

DAIMLER

Building the Business Case for Social Insurance



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Our Brands

Mercedes-Benz Cars



MAYBACH



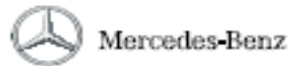
Daimler Trucks



Mercedes-Benz Vans



Daimler Buses



Daimler Financial Services

Mercedes-Benz Bank

Mercedes-Benz Financial

Daimler Truck Financial

Social Insurance

“We can never insure one-hundred percent of the population against one-hundred percent of the hazards and vicissitudes of life. But we have tried to frame a law which will give some measure of protection to the average citizen and to his family against the loss of a job and against poverty-ridden old age. This law [...] will take care of human needs and at the same time provide for the United States an economic structure of vastly greater soundness.”

– Franklin D. Roosevelt, August 14, 1935



Advantages of Employer-Provided Health Insurance

Cost Advantages

- Economies of scale (minimal risk of adverse selection)
- Reduced employee compensation costs
- Preferential Tax Treatment
 - Exemption from income & social security payroll taxes
 - Average after-tax savings on health insurance: 27%



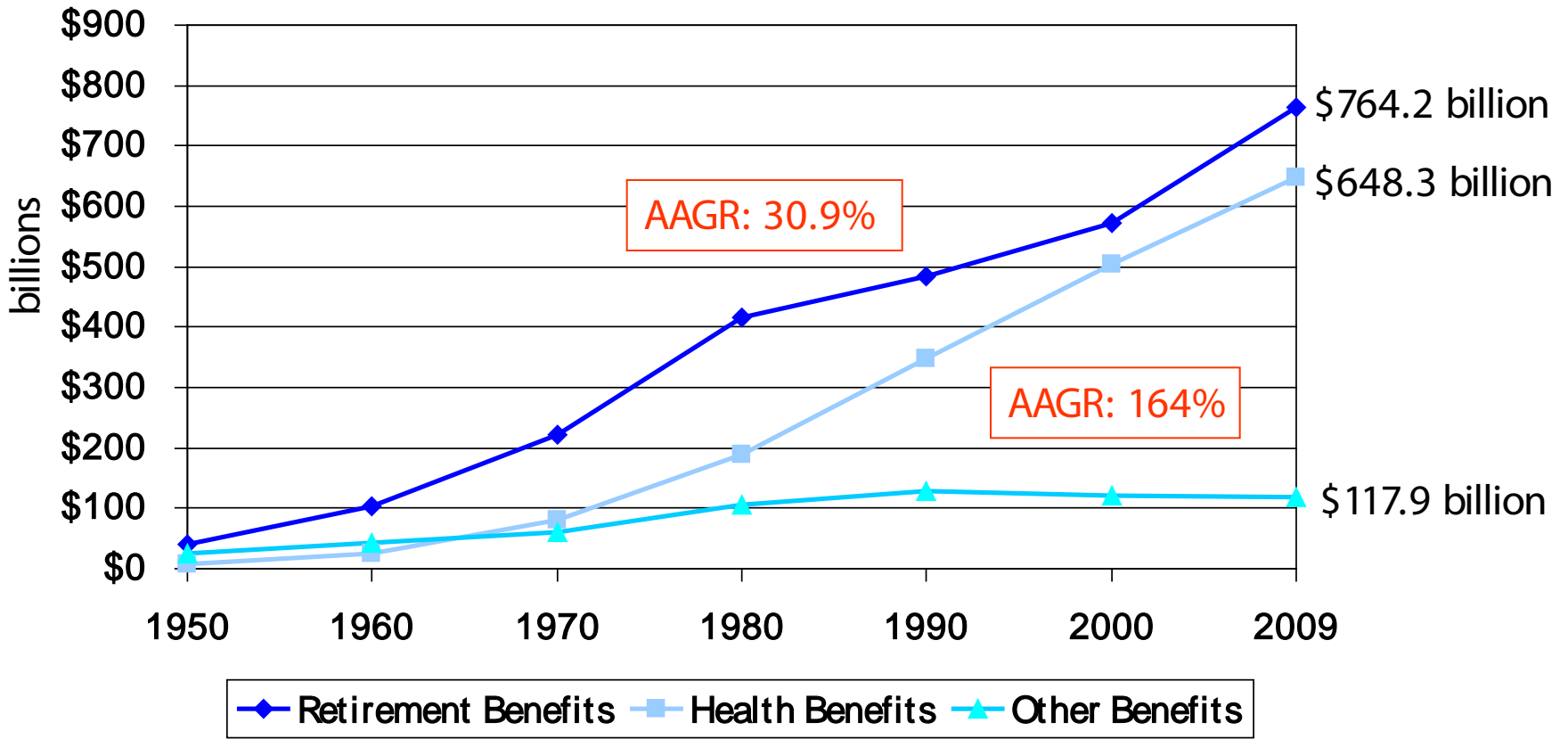
The “Guinness Effect”

- Higher worker productivity
- Reduced employee turnover & absenteeism
- Positive impact on worker health, happiness & morale



Employer Spending on Employee Benefits

In 2009, employers spent \$1.5 trillion on major voluntary and mandatory employee benefit and public assistance programs*



Source: EBRI tabulations of data from the Department of Commerce, Bureau of Economic Analysis, National Income and Product Accounts of the United States & the Department of Labor, Bureau of Labor Statistics, Consumer Price Index.

*Includes Social Security, Survivors & Disability Insurance; Medicare; unemployment; workers' compensation & group life insurance

Employer-provided Health Benefits at Large Firms

EXHIBIT F

Percentage of Firms Offering Health Benefits, by Firm Size, 1999–2011

FIRM SIZE	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
3–9 Workers	55%	57%	58%	58%	55%	52%	47%	49%	45%	50%	47%	59%*	48%*
10–24 Workers	74	80	77	70*	76*	74	72	73	76	78	72	76	71
25–49 Workers	88	91	90	87	84	87	87	87	83	90*	87	92	85*
50–199 Workers	97	97	96	95	95	92	93	92	94	94	95	95	93
All Small Firms (3–199 Workers)	65%	68%	67%	65%	65%	62%	59%	60%	59%	62%	59%	68%*	59%*
All Large Firms (200 or More Workers)	99%	99%	99%	98%*	97%	98%	97%	98%	99%	99%	98%	99%	99%
ALL FIRMS	66%	68%	68%	66%	66%	63%	60%	61%	59%	63%	59%	69%*	60%*

*Estimate is statistically different from estimate for the previous year shown ($p < .05$).

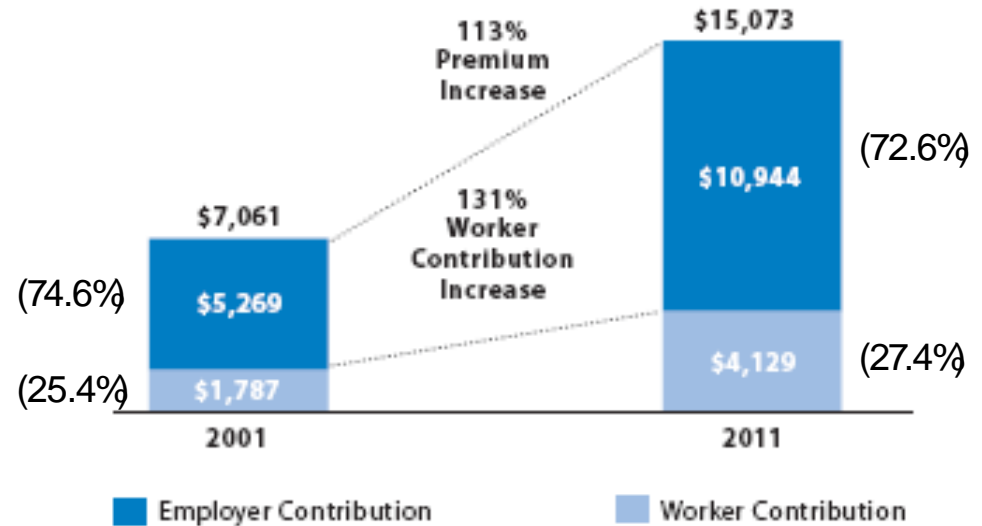
Note: As noted in the Survey Design and Methods section, estimates presented in this exhibit are based on the sample of both firms that completed the entire survey and those that answered just one question about whether they offer health benefits. In 2011 changes were made to the survey's firm weights decreasing estimates of the overall offer rate by 1% in 2000, 2007 and 2009. Please consult the Survey Design and Methods section for additional information on changes made to the 2011 survey.

Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 1999–2011.

Employer-provided Health Benefits at Large Firms

Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2001–2011

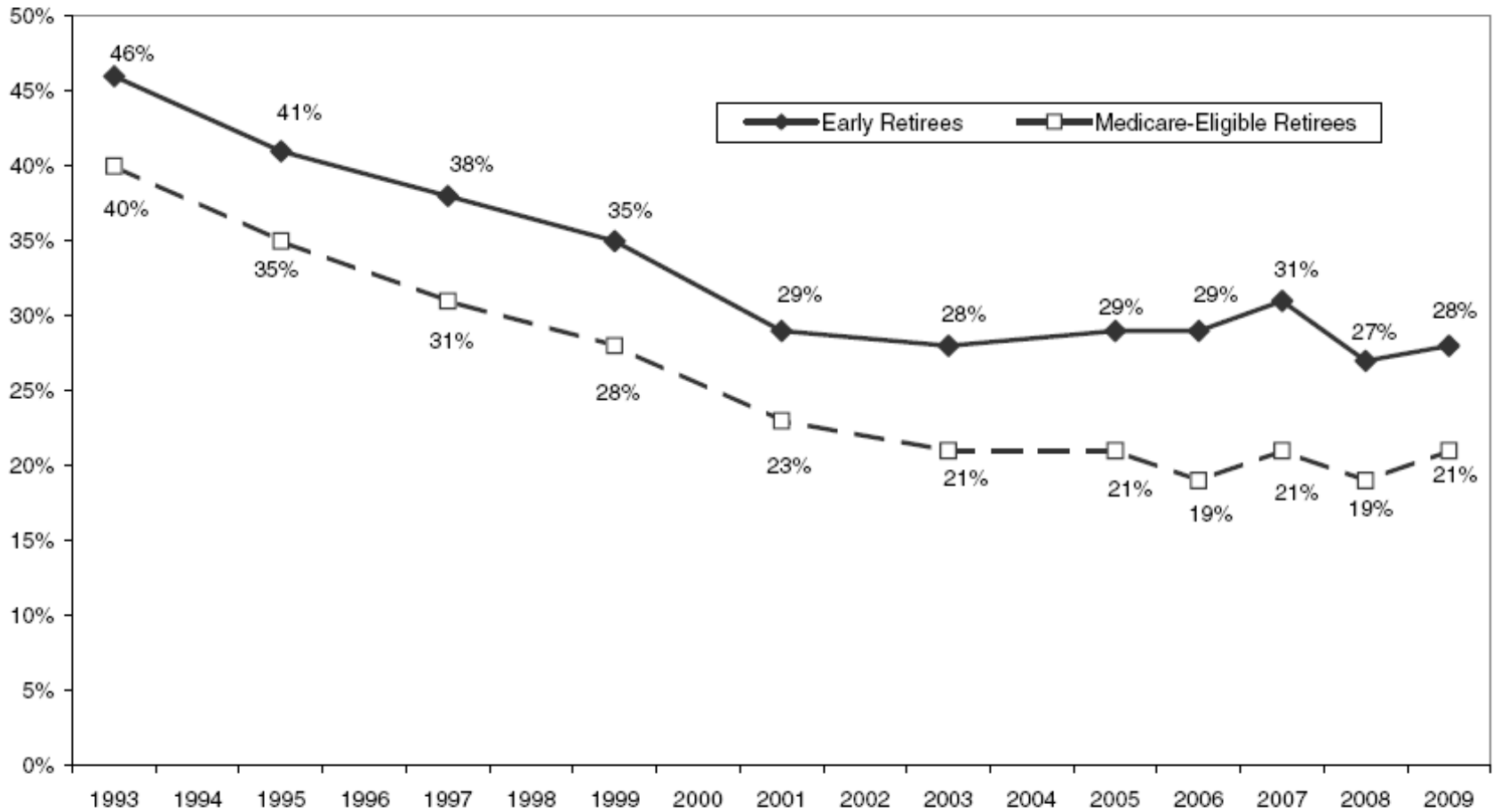
• While employment-based *coverage* has remained steady over the past decade, the *type* of insurance has changed dramatically



Source: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2001–2011.

- Growth of consumer-focused health plans
 - Beginning of movement in 1978 is likely to continue
 - In 2011, 17% of workers were enrolled in an HDHP/ SO compared to 8% in 2009
 - Focus on wellness and preventative care, chronic disease and Rx spending

Percentage of Employers With 500 or More Employees Offering Health Insurance to Retirees, 1993–2009



Source: EBRI, “Employee Tenure, 2008, and ‘Retiree Health Benefit Trends Among the Medicare Eligible Population,’” 31(1), January 2010.

Retiree Coverage at Large Firms

Among large firms that offer retiree health benefits:

- 91% offer health benefits to early retirees
- 71% offer health benefits to Medicare-aged retirees



Source: The Kaiser Family Foundation – and - Health Research & Educational Trust , “Employer Health Benefits: 2011 Annual Survey.”

Retirement Benefit Structures in Large Companies

Since WWI, significant shift to defined contribution

- Shift to hybrid DB plans (Bank of America in 1984) and 401(k)
- In 1972, 62% of workers in a retirement plan participated in a DB pension; by 2005, 63% participated only in a 401(k)

Dinosaurs:

- Public service – union employees
- Management and Professionals
- Energy, pharmaceutical, and manufacturing sectors

New Approaches:

- Service sector
- New tech companies
- Reorganizing large companies



European-American Perspective

Global companies must straddle differing approaches and priorities for benefits around the globe.

- Higher tax levels in Europe reflect reliance on national health insurance and social security to meet individuals' health and retirement needs
- Strong commitment to community obligations in Europe vs desire for individual choice and control within a safety net in the US
- According to *WSJ*, despite costs & complexity, most Americans prefer employer involvement in health & retirement benefits over government control
- In the US, employee benefits are important to recruitment and retention of talented workforce

Daimler Health Benefits

- Health care costs are increasing > 8% annually
- Our Strategy: Invest in Wellness

Daimler Benefits Package

Medical Plan

- PPO Medical Benefits / Indemnity Plan/ HDHP
- Preventative Health Services; Mental Health & Substance Abuse Services
- Dental & Vision
- On-site fitness center and
- \$300 subsidy for off-site gym membership per year
- Horizon Wellness Discounts
- Short-term & Long-term Disability Insurance
- Metlife Critical Illness Plan
- Workers Compensation

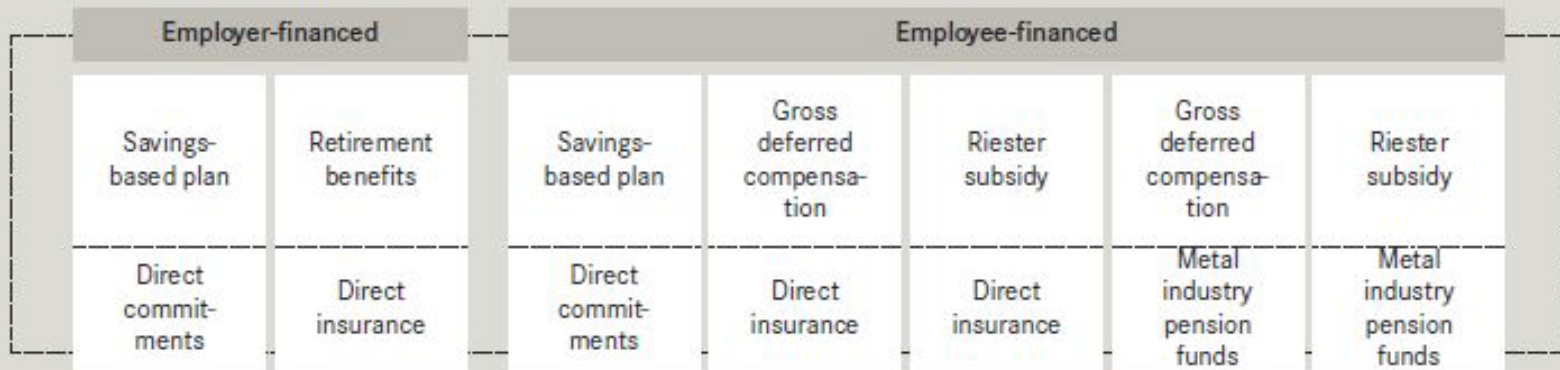


Daimler Retirement Benefits

Globally, Daimler's retirement plans include:

- contribution-based (CB) benefit guarantees;
- performance and CB country-specific retirement plans; and
- eligibility for the company's pension plan

Daimler AG company pension scheme



Implications for the Future

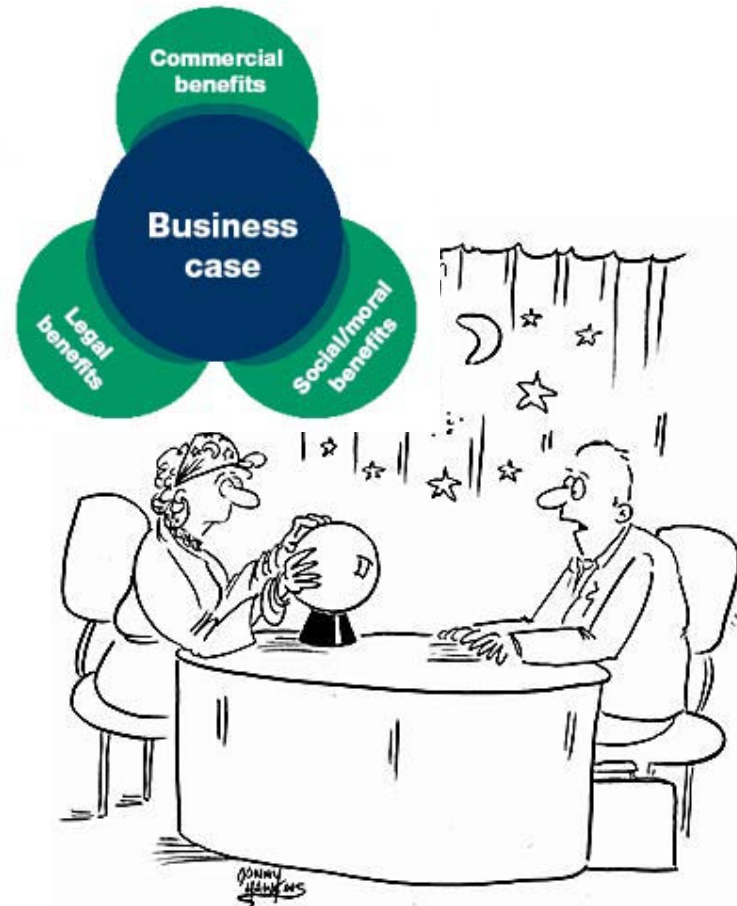
- Austerity programs will force reductions in government support
- Employment-based benefits will continue for the foreseeable future
- Employer programs must evolve in response to global competition
- Employees/ Customers are living longer in retirement

Social Security will pay the living expenses of 56 million people this year – one in every six Americans – translating into a total of \$800 billion.



Social Insurance: Keys to Building the Business Case

1. Understand that social insurance pools stabilize the market.
2. Incorporate social insurance into sustainability goals.
3. Design employer-provided benefits around “new” social insurance.
4. Maximize social insurance as it exists (“ex: overtime banking”).
5. Actively engage in shaping social insurance so that it benefits business.
6. Include workforce development as a key component of social insurance.



“I’m here to work on my company’s vision.”