



Benefits Briefing VOLUME 34

Perspectives on Growth Potential, Benefits Planning, Carriers Selling Direct,
and Communications with Small Businesses
From a Survey of Employers & Brokers
(Q3, 2019)

National Employee Benefits Advisory Forum (NEBAF)

Executive Summary

This Briefing presents findings from both employers and brokers regarding their levels of optimism about various scenarios.

- The majority of employers and brokers are optimistic about the growth potential of their firms.
 - At least half of both groups are very optimistic; fewer than 10% (in each group) are not optimistic about their company's growth potential.
- When asked how optimistic they are about the growth potential of their industry, nearly all brokers and employers say they are optimistic.
 - Forty percent of employers and half of brokers report being very optimistic.
 - Very few employers (7%) and brokers (<1%) are not optimistic about the growth potential of their industry.
- Brokers and employers are generally optimistic about the growth potential of the U.S. economy through 2020.
 - A quarter of employers and 40% of brokers indicate they are very optimistic about the U.S. economy through 2020.
- Overall, brokers are more optimistic than employers are about the growth potential of all three: the U.S. economy, their industry, and their firm.

This report also includes findings regarding the timing of the benefits planning process, as well as the types of benefits offered by employers and those advised on by brokers.

- Brokers and employers typically start the benefits planning process 4 to 6 months prior to the end of their current benefits contracts; this is the most common timeframe, named by about half of both groups.
 - Roughly a quarter of both groups start earlier (7 or more months prior) and about a quarter start later (3 or fewer months prior).
- At least 90% of NEBAF brokers advise employers about health, life, dental, and disability insurances for group coverage. These benefits are also most likely to be offered by employers.
 - Fewer brokers (half to three quarters) advise employers about accident, critical illness, cancer, or hospital indemnity insurance; fewer than half of employers offer these benefits.
 - NEBAF member brokers are least likely to advise employers on home and auto insurance. These benefits are also least likely to be offered by NEBAF member employers.

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted several recent special online information exchanges over the past few months to understand its members' experiences regarding employee benefits and interest in some new potential offerings.

The information presented in this report is a compilation of the results of those special online exchanges:

- An online survey taken by nearly 1,000 group employee benefits specialists (573 brokers and 268 employers) in July 2019, regarding the growth potential of companies, industries, & the U.S. economy, as well as benefits planning;
- An online survey on the topic of carriers selling directly to small employers, conducted among 158 brokers (who have 50% or more of their clients with less than 100 employees and who sell at least one group non-medical or worksite product) in September 2019,
- An online survey, conducted in Spring 2019, among 153 brokers (who have 50% or more of their clients with less than 100 employees) regarding brokers' communications with small businesses.

Executive Summary (cont.)

This report also shares brokers' experiences around carriers selling employee benefits direct to small employers, based on results of a short survey of brokers *only* (see methodology for details).

- More than half of brokers say they are not aware of carriers that are currently marketing and selling directly to employers with less than 100 employees, while nearly half indicate they are aware.
- There's no agreement about how the number of carriers marketing & selling group non-medical benefits directly to employers with less than 100 employees has changed in the past 5 years.
- About one-third say they have clients with less than 100 employees who have purchased non-medical benefits direct from a carrier.
- Very few brokers report that they have ever suggested that an employer purchase group non-medical benefits directly from a carrier.

Lastly, this Briefing includes results from a short survey of brokers *only* about small businesses and communications (see methodology for details).

- Brokers say they stay informed about topics related to small businesses through online news sources and conversations with small business customers.
- Email is the information channel used most often by brokers, followed by phone calls or in-person meetings.
- Brokers use a variety of formats for sharing information with clients, and no one format is most preferred.
 - PowerPoint slides, websites, and whitepapers are preferred by 20% or more of brokers.

Growth Potential of Companies, Industries, and the U.S. Economy

In our summer 2019 special information exchange, we asked both employers and brokers about their level of optimism regarding various scenarios.

Growth Potential of Companies

We asked *employers* how optimistic they are about the growth potential of their company. **Over 80% of employers say they are at least somewhat optimistic about the growth potential of their company.** About 50% are very optimistic, and just under 10% are not optimistic about their firm's growth potential.

We also asked *brokers* how optimistic they are about the growth potential of their brokerage firm. **Just over 90% of brokers report being at least somewhat optimistic about their brokerage firm's growth potential.** Almost 60% are very optimistic, and fewer than 5% are not optimistic.

Responses by both groups are fairly similar; yet, we see that brokers are slightly more optimistic. **More brokers than employers say they are very optimistic (60% versus 50%).**

Overall, this is very positive news, and may be a result of continued strong economic performance in the U.S.

Growth Potential of Industries

We also asked *employers* how optimistic they are about the growth potential of their industry. **Almost 90% of employers are at least somewhat optimistic about the growth potential of their industry.** In fact, 40% are very optimistic about it, while fewer than 10% are not optimistic.

We asked *brokers* how optimistic they are about the growth potential of the non-medical benefits industry. **Over 95% of brokers are at least somewhat optimistic about the growth potential of this industry.** Less than 1% of brokers are not optimistic about the growth potential for non-medical benefits, and half report being very optimistic.

As with the optimism in the growth potential of their own companies, **both groups respond positively, however, brokers are slightly more optimistic than employers are.**

Again, these results are very positive. For employers, this may be again tied to the strong U.S. economy generally, while for brokers, some of this optimism may be a result of recent employee benefits trends, such as changes in healthcare and the health insurance industry, and challenges in attracting and retaining talent.

Growth Potential of the U.S. Economy

We then asked *employers* how optimistic they are about the growth of

Snapshot: Optimism about Personal Health and Welfare

As part of our summer exchange, we asked brokers and employers how optimistic they are about their own health and welfare and the health and welfare of their loved ones, through 2020.

- Over 90% of employers and brokers are at least somewhat optimistic about their own health and welfare and the health and welfare of their loved ones through 2020.
- More brokers than employers are very optimistic about their and their loved ones' health and welfare. Two-thirds of brokers are very optimistic about this, compared to about half of employers.
- Fewer than 1% of brokers and 5% of employers said they were not optimistic about their own health and welfare and the health and welfare of their loved ones.

Growth Potential of the U.S. Economy (cont.)

the U.S. economy through 2020. **Almost 80% of employers indicate they are at least somewhat optimistic about the growth of the US economy.** A quarter are very optimistic about it; just under 10% are not optimistic.

We also asked *brokers* how optimistic they are about economic growth in the US through 2020. **Almost 90% of brokers are optimistic about near-future U.S. economic growth.** Nearly 40% are very optimistic about it, while only 3% are not optimistic.

Since both groups are positive on the growth potential of their companies and industries, it's not surprising to see that they are also optimistic about the U.S economy overall.

Consistent with other results, **brokers are slightly more optimistic than employers.** More brokers than employers are very optimistic (38% versus 26%).

Benefits Planning and Offerings

In that same information exchange, we also asked both employers and brokers about the benefit planning process and benefits coverage.

Timing of the Benefits Planning Process

We asked *employers and brokers* when they typically start the benefits planning process.

About half of employers and brokers start the benefits planning process about 4 to 6 months before the end of their current benefits contracts. About a quarter of employers and brokers start the process later (1 to 3 months prior), while a quarter of employers and about 20% of brokers start the process earlier (more than 7 months prior). Full results are shown in the table below.

It's probably not surprising to see such consistent responses between the two groups. Since brokers know the process and know their clients' needs, they are integral in starting to plan for this process, and may often drive the timing.

Time Frame for Starting the Benefits Planning Process

	Employers	Brokers
1-3 months prior	25%	29%
4-6 months prior	48%	48%
7-9 months prior	19%	14%
More than 9 months prior	6%	4%
Don't know/Varies too much	2%	5%

Did You Know? Plan advisors and benefit brokers anticipate increased sales of financial wellness programs

A survey by Prudential in the spring of 2018, entitled *Benefits and Beyond: Intermediaries 2018¹*, asked 427 intermediaries (plan advisors and benefit brokers) about their perspectives on financial wellness. Some key findings include:

- Almost 9 in 10 intermediaries anticipate increased sales of financial wellness programs in the next 3-5 years.
- Over half say it is very important for their firms to expand their financial wellness offerings.
- Almost 8 in 10 intermediaries think financial wellness programs benefit employees.
- More than 7 in 10 say financial wellness programs are requested by employers.
- Intermediaries say the biggest challenge in selling financial wellness programs is cost.

Types of Benefits Brokers Advise Employers on for Group Insurance Coverage

We asked *brokers only* which types of benefits they personally advise employers on for group insurance coverage (including voluntary and worksite).

For group insurance coverage, over 90% of brokers advise employers on health, life, dental, vision, and long- and short-term disability insurance. Three-quarters or more also advise employers on AD & D, accident, and critical illness. Over half of brokers advise on cancer and hospital indemnity insurance.

Group Benefits Brokers Advise Employers on Most Often (top 5 shown from most to least)

	Brokers
Health insurance	98%
Life insurance	97%
Dental insurance	96%
Vision insurance	96%
Long-term disability insurance	95%

Auto and home insurance are the group benefits brokers advise on least, with only about 10% doing so. About one quarter advise on expatriate benefits, financial wellness, or retirement products. Fewer than half of brokers advise employers on accident insurance, identity theft, legal services, and pet insurance.

In general, fewer brokers advise employers on benefits for group insurance coverage outside of medical, life, dental, vision, and disability.

Group Benefits Brokers Advise Employers on Least Often (bottom 5 shown from least to most)

	Brokers
Home insurance	12%
Auto insurance	13%
Retirement products	20%
Financial wellness programs	22%
Expatriate benefits	24%

Types of Group Insurance Benefits Employers Currently Offer Employees

We also asked employers what types of group insurance benefits they

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http://www.prudential.com/media/managed/documents/rp/3014251_B&B_Broker_Summary_rF2.pdf

Types of Group Insurance Benefits Employers Currently Offer Employees (cont.)

currently offer their employees.

The majority of employers offer their employees health insurance, dental insurance, life, vision, and long-term disability insurance. More than three-quarters offer short-term disability insurance and over two-thirds also report offering retirement products, EAPs, and AD&D insurance.

Group Benefits Offered Most by Employers (top 5 shown from most to least)

	Employers
Health insurance	96%
Dental insurance	94%
Life insurance	90%
Vision insurance	86%
Long-term disability insurance	81%

Auto and home insurance are offered least, by 10% or fewer employers. A quarter or fewer offer cancer, hospital indemnity, identity theft, and pet insurance. Fewer than half offer accident, critical illness, financial wellness programs, and legal services.

Group Benefits Offered Least by Employers (bottom 5 shown from least to most)

	Employers
Home insurance	8%
Auto insurance	10%
Pet insurance	16%
Identity theft/Fraud protection	20%
Hospital indemnity insurance	24%

The benefits that employers offer most mirror those most advised on by brokers. The two benefits least offered by employers (home and auto) are also advised on least by brokers. Brokers participants are focused on non-medical benefits, so we find that over two-thirds of employers offer retirement products, but fewer than half of broker participants advise employers on them.

Group benefits advised on/offered least may represent opportunities for employers and brokers to diversify benefit offerings and enhance employee benefits packages.

Brokers' Experiences with Carriers Selling Direct to Employers

As part of a special exchange in September 2019, we asked *brokers only* (who have 50% or more of their clients with less than 100 employees and who sell at least one group non-medical or worksite product) several questions about their experiences regarding carriers selling employee benefits directly to employers with less than 100 employees.

Awareness of Carriers Selling Direct to Small Employers

We asked *brokers* whether they are aware of any carriers marketing & selling group non-medical benefits directly to employers with less than 100 employees without broker involvement.

Brokers are fairly split; **slightly more than half are not aware of carriers that are marketing and selling directly to employers with less than 100 employees, while nearly half are.**

When we asked brokers which carriers they are aware of that are marketing and selling directly to employers with less than 100 employees, they most commonly name Aflac, followed by Colonial.

How the Number of Carriers Selling Direct to Small Employers Has Changed in Last 5 Years

We asked *those brokers* who are aware of carriers marketing & selling group non-medical benefits directly to employers with less than 100 employees how the number of carriers doing this has changed in the last 5 years.

There's no consensus; about one in three think the number of carriers marketing & selling group non-medical benefits directly to employers with less than 100 employees has increased in the past 5 years, while slightly more than a third feel it's remained the same. More than 10% think it's decreased, and about one in five say they don't know.

Whether Have Small Clients that Have Purchased Benefits Direct from Carriers

We also asked participants whether they have any clients with less than 100 employees that have purchased group non-medical benefits directly from a carrier.

Again, we find mixed results. About one-third say they have clients with less than 100 employees who have purchased non-medical benefits direct from a carrier; almost a quarter don't know whether their clients have or not, while more than two-fifths say they don't have clients that have purchased direct.

For those brokers who don't know whether they have or not, it's a topic that might be worth exploring with their small clients, to understand the full picture of their clients' benefits needs and activities.

Snapshot: What do brokers think is the most important service they'll provide in 2019?

Also, as part of the small exchange (mentioned in the right column) among brokers who focus on small size companies, we asked *brokers* what they think is the most important service they expect to provide their clients in 2019.

Here is what they told us:

Many brokers expect to provide advice or consultation to their clients, as well as education.

- “Advice on the changing healthcare market”
- “Education for employers”

Compliance is a specific area in which brokers expect to provide service this year, especially with respect to the ACA.

- “Assisting in meeting all the compliance regulations”
- “Stay in compliance”

Many brokers expect to help clients contain costs.

- “How to stay on top of costs”
- “Lowering/managing the cost of their health insurance coverage”

Brokers also expect to provide good customer service and communication, helping clients with whatever they may need.

- “Continuing attentive service”
- “Good all-around personal service”

Whether Have Recommended Small Clients Purchase Benefits Direct from Carriers

Lastly, we asked brokers whether they have ever suggested that an employer purchase group non-medical benefits directly from a carrier.

The vast majority of brokers have never suggested that an employer purchase group non-medical benefits directly from a carrier.

These results are not surprising, since brokers may feel like this would be giving business away.

Brokers' Views on Small Businesses & Communications

In Spring 2019, we asked *brokers only* (who have 50% or more of their clients with less than 100 employees) about small businesses (those with less than 100 employees) and communications.

Ways Brokers Stay Informed about Topics Important to Small Businesses

We asked *brokers* how they currently stay informed about topics important to small businesses.

Brokers most commonly stay informed about topics related to small businesses through online news sources and conversations with small business customers. Over half of brokers also rely on professional organizations and trade publications. Results are shown in the table below.

How Brokers Stay Informed about Small Businesses

	Brokers
Online news sources	78%
Conversations with small business customers	74%
Professional organizations	66%
Trade publications	58%
Government resources	41%

Use of Specific Channels to Share Information

We asked *brokers* how often they use specific channels to share information with their clients.

Email, phone calls, and in-person meetings are the information channels used most often by brokers. Over 86% use email often,



Use of Specific Channels to Share Information (cont.)

and the remaining 14% use it sometimes. Most (65%) brokers also use the phone often, and about half communicate in person often.

While about half of brokers use WebEx at least sometimes, half rarely or never use it. Over three-quarters of brokers rarely or never use mail to share information with clients.

Not surprisingly, mail is least used by brokers, with email, phone calls, and in-person meetings preferred.

Preferred Formats for Sharing Information

We asked *brokers* about their preferred format for sharing information with their clients.

Brokers vary in their preferred formats for sharing information with clients. No one format is preferred by most brokers.

Just over a quarter of brokers prefer PowerPoint slides, while 20% or fewer prefer websites or whitepapers. Fewer than 10% of brokers prefer infographics, social media, or videos.



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