

# Benefits

# edge

KNOWLEDGE SERIES



## **FUTURE-PROOFING EMPLOYEE BENEFITS**

### REDEFINING BENEFITS FOR GEN Z

EDITION **10**

Jan, 2026

# Executive Summary

Gen Z is rapidly emerging as a core segment of the workforce and is projected to constitute approximately **58%** of the global workforce by 2030<sup>2</sup>. As this cohort grows in influence, it is reshaping expectations around employee benefits – how they are accessed, experienced, and how their value is measured. However, despite having broad access to benefit programs, utilisation remains uneven, highlighting persistent gaps in awareness, perceived relevance, and overall engagement.

## Standard Benefits Fall Short for Gen Z

**Gen Z** shows strong uptake of digital, on-demand benefits such as Out-patient Department (OPD), teleconsultations, and mental health support, while long-term and voluntary protection benefits remain underutilised. This reflects their early career life stage, underscoring the need for life-stage-aligned, rather than one-size-fits-all, benefit strategies. For employers, this shift underscores the need to move beyond one-size-fits-all insurance programs toward smarter, life-stage-aligned benefit strategies.

This report draws on Prudent's claims data spanning over **1 lakh claims across 1,750 organisations** to highlight significant opportunities for organisations to enhance benefit participation and utilisation through data-led benefit design, targeted communication, and digital enablement—ensuring that employee insurance programs deliver measurable value for both employees and employers.

The report also introduces the Lifestyle Management Account (LMA), a consolidated benefits budget that empowers employees to customise their benefits while earning rewards for participating in organisational initiatives that promote a healthier, more engaged workforce.





## DID YOU KNOW?

(As per Prudent's Data)

Only **15%** of Gen Z employees opt for **voluntary coverage**, with particularly low uptake of group term top-ups and personal accident insurance<sup>1</sup>.

### Health claims

among Gen Z are increasing, especially for **injuries, infections, and eye disorders**, with myopia driving average eye-related claim costs beyond **INR 70,000**

### Uptake

of higher sum insured upgrades and critical illness covers is **low** among Gen Z, reflecting their early life stage, limited dependants, and low perceived urgency for advanced coverage<sup>1</sup>.

**8 out of 10**

### Gen Z

employees prefer a digital platform-led benefit selection, yet **30%** disengage before finalising due to limited relevance and assessed gaps in coverage<sup>1</sup>.

**OPD benefits** are gaining traction in Gen Z employees with **11% YoY** increase, adoption still below other generations<sup>1</sup>.

### Health conditions

among Gen Z lead to significant workplace disruption, resulting in **26,000+** lost workdays annually.

### Wellness benefits

drive engagement among Gen Z, with **20%** participation and **40% YoY** growth, reflecting strong alignment with lifestyle and preventive health priorities<sup>1</sup>.

Parameters	Gen Z	Gen Y	Gen X	Boomers
Opting for parental coverage	70%	76%	73%	48%
Voluntary accident plans	18%	26%	35%	32%
Upgraded sum insured coverage	14%	28%	47%	51%
Out-patient diagnosis plans	13%	18%	21%	19%
Critical illness cover	12%	14%	26%	22%

The above data reflects participation in the voluntary plans by generation.

# The Case for Next-generation Benefits

Gen Z's priorities emphasise well-being, flexibility, and purposeful engagement. Employers need to transition from conventional insurance models to holistic, personalised, and digitally driven benefits, addressing both employee expectations and organisational outcomes.



## MENTAL HEALTH SUPPORT

- 72% of Gen Z want mental and emotional health coverage<sup>3</sup>, while 91% face mental health challenges at least occasionally<sup>4</sup>
- 61% may change jobs for better mental health benefits<sup>5</sup>
- Common conditions include anxiety, depression, stress, and gender identity disorders<sup>6</sup>

## STRATEGIC CONSIDERATIONS

- Cover therapy, psychiatric consults, health coach, mindfulness apps, and resilience training with full mental health parity
- Bundle Out-patient Department (OPD), wellness, and hospitalisation benefits for integrated coverage
- Ensure no hidden exclusions



## FINANCIAL SECURITY WITH FLEXIBILITY

- 46% of Gen Z cite living costs and debt as top stressors<sup>7</sup>
- 60% include health insurance in financial planning, driven by rising treatment costs and wellness benefits<sup>8</sup>
- There is growing demand for micro-insurance and flexible benefits portals

## STRATEGIC CONSIDERATIONS

- Strengthen income protection with disability, critical illness, and life insurance to safeguard earnings and beneficiaries
- Offer modular, flexible benefits for personalised coverage adjustments
- Use bite-sized covers and add-ons to boost participation and adoption



## DIGITAL-FIRST INSURANCE EXPERIENCE

- 71% of Gen Z prefer app-based claims and teleconsultations<sup>8</sup>
- 80% of Gen Z are open to using GenAI for routine healthcare<sup>8</sup>
- Nearly 50% lack knowledge of healthcare access<sup>9</sup>, highlighting digital medical assistance

## STRATEGIC CONSIDERATIONS

- Provide app-first experiences with e-cards, AI chatbots, telehealth, online health coach, and wearable integration
- Favor insurers delivering strong UX and digital-first journeys
- Include preventive care like vaccinations, screenings, and wellness check-ups

# The Case for Next-generation Benefits (Contd.)



## INCLUSIVE AND PROGRESSIVE BENEFITS

- 48% of Gen Z value brands avoiding strict male/female classifications<sup>10</sup>
- 56% of Gen Z would not accept jobs without diverse leadership<sup>11</sup>
- 50% of Gen Z women in India seek fertility checks in routine health<sup>12</sup>

## STRATEGIC CONSIDERATIONS

- Cover same-sex partners and non-traditional family structures
- Expand reproductive health benefits to include IVF, egg freezing, surrogacy, and menopause care
- Embed inclusivity in benefit design and policy language to reflect progressive, gender-inclusive values



## SUSTAINABILITY AND SOCIAL IMPACT

- 44% of Gen Z reject jobs misaligned with their values<sup>13</sup>, highlighting the need for purpose-driven employers
- 94% expect companies to address social and environmental issues<sup>14</sup>
- 60% report environment-related anxiety from extreme events<sup>15</sup>

## STRATEGIC CONSIDERATIONS

- Tie employee perks to sustainability, including EV loans, transport subsidies, green insurance add-ons, and pet insurance
- Encourage community engagement (e.g., volunteering leave, donation matching programs, etc.)
- Align wellness initiatives with Community Social Responsibility (CSR) and Environmental, Social, and Governance (ESG) goals to create shared values



## GIG AND HYBRID WORK REALITIES

- India's gig workforce may grow from ~7.7M to ~23.5M by 2029–30<sup>16</sup>, reflecting a shift in employment models
- ~80% of Gen Z prefer gig work for flexibility and autonomy<sup>17</sup>
- Engagement includes freelance digital services, ride-hailing, food delivery, and content creation<sup>17</sup>

## STRATEGIC CONSIDERATIONS

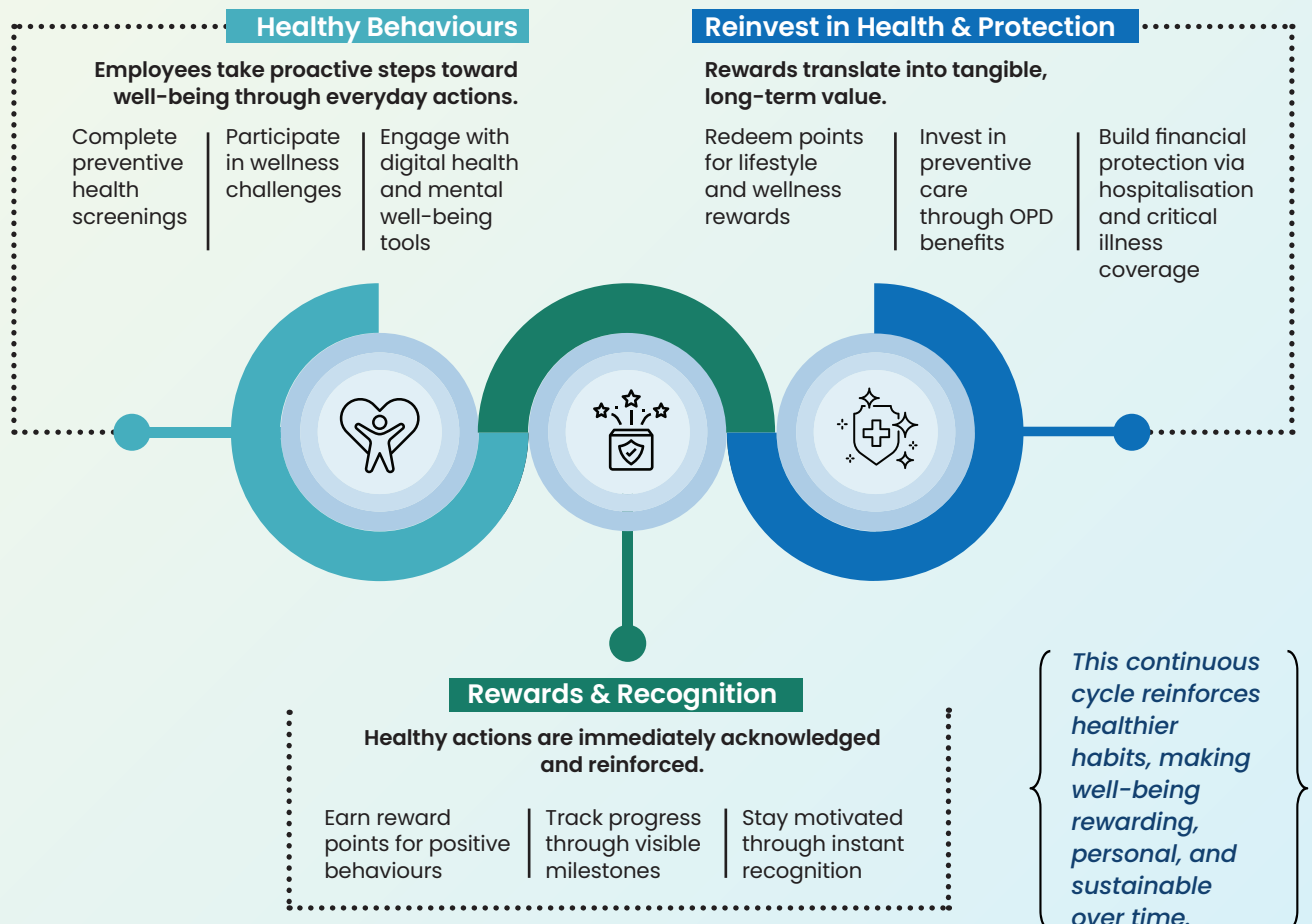
- Offer insurance portability with voluntary top-ups to support workforce mobility
- Provide remote-first coverage, including telehealth, global OPD, and digital care
- Create tailored benefit pools, beyond traditional employment

# Lifestyle Management Account (LMA): Unlocking Personalised Engagement

Lifestyle Management Accounts (LMAs) reflect a necessary shift in how organisations approach employee benefits in a rapidly changing workplace. As workforce expectations evolve, particularly among younger generations, static and fragmented benefit structures are increasingly misaligned with how employees perceive value across different life stages. Gen Z seeks relevance, flexibility, and personal agency in benefit choices rather than predefined entitlements.

The LMA framework responds to this shift by repositioning benefits as a flexible,

employee-led value ecosystem rather than a fixed offering. By prioritising choice, relevance, and continuity, LMAs drive stronger engagement and utilisation in the short term while supporting longer-term health, well-being, and financial protection outcomes. This approach moves benefits beyond transactional use toward sustained value creation, enabling organisations to deliver a single, cohesive proposition that evolves with workforce needs and remains resilient, especially in engaging and retaining the next generation of employees.



# How Can Prudent Help?

As organisations adapt to **Gen Z's** expectations for flexibility, personalisation, digital access, and holistic well-being, Prudent helps employers and insurers transform benefits into strategic engagement tools. We leverage analytics, workforce insights, and forward-looking employee benefit design to align benefits with purpose, values, and long-term workforce outcomes.

Through solutions like Lifestyle Management Accounts (LMA), we create flexible, personalised ecosystems where wellness, insurance, and lifestyle benefits coexist. By linking rewards to proactive

health behaviours and giving employees control over how they use benefits, we drive engagement, healthier habits, and measurable improvements in workforce well-being.

For employers, this strengthens talent attraction, engagement, and productivity. For insurers, it positions them as strategic partners in preventive health. With analytics-enabled, purpose-driven benefits, Prudent helps organisations deliver future-ready solutions that resonate with Gen Z and set a new benchmark for the **workforce of tomorrow.**

## Sources:

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