



A Special Trends Report

Perspectives on New York State's Disability Benefits Law
from a Survey of New York Area Brokers
(Q3, 2017)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted a special online information exchange in early May 2017 to understand its New York area broker members' awareness of New York state's Disability Benefits Law (DBL), DBL authorized carriers, and the importance of various aspects of such plans when working with clients.

The information in this report is based on an online survey taken by roughly 90 brokers who indicated that they:

- personally advise clients on group disability insurance,
- have group clients in New York State, and
- are at least somewhat familiar with New York State Disability Law (DBL).

Executive Summary

In this Briefing, we share feedback from New York area brokers regarding their awareness of and experiences with the New York state Disability Benefits Law (DBL).

To participate in the exchange, brokers were required to be at least somewhat familiar with New York state DBL. In response to an initial question about their familiarity with New York's DBL and authorized DBL carriers, we learned:

- **Most participants who are familiar with NY DBL tend to be very familiar with it.**
- Overall, brokers are most aware of The Hartford, Guardian, Unum, MetLife, and Cigna as authorized DBL carriers. The frequency of mention of each carrier, however, fluctuates based upon the size of brokers' clients.

Brokers were asked about the level of importance of certain DBL plan attributes when deciding which carrier to recommend, as well as which carriers are best at particular attributes.

- Most Important: Price
 - Highest rated carriers for price: ShelterPoint, Unum, The Hartford, Guardian, and Cigna.
- 2nd Most Important: Ease of administration
 - Highest rated carriers for ease of administration: Liberty, Unum, ShelterPoint, The Hartford, and MetLife.
- When we asked brokers to tell us which attributes were most important for certain size clients, price remained in the top spot across all client sizes.

We asked all brokers how important it is to them that NY DBL plans integrate with other benefits across a specific set of elements.

- Claims intake was reported as the most important element of integration across all broker client sizes.
- Yet, generally, brokers commonly allocated points fairly equally across the elements, **indicating no one element dominates in importance.**

We also asked participants to tell us what percentage of NY DBL plans are packaged with other benefits versus sold as stand-alone benefits.

- NY DBL benefits are more often sold packaged with other benefits, particularly among larger clients.

Lastly, brokers told us what percentage of their current NY DBL plans are with specialty DBL carriers versus with core carriers.

- Participants **indicated that they place most of their DBL business with core non-medical carriers.** This is consistent by size of client.

What is the New York Disability Benefits Law?

The New York Disability Benefits Law (DBL) is article 9 of the Workers' Compensation Law and creates a state disability insurance program designed to provide employees with some level of income replacement in case of disability caused off-the-job.

New York is one of a handful of states that require employers to provide disability benefits coverage to employees for an off-the-job injury or illness. Coverage for disability benefits can be obtained through a disability benefits insurance carrier who is authorized by the New York State Workers' Compensation Board to write such policies.

Detailed Findings

Familiarity with New York's Disability Benefits Law

We asked brokers how familiar they are with New York state's Disability Benefits Law (DBL). To participate in the exchange, brokers were required to be at least somewhat familiar with New York state DBL.

Most participants who are familiar with NY DBL tend to be very familiar with it; more than half of participants indicated being "very familiar" with NY DBL.

When we look at results by brokers' client size, there is no variability in the level of familiarity among the different groups.

Authorized New York DBL Carriers

We asked participants to tell us with which of thirteen authorized New York DBL carriers they are familiar. **Top mentions include the following carriers** (in order of number of responses):

1. The Hartford
2. Guardian
3. Unum
4. MetLife
5. Cigna

When we look at results by brokers' client size, **brokers who work with larger clients are more likely than those with smaller clients to be familiar with** the following carriers:

- Cigna
- Prudential
- Liberty

Various specialty carriers were also included on the authorized list. In our discussions, we learned that brokers are less familiar with these specialty carrier providers of DBL.

Ratings of New York DBL Carriers in Various Attributes

For each carrier with which brokers were familiar, we asked them to rate certain attributes of that carrier's NY DBL plan. Attributes included plan features (such as durations, benefit maximums and waiting periods), ease of administration, competitive rate, ability to bundle and integrate with other benefits, online platforms and/or digital capabilities, and overall offering.

Top-rated carriers for **plan features such as durations, benefit maximums, and waiting periods** (in order of percentage of ratings) are:

Ratings of New York DBL Carriers in Various Attributes (cont.)

1. ShelterPoint
2. Unum
3. The Hartford
4. Guardian
5. Cigna

Top-rated carriers for **ease of administration** (in order of percentage of ratings) are:

1. Liberty
2. Unum
3. ShelterPoint
4. The Hartford
5. MetLife

Top-rated carriers for **competitive rate** (in order of percentage of ratings) are:

1. ShelterPoint
2. WESCO
3. Unum
4. Liberty
5. Cigna

Top-rated carriers for **ability to bundle and integrate with other benefits** (in order of percentage of ratings) are:

1. Cigna
2. MetLife
3. Liberty
4. Guardian
5. The Hartford

Top-rated carriers for **online platforms and/or digital capabilities** (in order of percentage of ratings) are:

1. Liberty
2. Unum
3. MetLife
4. The Hartford
5. ShelterPoint

We find some similar carriers scoring well across attributes; Liberty, ShelterPoint, The Hartford and Unum are commonly rated highly across the various attributes.

Importance of NY DBL Plan Attributes

We asked brokers to tell us how important the following dimensions of NY DBL plans are when deciding which carrier to recommend to group insurance clients: plan features, ease of administration, price, ability to bundle and integrate with other benefits, online platforms and/or digital capabilities, commission levels, a single carrier for all coverages, and carrier specialization in NY DBL plans. We asked

Recent Trends in Group Disability Insurance

In recent years, Prudential Insurance has researched and reported on key trends in the absence and disability industry.¹

Some recent findings include:

- The incidence of employers offering employees both STD and LTD is on the rise.
- About four in five employers offer STD and/or LTD to employees.
- The majority of group disability benefits are provided by insurance carriers, as opposed to other organizations such as TPAs or payroll providers.
- About half of employers say current disability offerings are paid for by the employer.

¹ Retrieved online at <http://www.prudential.com/media/managed/DI-Market-Trends.pdf>

Importance of NY DBL Plan Attributes (cont.)

them to do this by allocating 100 points across the dimensions, allocating more points to those dimensions that are more important. Brokers were asked to do this by size of client, for the client sizes with which they work most frequently.

Following are results by size of client.

Most important dimensions for **clients with under 100 employees** are (in order of number of points allocated to each):

1. Price
2. Ease of administration
3. A single carrier for all coverages
4. Ability to bundle and integrate with other benefits
5. Carrier specialization in NY DBL plans

For **clients with 100 to 999 employees**, the most important dimensions are (in order of number of points allocated to each):

1. Price
2. Ease of administration
3. A single carrier for all coverages
4. Ability to bundle and integrate with other benefits
5. Plan features

The top scoring dimensions for **clients with 1,000 to 4,999 employees** are (in order of number of points allocated to each):

1. Price
2. Ease of administration
3. A single carrier for all coverages
4. Ability to bundle and integrate with other benefits
5. Online platforms and/or digital capabilities

For **clients with 5,000+ employees**, the following receive the **most points** (in order of number of points allocated to each):

1. Price
2. Ease of administration
3. Ability to bundle and integrate with other benefits
4. A single carrier for all coverages
5. Online platforms and/or digital capabilities

Price is rated as the most important dimension across all client sizes. Importance of specialization in NY DBL and online/digital capabilities vary by client size while importance of other areas (ease of administration, a single carrier for all coverages, ability to bundle and integrate with other benefits) are fairly consistent.

Integration of NY DBL Plans with Other Benefits

We asked brokers to tell us how important it is that elements of NY DBL plans integrate with other benefits such as short-term disability,

Integration of NY DBL Plans with Other Benefits (cont.)

long-term disability, FMLA, and employer-specific leaves. To indicate importance, we asked participants to allocate 100 points across the following elements: marketing, quote, claims intake, communications to employees, communications to employers, transition to long-term disability, reporting, and billing. Brokers were asked to do this by size of client, for the client sizes with which they work most frequently.

Generally, we find that brokers didn't allocate points to only to one or two elements, and commonly allocated points fairly equally across the elements, **indicating no one element dominates in importance.**

For the various sizes of clients, we see generally similar patterns. For all sizes, **brokers allocate the most points, on average, to claims intake**, as being most important in integration. This increases with size of client. Since claims are such an important aspect of disability insurance, it's not surprising to find that integration with claims intake receives the most points.

Beyond that, brokers tend to indicate transition to LTD is 2nd most important for clients with less than 5,000 employees, while reporting is 2nd most important for clients with 5,000+ employees.

NY DBL Plans Packaged with Other Benefits

We asked participants to tell us what percentage of NY DBL plans are packaged with other benefits such as STD, LTD, Group Dental, Group Life, etc. versus sold as a stand-alone benefit. Brokers were asked this question about four different client size segments.

Results show that **NY DBL benefits are commonly sold packaged with other benefits, and that this tends to become more common among larger clients.**

These findings are consistent with industry trends; bundling of benefits seems to be increasing and increasingly important for employers in order to benefit from cost and administrative efficiencies.

Percentage of NY DBL Business by Carrier Type

We also asked brokers to tell us what percentage of their current NY DBL plans are with specialty DBL carriers and what percentage are with core group life/disability/dental/etc. carriers.

As shown in the chart on the following page, brokers indicated that **they place the majority of their DBL business with core non-medical carriers.** This is consistent by size of client.

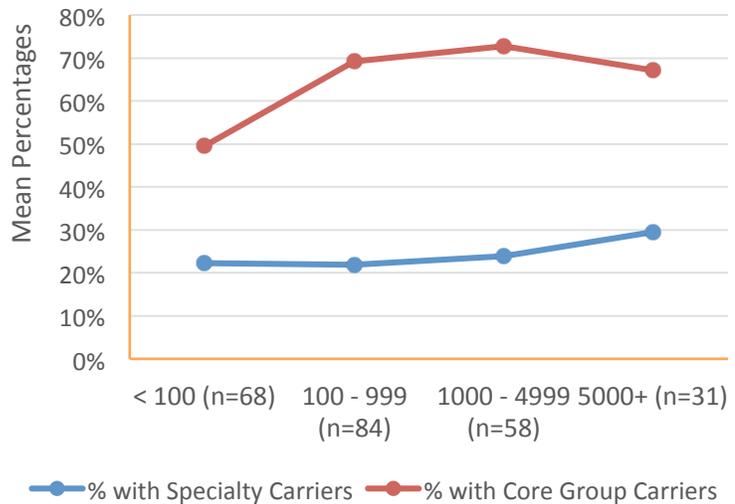
Since participants reported commonly packaging NY DBL

Percentage of NY DBL Business by Carrier Type (cont.)

plans with other benefits, it makes sense that most DBL plans would be provided by core carriers. Since price and ease of administration are important for DBL plans, core carriers may have the economies of scale and experience to be stronger than specialty carriers in these areas.

% of Business of NY DBL by Types of Carrier

Showing Mean % by Size of Client





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