



Benefits Briefing VOLUME 20

Perspectives on Interactions with Carriers, Hospital Indemnity Insurance,
and Auto Insurance from a Survey of Employers and Brokers
(Q2, 2013)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in May and June 2013 to understand its participants' interest and experience regarding important employee benefits and some new approaches to the kinds of choices employers and employees may have in the near future.

The information in this report is based on an online survey taken by 328 brokers and 164 employers.

The following pages include findings from brokers and employers regarding their perspectives on all or some of the following:

- Interactions with carriers,
- Hospital indemnity insurance, and
- Auto insurance.

Executive Summary

This Briefing explores the experiences of brokers and employers in their interactions with carriers who provide non-medical benefits products such as group life, dental, disability and other voluntary products.

- Brokers most commonly cite the following as channels available to them to perform tasks or make requests with a non-medical insurance carrier: a carrier's sales rep, primary service contact at the carrier, and the carrier's website services.
- When we asked employers which channels they have available to them, top responses included: carrier's website services, carrier's toll-free number and their group insurance broker. Comparatively, employers are less likely to cite sales reps and other contacts at the carrier.
- When we asked both groups about their preferred channel for performing tasks or making requests related to the administration of non-medical benefits products, brokers and employers agree that email with a primary services contact at a carrier is most preferred.

This quarter's survey also delves into the views of both brokers and employers on Hospital Indemnity Insurance.

- About half of brokers reported being very familiar with Hospital Indemnity Insurance, compared with about a third of employers.
- Twice as many brokers as employers indicated they would be very interested in learning more about Hospital Indemnity Insurance. Brokers are optimistic when it comes to their clients' interest; they are more likely to think their clients would be interested in learning more about this offering, than employers themselves report.
- Most brokers reported that at least one of their clients offers Hospital Indemnity Insurance, although one in five said none of their clients offer this benefit. Roughly one-fifth of employers indicated they offer Hospital Indemnity Insurance.
- While most brokers reported that the percent of clients that offer Hospital Indemnity Insurance has remained the same in the past three years, about one-third reported that the percent has increased.
- Aflac, Colonial Life, Allstate and Unum are the insurance carriers most commonly known to be providing Hospital Indemnity Insurance, among both brokers and employers. Yet, some employers indicated that they don't know which carriers offer Hospital Indemnity Insurance.

Executive Summary (cont.)

- Both groups think that cost of the plan is a most important feature for Hospital Indemnity Insurance, but, more employers than brokers identified it as important.

Both brokers and employers shared their views and opinions on Auto Insurance provided as a voluntary benefit in the workplace.

- Employers reported being more familiar with Auto Insurance offered in the workplace, than brokers do.
- Not surprisingly, larger companies (1000+ employees) are four times more likely to offer Auto Insurance to their employees, than companies with less than 1000 employees are. When we asked brokers about their clients, about half indicated that at least one or more client currently offers Auto Insurance as a voluntary benefit.
- When we asked both brokers and employers what timing best describes how often they would allow a carrier (the carrier would handle all costs) to communicate this benefit directly to employees, annually was the most popular response among both groups.
- We followed-up to ask brokers through which channel they think *larger clients* (1000+ employees) would allow a carrier to communicate the benefits offering to employees, and brokers most commonly mentioned benefit fairs/workplace visits, followed by employer-sponsored communications. When we asked larger employers (1000+ employees) the same question, home mailing, followed by benefits fairs/workplace visits, were top mentions.

Employers talk about valuable services...

Here are employers talking about the most valuable services that their non-medical insurance carrier's primary service contact provides:

"Unum is our vendor for ancillary benefits; we have 12 products with them. Unum has "AskUnum"; we receive a response promptly. This is a new service for Unum and I have nothing but praise for it. With all our products, and many many questions, each service rep that responds knows what it going on with the account."

"First hand trouble shooting and follow up in a timely manner."

"Having someone to talk with when a portion of the plan needs to be clarified. This allows several possible questions to be answered and to have those answers fully understood in a single conversation."

"He is available to me 8-5 Monday - Friday and ALWAYS gets back to me within 24 hrs (usually 2-12 hrs). If he doesn't have the answer he lets me know and when the answer is available, he tells me the process he used to find the answer."

"Their ability to quickly get resolution to claims and/or eligibility issues."

Interactions with Carriers

We asked both brokers and employers various questions about their interactions with carriers who provide non-medical benefits products such as group life, dental, disability and other voluntary products such as critical illness, group accident, P&C, etc.

Channels Available

We asked both groups to think about the non-medical insurance carrier they interact with the most in the day-to-day administration of their non-medical benefits, and then we asked them which channels they have available to perform tasks or make requests.

Brokers' top three mentions include:

1. Carrier's sales representative
2. Primary service contact at the carrier
3. Carrier's website services

The top three channels available to employers are:

1. Carrier's website services
2. Carrier's Toll-free/1-800 customer service number
3. Company's group insurance broker

In comparing the two groups, we find that employers are less likely than brokers to name both carrier's sales reps and primary service contacts as available to them. Not surprisingly, we see insurance brokers among employers' top mentions.

These results indicate a disconnect in the user experiences of employers compared to brokers.

Preferred Channel

We then asked both groups about their preferred channel for performing tasks or making requests related to the administration of non-medical benefits products.

Both brokers and employers name email with a primary services contact at the carrier most commonly as their preferred channel. Calling the carrier's toll-free/1-800 customer service number is least preferred by both groups.

For employers, this may demonstrate a need, as email is their preferred channel, but they are less likely than brokers to have access to primary service contacts.

Hospital Indemnity Insurance

We asked both brokers and employers about their experiences with and opinions on two voluntary benefits offerings, one being Hospital Indemnity Insurance. See next page for a description.

Hospital Indemnity Insurance

This is a plan designed to cover hospital costs not covered by primary medical insurance.

Snapshot: Voluntary Insurance Products

We asked brokers only what percent of their total group non-medical insurance benefits sales in 2012 were sold on a voluntary basis, where the employee pays all or some of the cost.

Nearly all brokers reported that some portion of their sales in 2012 were sold on a voluntary basis. Most commonly, about half said that 1% to 24% of their sales were sold on a voluntary basis.

Familiarity with Hospital Indemnity Insurance

We first asked both groups about their familiarity with Hospital Indemnity Insurance.

Brokers tend to be more familiar with this offering than employers do. About half of brokers said they are very familiar, compared to a third of employers.

Results suggest an opportunity for both brokers and employers to become more familiar with Hospital Indemnity Insurance.

Interest in Hospital Indemnity Insurance

Then we asked both brokers and employers about their interest in learning more about Hospital Indemnity Insurance.

Brokers show more interest in Hospital Indemnity Insurance than employers do; **brokers are twice as likely to say they would be very interested in learning more about this offering.** This difference could be partly due to the lower familiarity among employers.

When looking at results by size of company, we see no differences in interest between small (those less than 1000 employees) and larger (those with 1000+ employees) employers.

We also asked brokers only whether they think their clients would be interested in learning more about this benefit. Generally, brokers are optimistic and are more likely to think their clients would be interested, than employers themselves report.

Percent Currently Offering

Next we asked brokers what percent of their clients currently offer Hospital Indemnity Insurance.

Most brokers reported that between 1% and 24% of their clients currently offer Hospital Indemnity Insurance. About one-fifth said that none of their clients currently offer this benefit to their employees.

Employers' responses support these results. When we asked which insurance products employers offer to their employees, **about one in five said they offer Hospital Indemnity Insurance.** Again, we find no substantial differences between small and larger employers in this area.

We also asked brokers whether the percent of their clients offering Hospital Indemnity Insurance has increased, stayed the same or decreased over the past three years.

Roughly one in three brokers indicated that the percent has increased, while more than half said the percent has remained the same. This may indicate an small upward trend in this offering in the past few years.

Brokers talk about the individuals they work with at larger clients...

Here are brokers talking about the roles and responsibilities of the individuals they work with at larger clients (1000+ employees):

"We work with the VP of HR at our 1,000 plus clients."

"HR Department; Vice President of HR; HR Administrator."

"VP of HR to assist in selection of benefit offered Director of Benefits to determine communication methods HR manager/specialist to implement the communication plan."

"Typically interact with C-Suite level employees with various roles and responsibilities."

"Usually we work with the Human Resources director and CFO. There are times, however, when the owner is working with us as well."

"HR Director would be the lead."

"HR Director and HR benefit managers, CFO for sign off of payroll deductions and benefit administration and mailers approval."

Carriers Offering Hospital Indemnity Insurance

We provided both brokers and employers with a list of insurance carriers and asked them which they knew provided Hospital Indemnity Insurance.

Brokers most commonly identified the following: (in order of mentions)

1. Aflac
2. Colonial Life
3. Allstate
4. Unum
5. Assurant

Employers cited the following most often (in order of mentions):

1. Aflac
2. Colonial Life
3. MetLife
4. Unum
5. Allstate

Comparing the two lists, we see they are similar and the two groups both associate **Aflac and Colonial Life most commonly as offering this benefit.**

Yet, notably, **nearly one in five employers said they don't know**, and couldn't name which carriers provide Hospital Indemnity Insurance and which do not.

This reinforces the need for additional education and communication among employers for this product offering.

Important Features of Hospital Indemnity Insurance

We asked both groups about the importance of features of Hospital Indemnity Insurance.

Not surprisingly, **both brokers and employers reported that cost is a most important feature to them.** Yet, beyond that similarity, we see a difference between the two groups; cost is more important for employers.

Nearly all **employers** cited cost of the plan as most important



...Compared to two-thirds of **brokers** said cost of the plan is most important

This shows that brokers may be underestimating the importance of the cost to employers.

Group Voluntary Auto Insurance

This is where the employee has the ability to purchase Auto insurance through the workplace at group rates.

Auto Insurance

We also asked both groups about their experiences with and opinions on another voluntary benefit – Auto Insurance.

Familiarity with Auto Insurance

We first asked both brokers and employers about their familiarity with group voluntary Auto Insurance.

Here, we find that employers report higher familiarity than brokers do. About a third of employers are very familiar with Auto Insurance, compared to about one in five brokers.

Again, we see an opportunity for brokers and employers to become more familiar with this type of offering.

Percent Offering

We asked employers only whether their organization offers Auto Insurance benefits to its employees, where employees may purchase Auto insurance through the workplace at group rates.

In total, **only about one-fifth of employers reported that they do offer Auto Insurance to their employees.** *When we look at results by size of company,* we see some differences; those organizations with 1000+ employees are more likely – about two in four said they do offer this benefit, compared to those organizations with less than 1000 employees, about one in ten.

We also asked brokers whether their clients currently offer Auto insurance as a voluntary benefit.

About half of brokers answering indicated that one or more of their clients offers Auto Insurance as a voluntary benefit.

Both brokers and employers indicate that a relatively small number of employers are currently offering Auto Insurance in the workplace. Yet, it is more popular among larger employers, so brokers may want to consider this opportunity for their larger clients, if they aren't already.

Timing of Communication About Auto Insurance

Next, we asked both brokers and employers what timing best describes how often they would allow a carrier (the carrier would handle all costs) to communicate about Auto Insurance directly to employees.

Both brokers and employers most commonly said annually, or once a year. This demonstrates an openness by both groups toward carriers communicating about this benefit.

Channels for Communication

We then asked brokers through which channels they think a typical larger client (those with 1000+ employees) would allow a carrier to



Channels for Communication (cont.)

communicate about Auto Insurance to employees. We also asked employers, those with 1000+ employees, the same question.

Brokers most commonly said:

1. Benefit Fair/workplace visits
2. Employer-Sponsored communications
3. Link on internal Intranet site

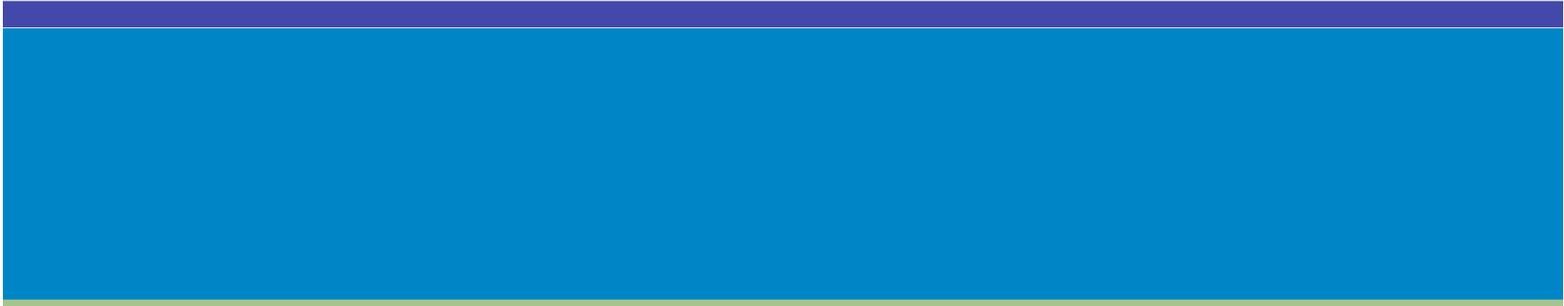
Whereas, employers (with 1000+ employees) cited the following most often:

1. Home mailing
2. Benefit fairs/workplace visits
3. Link on internal Intranet site

Brokers and employers both agree that they would most commonly allow communication through benefit fairs / workplace visits and a link on an internal Intranet site. Yet, we also see a slight disconnect between brokers and employers; employers most commonly said they would allow a carrier to communicate through a home mailing, while brokers do not cite this as a top channel.

Both groups also agree on the use of social media and texts for communications. Very few brokers and employers selected these channels for communicating with employees, suggesting a limited role for these channels in the workplace at this point, consistent with past information exchanges.

For the most part, brokers and employers concur about communication channels, yet, some differences exist. This indicates a possible need for additional communication between brokers and employers in order to understand each other's needs and preferences.



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