more common** than health insurance across the board due to regulatory pressure and high-risk profiles.
2. **Contract and gig workers** often remain uncovered or are offered tokenistic coverage.
3. **Family coverage is rare** in small and junior firms unless mandated by unions or government schemes.
4. **In developing nations**, enforcement is weaker, and companies often only comply after an incident occurs or due to CSR pressure.

Straight Ahead

Should such large companies manage their health and accident insurance funds or should they outsource the fund to a large insurance firm? What is the trend?

Large companies increasingly outsource their health and accident insurance funds to large insurance firms, with the trend leaning towards outsourcing due to the benefits of access to expertise, technology, and cost-effectiveness. While internal management is an option, outsourcing allows companies to focus on core business activities, potentially lowering administrative costs, and leveraging the insurance firm's specialized infrastructure and expertise.[3-6]

Whether large companies—especially in sectors like oil, gas, and mining—should manage their own health and accident insurance funds or outsource them to insurers depends on several operational, financial, and regulatory factors. Let us see a detailed breakdown of the options, trends, and strategic considerations:

Company Type	Health Insurance Coverage	Accident Insurance Coverage	Notes
Major Companies (Multinationals, Fortune 500, PSUs)	**95–100%**	**98–100%**	Strong HR compliance, often offer international-standard group insurance for employees and families
Senior Companies (Regional leaders, mid-cap firms)	**70–85%**	**80–90%**	Varies by country; safety norms often met, but family coverage may be limited
Junior Companies (Local miners, small private firms, contractors)	**20–50%**	**30–60%**	Highly variable; coverage often informal or only for on-roll staff, with many contract workers left out

Sector	Health Coverage	Accident Coverage	Notes
Oil & Gas (e.g., Shell, Exxon, ONGC)	High (95%+)	Very High (98%+)	Due to extreme risk profile, coverage is usually comprehensive and mandated
Mining (e.g., Rio Tinto, Vale, CIL)	Medium–High (80–90%)	Very High (95%+)	Varies by geography; junior miners may neglect coverage
Aggregates (e.g., local stone quarrying)	Low–Medium (30–60%)	Medium (50–70%)	Many informal or seasonal workers; weak enforcement in developing countries

Region	Large Firms	Medium Firms	Small Firms
North America	98–100%	85–95%	50–70%
Europe	100% (mandatory)	90–100%	60–80%
Middle East	90–100%	70–85%	30–50%
Asia (e.g., India, Indonesia)	85–100% (PSUs)	60–80%	20–50%
Africa	70–90% (multinationals)	40–60%	10–30%
South America	80–95%	60–75%	30–50%

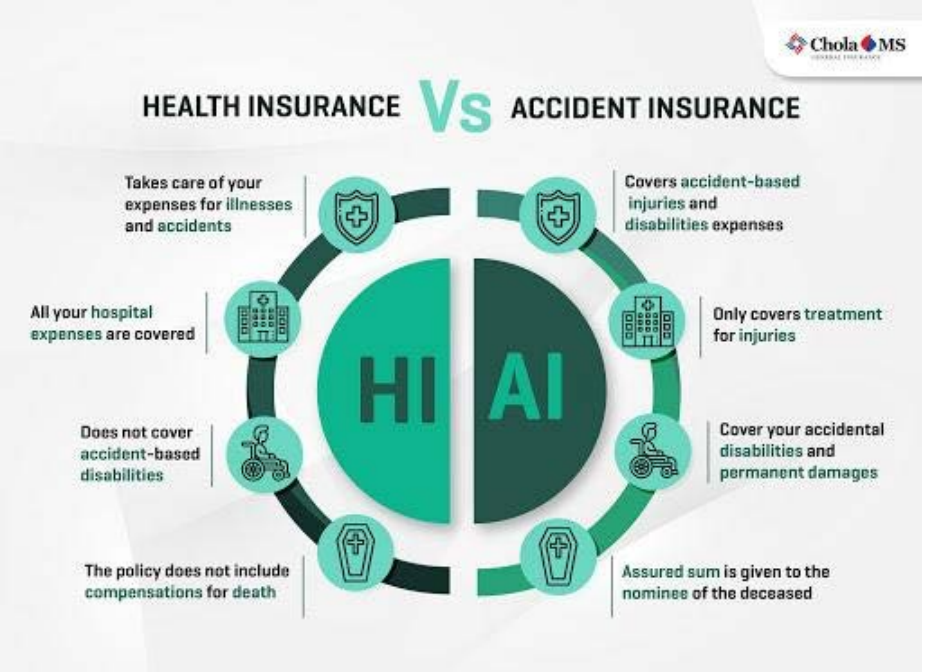


Figure. Difference between Health Insurance and Accident Insurance.

Option 1: Self-Managed (Self-Insurance)

Several of the world's largest oil and gas companies, including **Saudi Aramco, ExxonMobil, Chevron, Shell, TotalEnergies, BP, Petronas, ADNOC**, and **QatarEnergy**, manage their own **health and accident insurance funds** using self-insurance or hybrid models. These companies often choose self-funding to better control costs, provide tailored coverage for high-risk and remote operations, and manage benefits globally across thousands of employees. For instance, **Aramco** operates a comprehensive in-house system, including its own clinics and hospitals, while **Chevron** and **ExxonMobil** use self-funded health plans with third-party administrators and reinsurance to cap catastrophic risk. **Shell** and **BP** use a hybrid approach, blending self-insurance in core regions with localized outsourcing to meet country-specific compliance.

Table. Major Oil & Gas Companies That Manage Their Own Health and Accident Insurance Funds

Company	Type of Insurance Management	Notable Features
Saudi Aramco	Self-insured with in-house administration + reinsurance	Manages a comprehensive benefits system including medical centers and direct care.
ExxonMobil	Self-insured with third-party administration	Uses large internal HR/benefits teams with global TPAs; offers tiered global benefits.
Chevron	Self-funded health plans + captive insurance	Operates its own medical clinics; integrates occupational health and wellness.
Shell	Hybrid model: self-insured core + external networks	Uses self-funded plans in the U.S. and global risk pooling via reinsurers.
TotalEnergies	Self-insurance in major markets + localized outsourcing	Benefits vary by region; core risk covered in-house in high-employee density areas.
BP (British Petroleum)	Hybrid: self-insured plans + international carriers	Balances in-house cost control with local regulatory compliance.
Petronas	Self-insured (partially) via internal benefit funds	Particularly in Malaysia; uses TPAs for complex claims and global coverage.
ADNOC	Internal fund with Emirates-level coverage	Uses Abu Dhabi health regulations to manage its own fund with layered external support.
QatarEnergy	Self-funded benefits system + regional TPAs	Offers extensive family and expat health services directly.

Petronas, **ADNOC**, and **QatarEnergy** similarly operate internal health benefit funds supported by regional third-party administrators. These models not only ensure more responsive care for employees and families but also offer tax benefits and cost predictability, particularly in volatile and labor-intensive environments.[5-8]

Several large mining companies manage their own health and accident insurance funds, particularly because of the inherent operational risks, remote work locations, and the need for consistent, responsive care in environments where public healthcare access is limited. These companies often serve large workforces spread across multiple jurisdictions and harsh conditions, making self-insurance or captive insurance models both cost-effective and strategically advantageous.

3.0 Large Mining Companies Managing Their Own Health and Accident Insurance Funds

1. **BHP (Australia):** Operates a **self-insured model** in core jurisdictions like Australia and Chile, complemented by occupational health programs and wellness centers. BHP manages benefits internally to maintain control over high-incident areas such as mining accidents, fatigue, and respiratory risks.
2. **Rio Tinto (UK/Australia):** Uses a **hybrid model**—self-insurance in major operations and trusted third-party administrators elsewhere. It manages health benefits for over 50,000 employees, often integrating health surveillance and mental health support as part of its ESG and sustainability goals.
3. **Vale (Brazil):** Partially self-insured in Brazil, where it also operates its own medical facilities near key mine sites. Following the Brumadinho disaster, Vale increased investment in worker safety and in-house medical capacity to build public trust and reduce risk.
4. **Anglo American (UK/South Africa):** Runs **internal health units** across Africa and Latin America, including company-sponsored clinics and HIV/AIDS programs. The company integrates health management with its community outreach efforts and mining safety protocols.
5. **Glencore (Switzerland):** Uses captive insurance in multiple jurisdictions and integrates occupational health with its risk management strategy. In high-risk locations like the DRC, Glencore supports in-house or local clinics to ensure emergency care access.[7-8]

Why These Companies Do It

a. **Remote Locations**: Mines often operate in areas far from public hospitals or emergency services.

b. **High Occupational Risk**: Exposure to injury, dust, chemicals, and fatigue demands specialized, rapid-response care.
c. **Cost Management**: Large-scale operations can avoid insurer margins and reduce long-term costs by managing predictable claims in-house.
d. **Workforce Retention & Reputation**: Comprehensive benefits enhance retention and bolster ESG credentials with investors and regulators.
e. **Regulatory Control**: In countries with strict labor or health laws, internal management ensures compliance and reduces liability.

Advantages

1. **Cost Savings**: Avoid paying insurer profit margins and administrative fees. Companies with large employee bases (e.g., 10,000+ workers) can see savings of **10–25%** over traditional premiums.
2. **Custom Benefit Design**: Tailor benefits specifically to workforce needs (e.g., miners in remote areas, high-risk coverage).
3. **Data Ownership**: Full control over claims data enables better forecasting and wellness initiatives.

Challenges

1. **Financial Risk**: Must absorb high-cost claims or volatility without reinsurance.
2. **Regulatory Complexity**: Varies by country—some mandate licensed insurers, especially for accident/disability.
3. **Administration Burden**: Requires setting up a captive insurer or in-house benefits management unit.

Enumerated

Apart from tax advantages, running in-house medical and accident benefit programs—especially through self-insurance or captive insurance—can offer several additional financial benefits to companies, particularly in high-risk sectors like mining and oil & gas. Here's a breakdown of the main financial gains:

Key Financial Benefits of Self-Managed Health & Accident Programs

1. Lower Insurance Premiums (Over Time)
- Avoids paying insurer profit margins and broker fees.
- Reduces dependency on market-driven premium hikes.
- Savings become significant with large, predictable claim volumes.

2. Improved Cash Flow Management
- Companies only pay for actual claims rather than fixed premiums.
- Funds not used for claims can be invested or held in reserve, increasing liquidity.

3. Risk Pooling and Retention
- Enables use of captive insurance structures, which retain profits and allow risk transfer across company subsidiaries.
- Can optimize global risk portfolios, especially for multinational operations.

4. Better Cost Predictability
- Access to internal claims data allows better forecasting and budgeting.
- Reduces the shock of unexpected premium increases from external insurers.

5. Claims Control and Fraud Reduction
- Direct claims oversight reduces overbilling, delays, and fraudulent claims.
- Internal adjudication helps avoid inflated provider charges.

6. Negotiation Power with Providers
- Companies can directly negotiate rates with hospitals, pharmacies, and wellness providers.
- Builds preferred provider networks to improve care quality and reduce costs.

7. Operational Efficiency and Productivity
- Faster treatment and return-to-work reduces **downtime and productivity losses**.
- Reduced workplace injuries and better managed chronic conditions lower overall benefit liabilities.

8. Surplus Retention
- In good claim years, unspent funds stay with the company—not with insurers.
- These surpluses can fund wellness programs, infrastructure, or ESG reporting.

9. Customized Plan Design
- Avoids costs of unnecessary coverage and tailors plans to workforce needs.
- Prevents over-insurance and optimizes spending on essential services (e.g., mental health in high-stress sectors).

In essence, self-administering medical and accident benefits can turn a cost center into a strategic asset, especially for large firms with stable or predictable risk profiles. However, these benefits must be weighed against administrative burden and regulatory compliance.

Here is a comparative table highlighting the financial benefits of self-managed (in-house) vs outsourced medical and accident benefit systems, including a real-world case example from BHP, a major mining company:

Case Examples

Aramco

Aramco offers a comprehensive benefits package, including a self-managed health and accident program. This program is designed to provide employees with access to quality healthcare and financial protection in case of accidents or illness.

Aramco's health and accident benefits

- **Health Insurance:** Aramco provides health insurance coverage for employees, covering a range of medical expenses.
- **Accidental Death & Dismemberment (AD&D) Coverage:** Employees can enroll in a voluntary program that provides term life insurance and AD&D coverage, offering financial protection in case of accidental death or dismemberment.
- **Short-Term Disability:** If an employee is unable to work due to illness or injury, they can receive short-term disability income benefits.
- **Death Benefit:** Aramco provides an ex-gratia death benefit to the families of deceased employees, with the amount varying depending on whether the death was related to an industrial accident.

BHP (Australia)

BHP provides self-insured health and accident benefit programs, meaning the company directly pays for employee healthcare and injury claims, rather than relying on insurance companies. For workplace injuries, BHP uses EML (EML: EML the injury management partner for employers and government agencies in Australia. For over 100 years they have been working on claims expertise and personalised support in helping injured workers return to work.) as their insurance provider. Employees can make claims by calling EML's dedicated line or downloading the appropriate claim form for their state.[9]

Model: Self-insured health and accident benefit programs with reinsurance in high-risk sites.

Scenario: In Western Australia, BHP operates remote mines where traditional health access is limited. By managing its own medical benefits:

1. BHP negotiated preferred provider rates with regional clinics.
2. Achieved 15–20% cost savings over market premiums in 3 years.
3. Reduced injury-related downtime by 12% by integrating care and return-to-work teams.
4. Retained unused claims funds in a captive reserve, later reinvested in mental health and family wellness programs.

Comparative Table: Self-Managed vs Outsourced Health & Accident Benefits

Aspect	Self-Managed (In-House)	Outsourced (Insurer/TPA Managed)
Premium Cost	Lower (no insurer profit margin)	Higher (includes insurer margin + broker fees)
Cash Flow Control	Claims paid as incurred; surplus retained	Fixed premiums regardless of actual claims
Customization	Highly customizable to workforce and location-specific needs	Standardized packages; limited flexibility
Claims Control	High transparency; ability to reduce fraud and negotiate rates	Limited control; dependent on third-party decisions
Risk Retention	Company bears the risk (can be reinsured)	Risk transferred to insurer
Administrative Burden	High – requires internal HR/benefits/risk team	Low – insurer/TPA handles most admin work
Tax Deductibility	Generally tax-deductible (subject to jurisdiction)	Also tax-deductible in most regions
Return-to-Work Efficiency	Faster due to company-managed treatment pathways	Slower due to layered communication
Surplus Reinvestment	Possible – can fund wellness or reserve buffers	No surplus return; funds retained by insurer

"The financial and operational return of managing our own health coverage outweighed the burden. It lets us be proactive, not reactive." — BHP Health & Safety Officer

Features of Self-Insured Programs

- **Financial Risk:** In a self-insured plan, BHP bears the financial responsibility for covering healthcare and accident benefits for its employees.
- **Third-Party Administrator:** Self-funded plans often utilize a third-party administrator (TPA) to handle administrative tasks like claims processing, network management, and regulatory compliance.
- **HRA (Health Reimbursement Arrangement):** In some self-insured plans, employers may offer Health Reimbursement Arrangements (HRAs), where they provide a tax-free allowance to employees for their health insurance premiums and eligible out-of-pocket medical expenses.
- **Focus on Recovery:** BHP emphasizes employee recovery and well-being through its case management services, according to EML.

Who does this?

1. Aramco, BHP, and Rio Tinto often use a hybrid model—self-insuring up to a cap, then using reinsurance or insurers for catastrophic coverage.
2. Companies with 5,000+ employees and global operations are more likely to have in-house captive insurance units.

Option 2: Outsourced to Insurance Providers

Many mining, oil, and gas companies—especially mid-sized, urban-based, or junior exploration firms—outsource their employee health and accident insurance to large third-party providers such as Aetna, Cigna, Bupa, or Discovery Health. This outsourcing approach offers predictable costs, global coverage, reduced administrative overhead, and access to wellness and mental health services that might be difficult to manage internally. For example, Chevron uses Aetna and Cigna to cover its international workforce, while Anglo American partners with Discovery Health in South Africa to manage its employee wellness and insurance needs. Junior firms like Gold Springs Resource Corp. typically rely entirely on outsourced insurance providers due to limited internal capacity. Similarly, companies like Equinor and Teck Resources use a mix of domestic and international insurers to serve both local and expat employees. These partnerships allow firms to mitigate liability risks and ensure scalable healthcare access without the cost and complexity of running internal medical infrastructure.

Outsourcing health and accident insurance processes to insurance providers involves delegating tasks like claims processing, policy administration, and customer service to specialized third-party companies. This strategy helps insurance companies reduce costs, improve efficiency, and access specialized expertise in these areas.

Many mining, oil, and gas companies outsource their health and accident insurance to third-party insurance providers to reduce administrative burdens, gain global network access, and manage risk in a financially predictable way. This is especially common among mid-sized firms, urban-based operations, and junior exploration companies.[9]

Below is an overview with real-world examples:

4.0 Outsourcing Health & Accident Insurance: Common in Mining, Oil & Gas

Why They Outsource

1. **Predictable Premiums**: Simplifies budgeting.
2. **Global Coverage**: Employees working across countries are covered.
3. **Third-Party Risk Management**: Liability shifted to insurer.
4. **No Infrastructure Burden**: Especially critical for non-remote or small companies.
5. **Access to Wellness & Mental Health Programs**: Provided by top insurers as value-adds.

Examples of Companies Outsourcing Insurance Services

What These Insurers Typically Offer

1. Hospitalization & outpatient treatment
2. Emergency evacuation (for remote workers)
3. Long-term disability coverage
4. Accidental death & dismemberment (AD&D)
5. Preventive care & wellness programs
6. Telemedicine & mental health support

Trends & Best Practices

- Most **junior and mid-cap firms** outsource completely.

- **Multinationals** often use **a hybrid approach**—e.g., clinics on-site but insurance for everything else.
- Providers like **Bupa**, **Cigna**, **Aetna**, and **Discovery Health** dominate the global oil, gas, and mining sectors.

Key aspects of outsourcing health and accident insurance

1. **Claims Processing:** Outsourcing can handle the entire claims process, from initial filing to final settlement, ensuring accurate and timely reimbursements.
2. **Policy Administration:** Managing policy documents, renewals, and other administrative tasks can be outsourced to streamline operations.
3. **Customer Service:** Handling inquiries, providing policy information, and assisting with claims-related issues can be outsourced to enhance customer experience.
4. **Cost Reduction:** Outsourcing can lower operational costs by leveraging economies of scale and specialized expertise, reducing overhead expenses for insurance companies.
5. **Efficiency Gains:** Streamlined processes and dedicated teams can lead to faster claim processing, improved policy administration, and enhanced customer service.
6. **Access to Expertise:** Outsourcing allows insurance companies to access specialized knowledge and technology in areas like data analytics, risk assessment, and regulatory compliance.

Advantages

1. **Risk Transfer**: Predictable budgeting and limited liability in major medical/accident claims.
2. **Expertise & Compliance**: Insurers manage claims, policy compliance, and provider networks—especially helpful across multiple jurisdictions.
3. **Employee Perception**: Trusted insurer brand improves confidence and participation.

Challenges

1. **Less Flexibility**: May have to accept standard packages not suited for mining/remote workforce needs.
2. **Higher Cost**: Includes administrative fees, profit margin, and possibly less transparency.

Trend

- Most **junior and mid-tier companies** (under 2,000 employees) **outsource** fully to local or international insurers.
- **Hybrid outsourcing** (e.g., third-party administration with self-insured pool) is growing among companies with 2,000–10,000 employees.

Global Trend

Sumamry

- **Large companies benefit** from managing health funds partially or fully to save costs and gain

Company	Sector	Insurance Provider(s)	Details
Chevron	Oil & Gas	Aetna, Cigna	Uses U.S. and international health insurance plans for global staff.
Anglo American	Mining	Discovery Health, Momentum (South Africa)	Outsources employee medical aid and wellness programs.
Teck Resources	Mining	Manulife, Sun Life Financial	Offers extended health, accident, and disability coverage in Canada.
Gold Springs Resource Corp.	Junior Gold Mining	Private U.S. insurer (undisclosed)	As a small firm, outsources all health and accident coverage.
Kosmos Energy	Mid-size Oil & Gas	UnitedHealthcare, Global Benefits Group	Provides expat and local employee coverage across Africa and the U.S.
OceanaGold	Mining	Bupa Global	Offers insurance for employees in the Philippines, New Zealand, and U.S.
Equinor (formerly Statoil)	Oil & Gas	Gjensidige (Norway), Allianz	Uses third-party insurers for both domestic and overseas coverage.
Canadian Natural Resources	Oil & Gas	Canada Life	Group life, accident, and health benefits are outsourced.

flexibility—but they must have strong HR and actuarial infrastructure.

- **Smaller firms** typically outsource due to cost predictability and lower risk appetite.
- **Hybrid models** (in-house funding + outsourced admin + reinsurance) are becoming the global standard for firms balancing cost, control, and compliance.

An item-wise breakup of the cost of such services by various service providers?

While specific itemized cost breakdowns for health and accident insurance services tailored to mining, oil, and gas companies are typically proprietary and vary based on numerous factors—including company size, geographic location, risk exposure, and the chosen insurance provider—it's possible to outline a general structure of potential cost components. Please note that the following figures are illustrative estimates and actual costs can differ significantly.[8-10]



Figure. Outsourcing health and accident insurance.

Illustrative Itemized Cost Breakdown for Outsourced Health & Accident Insurance

Total Estimated Annual Cost per Employee: $2,400 – $5,500

5.0 Influencing Cost Variations

a. **Geographic Location**: Operating in high-risk or remote areas can increase premiums due to limited access to medical facilities and higher evacuation costs.
b. **Workforce Demographics**: An older workforce or one with pre-existing health conditions may lead to higher insurance costs.
c. **Coverage Scope**: Comprehensive plans covering a wide range of services will naturally be more expensive than basic coverage.
d. **Claims History**: Companies with a history of frequent or high-cost claims may face higher premiums.
e. **Policy Customization**: Tailored plans to meet specific operational needs can affect pricing.

Cost Component	Estimated Cost Range (USD per Employee per Year)	Notes
Basic Health Insurance Premium	$1,500 – $3,000	Covers general medical expenses, hospitalization, and outpatient services.
Accidental Death & Dismemberment (AD&D)	$100 – $300	Provides benefits in case of accidental death or severe injury.
Disability Insurance (Short & Long-Term)	$200 – $500	Income replacement for employees unable to work due to disability.
Emergency Evacuation & Repatriation	$150 – $400	Critical for remote operations; covers transport to medical facilities.
Wellness & Preventive Care Programs	$100 – $250	Includes health screenings, vaccinations, and wellness initiatives.
Mental Health & Telemedicine Services	$50 – $150	Access to counseling and remote medical consultations.
Administrative Fees & Broker Commissions	$100 – $300	Costs associated with policy administration and intermediary services.
Risk Pooling & Stop-Loss Coverage	$200 – $600	Protects against high claims; especially relevant for self-insured plans.

Company Tier	Typical Strategy	Example Companies
Mega-cap (>$50B)	Self-insured + Reinsurance (Captive)	Aramco, BHP, Rio Tinto, ExxonMobil
Large-cap ($10–50B)	Hybrid: Self-insured with admin outsourcing	ADNOC, QatarEnergy, Barrick Gold
Mid-cap ($2–10B)	Mostly outsourced with negotiated benefits	Lundin Mining, Santos, Cenovus
Junior (<$2B)	Fully outsourced to insurers	Gold Springs Resource Corp., Theta Gold

These estimates are generalized and can vary based on negotiations with insurance providers, the specific needs of the company, and regional healthcare costs. For precise figures, companies typically engage directly with insurance brokers or providers to obtain customized quotes based on their unique operational profiles.

Any difference between the public sector and the private sector

There are notable differences between public sector and private sector companies in how they approach health and accident insurance for employees, especially in the oil, gas, mining, and energy industries. These differences typically stem from their goals, funding models, regulatory environments, and employee base.

Comparison: Public vs. Private Sector Approaches to Health & Accident Insurance

6.0 Case Notes

- **Saudi Aramco**, though state-owned, runs world-class in-house medical services, including hospitals and insurance funds, but also contracts with providers for global staff.
- **ExxonMobil** and **Chevron**, as private multinationals, tend to **outsource** most of their insurance plans while using in-house teams to manage risk, compliance, and wellness.

Summary

- **Public sector firms** often provide **more generous, standardized benefits**, but face **bureaucratic constraints**.
- **Private firms** tend to pursue **cost-efficiency and flexibility**, sometimes **self-insuring** or partnering with global insurers for customized plans.

How do such benefits differ in different geographies?

Health and accident insurance benefits in the oil, gas, mining, and energy industries vary significantly across different geographies due to differences in healthcare

Cost Component	Estimated Cost Range (USD per Employee per Year)	Notes
Basic Health Insurance Premium	$1,500 – $3,000	Covers general medical expenses, hospitalization, and outpatient services.
Accidental Death & Dismemberment (AD&D)	$100 – $300	Provides benefits in case of accidental death or severe injury.
Disability Insurance (Short & Long-Term)	$200 – $500	Income replacement for employees unable to work due to disability.
Emergency Evacuation & Repatriation	$150 – $400	Critical for remote operations; covers transport to medical facilities.
Wellness & Preventive Care Programs	$100 – $250	Includes health screenings, vaccinations, and wellness initiatives.
Mental Health & Telemedicine Services	$50 – $150	Access to counseling and remote medical consultations.
Administrative Fees & Broker Commissions	$100 – $300	Costs associated with policy administration and intermediary services.
Risk Pooling & Stop-Loss Coverage	$200 – $600	Protects against high claims; especially relevant for self-insured plans.

infrastructure, legal requirements, cost levels, and employee expectations. In **Africa**, benefits tend to focus on basic health coverage, emergency evacuation, and accident protection, particularly in remote mining or oil fields where public health systems are weak; companies often partner with international insurers and may set up mobile clinics. In **Asia**, particularly in countries like India, Indonesia, and China, firms frequently supplement underdeveloped or uneven public healthcare systems with employer-provided insurance, often through outsourced providers, sometimes combining this with in-house medical facilities. In **North America**, where healthcare costs are high, companies provide comprehensive insurance packages including family coverage, dental, mental health, and disability benefits, often through private insurers or self-funded plans managed by third parties. In **South America**, particularly in resource-rich countries like Chile, Peru, and Brazil, laws mandate certain benefits, leading to widespread use of hybrid models that combine local insurance providers with company-run clinics. Meanwhile, in **Europe**, strong public healthcare systems reduce the employer's direct costs, but firms still offer supplemental insurance covering mental health, faster access, or private care options—especially for expats and mobile workers. Across all regions, company decisions are influenced by the risk profile of operations, remoteness of sites, regulatory obligations, and global competition for skilled labor.[6-8]

Health and accident insurance benefits for employees in the oil, gas, mining, and energy sectors vary significantly by geography due to local healthcare systems, regulations, labor laws, cost of medical care, and workforce expectations. Here's a region-by-region breakdown (Table).

Comparison of Health & Accident Insurance Benefits by Geography

In countries like **Chile, Argentina, Bahrain, and Russia**, companies in the oil, gas, and mining sectors structure their health and accident insurance benefits based on a mix of **local healthcare systems**, **regulatory requirements**, and the nature of their operations, particularly the remoteness and risk level of work sites.

Chile & Argentina

In **Chile**, mining is a major economic sector, and companies are legally required to provide comprehensive occupational health and accident coverage under the country's **mandatory work accident insurance system (Law 16.744)**. Firms like **Codelco** and **Antofagasta Minerals** go beyond minimum requirements by offering additional private health insurance, access to company-

Aspect	Public Sector Companies	Private Sector Companies
Funding & Budgeting	Funded by state or national budgets; often less flexible but more stable.	Funded by revenues; more flexible and responsive to cost-saving innovations.
Coverage Scope	Often mandated to provide comprehensive coverage (e.g., lifetime pensions, family health).	Typically tailored to attract talent and manage costs; varies widely.
Decision-making Speed	Slower due to bureaucracy and procurement rules.	Faster decision-making and vendor selection.
Risk Appetite	More conservative; less likely to self-insure.	May self-insure to manage risk internally and reduce costs.
Cost Per Employee	Often higher due to broader entitlements and job security.	Typically more optimized for cost efficiency.
Insurance Provider Choice	Often limited to government-approved insurers.	More flexibility to choose or switch insurers, including global providers.
Union/Employee Representation	Strong unions can dictate generous benefit structures.	Varies; some companies use benefits to offset fewer job protections.
Data Transparency	Publicly disclosed in government reports.	Often confidential or shared only with investors or internally.
Example – Public Sector	ONGC (India), Saudi Aramco (state-owned), PetroSA (South Africa)	
Example – Private Sector	Chevron, ExxonMobil, Rio Tinto, BHP	

run or partnered clinics, and mental health support. In **Argentina**, public healthcare is widely available, but large mining and energy firms (like **YPF** or **Barrick Gold Argentina**) often offer **private health insurance (prepagas)**, particularly for executives and skilled workers. Remote mining operations may include on-site medical staff and emergency evacuation services due to inadequate rural infrastructure.

Bahrain

In **Bahrain**, where the oil and gas sector is state-driven, companies like **BAPCO (Bahrain Petroleum Company)** follow the government's health insurance mandates and provide extended health benefits to employees and their families. The country has a strong public health system, but employers often provide **private insurance coverage** (via providers like Bupa or AXA) for quicker access, especially for expatriates. Benefits typically include family coverage, dental, optical, and wellness programs, aligned with standards in the Gulf Cooperation Council (GCC) region.

Brunei

In Brunei, the oil and gas sector—led by companies like Brunei Shell Petroleum (BSP)—provides highly comprehensive health and accident insurance benefits to employees, reflecting both the country's wealth from hydrocarbons and its strong focus on worker welfare. While Brunei offers universal healthcare for its citizens through government-funded public hospitals, major oil and gas employers supplement this with private insurance plans, especially for expatriate and senior staff. These benefits typically include full inpatient and outpatient coverage, emergency medical evacuation, mental health services, and on-site health facilities at offshore or remote work locations. Expatriates are often covered through global insurance providers such as Bupa or Cigna, with access to regional healthcare hubs like Singapore and Malaysia. The sector complies with national occupational health standards while going beyond legal requirements to ensure employee safety and well-being—making Brunei's model a benchmark for integrated corporate healthcare in small, resource-rich nations.

Russia

In **Russia**, major oil and gas firms such as **Gazprom**, **Rosneft**, and **Lukoil** operate in harsh and remote environments, which drives them to provide **extensive in-house medical services**, emergency medical transport, and insurance coverage through domestic insurers. These companies offer **Voluntary Medical Insurance (VMI)** as a standard benefit for employees, which covers private medical care and specialized services not fully covered by the public system. On-site health units are common in Siberian and Arctic operations. Mental health services are less emphasized than in Western firms but are gradually gaining attention.

Region	Benefit Scope	Cost Trends	Delivery Models	Key Notes
Africa	Often includes emergency evacuation, basic health, accident, and hospitalization.	Medium to High (due to remoteness)	Outsourced to global insurers; some use mobile or onsite clinics.	Remote locations drive up evacuation costs; health infrastructure may be weak in mining zones.
Asia	Varies by country; urban operations get full medical + wellness; rural sites less.	Low to Medium	Mix of public-private partnerships; some in-house clinics in India & China.	Companies in India, China, and Indonesia often supplement weak public healthcare.
North America	Comprehensive benefits including dental, mental health, and family coverage.	High	Mostly outsourced; large firms may self-insure.	Strong legal and union frameworks; firms compete on benefit quality.
South America	Includes basic health, family, and accident coverage; mental health gaining focus.	Medium	Outsourced to local insurers; large mining operations use hybrid models.	In countries like Chile and Peru, laws require employer-provided coverage for miners.
Europe	Strong public healthcare, but employers offer top-up insurance, mental health, etc.	Medium	Mostly outsourced, often coordinated with state coverage.	Nordic countries and Germany use public insurance systems extensively, with employers offering extras.

Overall, companies in these countries tend to combine **mandatory public insurance systems** with **additional private or company-managed health benefits**. The approach is shaped by the **strength of public healthcare**, the **strategic importance of the sector**, and the **remote or hazardous nature** of many operations.

Examples by Region

a. **Africa**: Anglo American (South Africa) partners with Discovery Health; often includes chronic care and HIV support.

b. **Asia**: Adani (India) runs on-site clinics but outsources insurance for wider family coverage.

c. **North America**: Teck Resources (Canada) provides extensive benefits including long-term disability, through Manulife.

d. **South America**: Vale (Brazil) offers health, dental, and accident insurance via local and global providers.

e. **Europe**: Equinor (Norway) coordinates with national healthcare but offers expat insurance through Allianz.

Key Observations

1. **Remote operations** (Africa, interior Asia, Amazon) increase demand for **evacuation coverage and mobile care**.
2. **Developed countries** often emphasize **mental health, dental, and wellness programs**.
3. **Legal mandates** in South America and Europe influence the minimum required benefits.
4. **Public healthcare systems** in Europe reduce the employer burden but often require supplemental coverage.

7.0 Does Managing Health & Accident Insurance Build Capacity or Create Distraction?

The companies face a dilemma to acquire new skill and capacity in insurance or it diverts them away from their core business. The companies face the focus problem: to acquire new skills and capacity in insurance or would it divert them away from their core business. It strikes at the core of strategic resource allocation for large firms.

Potential Benefits – Skill Acquisition & Strategic Capability

For large, multinational companies (especially those operating in high-risk industries like mining and oil/gas), managing insurance internally can build long-term institutional knowledge in:

1. **Risk assessment and actuarial forecasting**: Helpful not just in HR, but also in operational risk management.
2. **Data analytics and health outcomes tracking**: Can be integrated with safety, productivity, and ESG reporting.
3. **Cost control and supply chain management**: Managing provider networks is similar to vendor optimization.
4. **Insurance subsidiary spin-offs**: Some firms even create captives or internal insurance units that serve affiliates or joint ventures.

Example: **Aramco and Rio Tinto** use internal health and benefits management units as part of their broader risk and compliance strategy, especially for high-risk geographies or labor-intensive operations.

Potential Downsides – Strategic Distraction & Resource Drain

However, for many companies, especially those **not in the top 5% by scale**, building this capacity can:

- **Divert capital and management focus** from core exploration, production, and innovation activities.
- Require **ongoing hiring and training** in niche skills like actuarial modeling, compliance, and claims processing.
- Introduce **regulatory liabilities** if the firm fails to meet insurance standards or mismanages claims.

Example: A junior mining firm like **Gold Springs Resource Corp.**, with a small administrative staff, would likely be **burdened rather than empowered** by trying to run an internal insurance operation.

Strategic Balance – What the Trend Shows

Most large firms are adopting a **hybrid model**:

- **Core business remains the focus**, while health and insurance expertise is built where it overlaps with risk, ESG, and workforce resilience.

- **Third-party administrators and reinsurance partners** handle complexity, while the firm maintains visibility and strategic control.
- **Bottom Line**
- For **mega and large-cap companies**, managing health and insurance can be a **strategic enabler**, enhancing internal capabilities and aligning with broader goals like workforce safety and ESG compliance.
- For **junior and mid-tier companies**, it's typically a **non-core distraction** best handled by specialized insurance providers.

Nevertheless, the companies know when it makes sense to internalize vs outsource, based on company size, risk profile, and geographic spread. Let us see a clear matrix to help visualize **when it makes strategic sense to manage (internalize) vs outsource** health and accident insurance functions based on key business attributes:

Table. A matrix showing when it makes strategic sense to manage (internalize) vs outsource

Insurance Management Strategy Matrix
Examples by Strategy

Health and accident health service providers typically operate as **insurance companies** or **specialized third-party administrators** (TPAs) that offer financial protection and services to individuals in the event of illness, injury, or accidents. Let us see how they work:

1. Types of Coverage Offered

- **Health Insurance**: Covers costs for hospitalization, surgeries, doctor visits, prescriptions, preventive care, etc.
- **Accident Health Insurance**: Specifically covers injuries resulting from accidents (e.g., fractures, burns, disability).
- **Critical Illness Plans**: Offer lump-sum payouts for severe diagnoses like cancer, heart attack, stroke.
- **Disability Insurance**: Provides income if the policyholder cannot work due to injury/illness.

2. How the Process Works

a. Enrollment and Premiums

- Individuals or employers purchase a plan.
- Monthly or yearly premiums are paid to keep the policy active.

b. Service Access

- Policyholders can access care through a **network of hospitals/doctors** (in-network) or outside (out-of-network with lower coverage).
- Some providers offer **cashless treatment** if care is taken in-network.

c. Claim Process

- **Cashless Claims**: Insurer directly pays the healthcare provider.
- **Reimbursement Claims**: The policyholder pays upfront, then files a claim for reimbursement.
- Accident insurance typically pays **lump sums** or **daily hospital cash** for covered incidents.

d. Claim Approval and Payout

- Requires submission of documents: medical bills, reports, claim form, etc.
- Assessed by claims team; if valid, payout is made per policy terms.

3. Roles of the Provider

a. **Underwriting**: Assessing risks and deciding premiums.
b. **Network Management**: Partnering with hospitals and clinics.
c. **Customer Service**: Handling queries, pre-approvals, and support.
d. **Claim Adjudication**: Reviewing and approving or rejecting claims.

4. Additional Services

a. Telemedicine
b. Wellness programs
c. 24/7 helplines
d. Preventive check-ups
e. Rehabilitation & therapy coverage Health and medical insurance to employees: how an oil company will do it.

If an oil and gas company wants to provide health and medical insurance to its employees and their families, it will go through a structured planning and implementation process. Let us see how that typically unfolds:

Factor	Low (Outsource Recommended)	Medium (Hybrid Model Ideal)	High (Internal Management Viable)
Company Size	< 1,000 employees (junior firms)	1,000–10,000 employees (mid-tier firms)	>10,000 employees (large/mega firms)
Operational Risk	Office-based or low-risk labor	Mixed operational risk (e.g., logistics + light mining)	High-risk sectors (deep mining, offshore oil, etc.)
Geographic Spread	Single-country or urban regions	Multi-country, mostly developed markets	Global presence with remote or high-risk geographies
HR/Finance Capability	Lean HR or outsourced functions	In-house HR with some analytics capability	Advanced HR/Finance teams with actuarial/risk units
Cost Sensitivity	Budget-constrained, favors predictability	Moderate cost buffer, seeks optimization	High cost awareness and control, invests for savings
Strategic Alignment	No overlap with core business	Some alignment with safety/ wellness goals	Strong link to ESG, safety, and workforce productivity
Regulatory Burden	Low – governed by standard labor laws	Medium – partial compliance managed in-house	High – industry-specific rules (e.g., in Saudi, Canada)

Strategy Type	Who Should Use It	Example Companies
Fully Outsourced	Junior exploration & mining firms	Gold Springs Resource (US), Theta Gold Mines (SA)
Hybrid (TPA + Reinsurance)	Mid-sized oil/mining firms in multiple regions	Santos (AU), Centamin (EG/UK), Lundin Mining (CA)
In-House Management with Reinsurance	Global majors with captive insurers	Aramco (SA), BHP (AU), Rio Tinto (UK/AU), ExxonMobil (US)

8.0 Step-by-Step Plan to Provide Health & Medical Insurance

1. **Needs Assessment**
   - **Employee Demographics**: Age groups, family sizes, locations (onshore/offshore), and risk profiles.
   - **Nature of Work**: High-risk environments (drilling, transportation, etc.) require broader coverage.
   - **Coverage Expectations**: Include dependents? Cover OPD, dental, vision, mental health?

2. **Budgeting & Cost Planning**
   - **Annual Budget Allocation**: Decide how much the company will spend per employee.
   - **Contribution Model**:
     - Fully paid by employer
     - Cost-shared with employees
     - Voluntary top-up options

3. **Choosing the Right Insurance Partner**
   - Invite proposals from **health insurance companies** or **TPAs**.
   - Evaluate:

1. **Coverage scope** (hospitalization, accident, chronic illness, preventive care)
2. **Network hospitals** (especially in operational zones)
3. **Claim settlement ratio**
4. **Customizations** for industrial risks
5. **Add-ons** (e.g., air ambulance, telehealth)

4. **Customizing the Group Health Plan**
   - Create a **Group Mediclaim Policy (GMC)** with options such as:
     - Employee + Spouse + 2 Kids (standard)
     - Add-on for Parents/In-Laws
   - Decide sum insured options: ₹2 lakh, ₹5 lakh, ₹10 lakh per family
   - Include:
     - **Accident cover** (especially important for field workers)
     - **OPD/Daycare surgeries**
     - **Mental health & wellness**
     - **Annual health check-ups**

Rank	Company Name	Headquarters	Key Highlights
1	**UnitedHealth Group**	USA	Largest health insurer globally by revenue. Offers medical & accident plans via UnitedHealthcare.
2	**Anthem Inc. (now Elevance Health)**	USA	Major player in health and accident insurance in the U.S. with a broad network and digital health solutions.
3	**CVS Health / Aetna**	USA	Owns Aetna, one of the oldest and most comprehensive health insurance brands.
4	**Cigna**	USA	Strong in both U.S. and international markets. Offers health, accident, and disability insurance.
5	**Kaiser Permanente**	USA	Integrated health system offering both insurance and care delivery, mainly in the western U.S.
6	**Allianz SE**	Germany	Leading global insurer with health and accident products across Europe, Asia, and the Americas.
7	**Bupa**	UK	Non-profit health insurer with a strong international footprint in Europe, Asia, Australia, and Latin America.
8	**AXA**	France	Offers a wide range of health, life, and accident insurance products worldwide. Strong in Europe and Asia.
9	**Zurich Insurance Group**	Switzerland	Global provider with robust accident and health insurance services for corporates and individuals.
10	**Ping An Insurance**	China	Asia's largest insurer with rapid growth in health-tech and accident insurance sectors.

5. Implementation & Enrollment

- **Onboarding session**: Explain benefits, how to use insurance, what's covered/excluded
- **Digital portal or app** for access to e-cards, claims, hospital locators
- **Nomination process** for adding family members

6. Claims Management

- Use **cashless** claim setup with insurer's hospital network.
- For remote areas, pre-authorization and **air evacuation** plans may be needed.
- Internal HR team or a TPA helps with paperwork and support.

7. Monitoring & Feedback

- Regularly track:
  - o Usage statistics
  - o Claim rejections
  - o Employee satisfaction
- Adjust policy yearly based on feedback and utilization.

8. Optional Add-ons for a Holistic Program

- Life insurance
- Disability insurance
- Employee Assistance Programs (EAP)
- Vaccination drives and medical camps
- Mobile clinics for remote sites

The world's top and largest health and accident insurance providers

Here are some of the **world's top and largest health and accident insurance providers**, based on global presence, revenue, claim settlement capabilities, and the size of their customer base:[10-11]

Top Global Health & Accident Insurance Providers (2024–2025)

Other players

MetLife (USA) – Strong in group accident & health benefits.

Manulife/John Hancock (Canada/USA) – Widely known for life, health, and accident insurance.

AIA Group (Hong Kong) – Major player in Asia-Pacific.

Nippon Life (Japan) – Among the largest life and health insurers in Asia.

End of the Excerpts of the Report

(N.B: The report further contains planning aspects, capacity and capability requirements within the organizations, mental health insurance, and coordination

with case studies, etc. For more details, please contact: jayantaism@gmail.com. Terms and conditions apply)

Curtailed Reference and Bibliography

1. International Council on Mining and Metals. (2022). Health and Safety Performance Report. Retrieved from https://www.icmm.com
2. Abu Dhabi National Oil Company (ADNOC). (2022). Sustainability Report. Retrieved from https://www.adnoc.ae
3. TotalEnergies. (2023). HSE (Health, Safety, and Environment) Guidelines. Retrieved from https://totalenergies.com
4. Canadian Institute of Mining, Metallurgy and Petroleum. (2022). Workplace Health & Safety in Mines. Retrieved from https://www.cim.org
5. Academic Journals & Industry Reports
6. International Labour Organization (ILO). *"Occupational Health and Safety in Mining and Oil Sectors"*. https://www.ilo.org→ Covers employer responsibilities and benefits structures globally.
7. World Bank Group – Extractives Practice.*"Improving Health and Safety in the Extractive Industries"*. https://www.worldbank.org→ Discusses regional comparisons and policy frameworks.
8. Deloitte Global Human Capital Trends (Annual). *"The Social Enterprise and Employee Well-being in Energy & Resources"*. https://www2.deloitte.com→ Trends in benefits outsourcing, mental health, and retention.
9. McKinsey & Company. *"The Future of HR in Oil, Gas and Mining: Attracting and Retaining Talent"*. https://www.mckinsey.com
10. Harvard Business Review. *"The ROI of Employee Health Programs"*. 2012; 90(1): 105–12.
11. National Institute for Occupational Safety and Health (NIOSH). *"Economic Burden and Effectiveness of Health Insurance in Mining"*. https://www.cdc.gov/niosh