



Benefits Briefing VOLUME 36

Perspectives on Expatriate Benefits From a Survey
of Employers & Brokers
(Q1, 2020)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in December 2019 to understand its members' experiences regarding various employee benefits-related topics.

Specifically, this summary includes perspectives from participants regarding **expatriate benefits** (i.e. employee benefits, including medical, dental, life or disability insurance for expatriates [or expats] who temporarily or permanently reside in a different country from where they are a citizen).

The information in this report is based on an online survey taken by nearly 600 group employee benefits specialists (314 brokers and 268 employers).

Within this summary, we identify and call out differences in results by market size, where applicable. Market groupings include the following: Small (<100 U.S. employees), Mid-size (100 - 4,999 U.S. employees), and Large (5000+ U.S. employees).

Executive Summary

This Briefing is primarily focused on participants' views on and experiences with expatriate benefits (i.e. employee benefits, including medical, dental, life or disability insurance for expatriates [or expats] who temporarily or permanently reside in a different country from where they are a citizen).

- About one-fifth of participating NEBAF employers report that they currently offer expatriate benefits to their employees.
 - As would be expected, large employers are more likely to offer expatriate benefits than mid-size employers, and both groups are more likely to offer these benefits than small employers.
- Roughly two-thirds of employers whose company offers expat benefits are knowledgeable about their company's expat offerings. The majority of those knowledgeable are responsible for their company's expat benefits. *Of note: the remaining employer results in this report are based on those who currently offer expat benefits and are responsible for expat benefits as part of their role; this should be kept in mind when reviewing results.*
- When it comes to participating NEBAF brokers, about two in five say that they currently recommend or sell expat benefits.
 - As with employers, we see incidence increasing with size of clients on whom the broker focuses.
- Brokers who recommend/sell expat benefits tell us that an average of 16% of their clients currently offer expat benefits.
 - Brokers with a focus on large clients tend to report a higher percentage than brokers who focus on mid-size and small clients.
- The majority of employers report that several types of benefits are very important when devising employment packages for expatriates, in particular, medical benefits, ancillary benefits, repatriation benefits, compensation packages, and relocation benefits.
- Most employers say they are currently using the same carriers domestically and internationally for employee benefits.
- When we asked both employers and brokers about the importance of factors when evaluating expat insurance carriers, they name four of the same factors as most important: network strength, customer service & claims processing, compliance, and expat product offering.



Executive Summary (cont.)

- We asked both groups about their preferences for various service models for expat benefits; a centralized service model is most commonly named by both employers and brokers as preferred.
- The majority of employers report that the decision-makers for expat benefits are not different than they are for domestic benefits. About half of brokers tell us the same, while two in five brokers say this is client-dependent.

Talking About: Reasons Why Brokers Do Not Currently Recommend/Sell Expatriate Benefits

We asked those brokers who currently don't recommend/sell expat benefits why they don't, and they primarily say it's because they don't have clients with employees working outside the U.S. Some brokers also mention the following reasons: they don't have expertise in this area, multi-national companies are handled by a separate group at their firm, and current clients already had/have some in place for expat benefits.

"Current clients either don't have expats or if they do, they are just a handful they manage internally and don't need/want intervention of the broker."

"Don't work in that market. My clients are all small shops."

"My existing clients don't have a need for this at the present time."

"I don't usually go after that market. We don't have a subject matter expert on staff."

"Our clients are not large enough to assign value to these plans. They believe the medical plans will take care of emergencies, and can't afford the increased coverages offered through the additional coverage for their globally-mobile employees. They do not have any expats."

"We have a global team to handle."

Expatriate Benefits

We asked *employers and brokers* about their experience with and views on expatriate benefits (i.e. employee benefits, including medical, dental, life or disability insurance for expatriates (or expats) who temporarily or permanently reside in a different country from where they are a citizen).

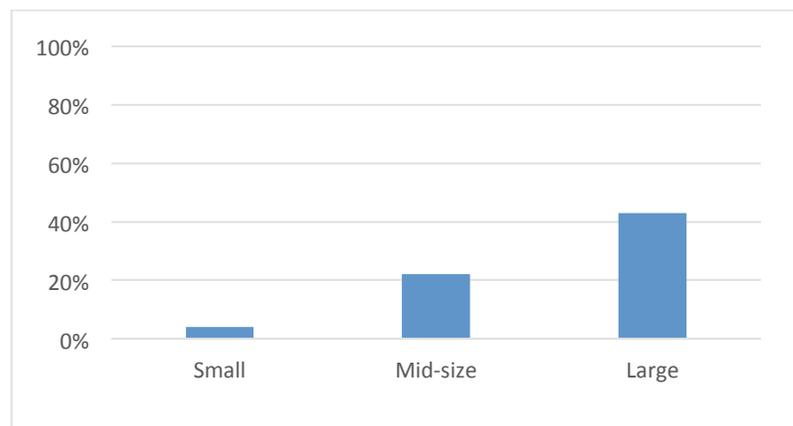
NEBAF Employers Currently Offering Expatriate Benefits

We asked employers whether they currently offer expatriate benefits to employees.

Roughly one in five NEBAF employers say that they currently offer expatriate benefits.

As might be expected, the incidence of expatriate benefits among employers increases with the size of the company. More than two-fifths of large employers currently offer expat benefits to employees; this compares to just 4% of small employers. Results by company size are shown below.

% of Employers Saying Currently Offer Expat Benefits



NEBAF Employer Involvement in Expatriate Benefits

We asked employers from those whose companies currently offer expat benefits to their employees whether they are knowledgeable about their company's expat benefits offerings.

About two in three employers whose company offers expat benefits tell us they are knowledgeable about their company's expat offerings.

We then asked those knowledgeable about their company's expat benefits offerings whether they are responsible for expat benefits as part of their role.

The majority say they are responsible for their company's expat benefits.

Did You Know? American Expatriate Statistics

Some recent statistics regarding expatriates include¹:

- The U.S. government doesn't formally track how many Americans leave the U.S., but in the U.S. State Department's most recent calculations, in 2016, they estimated that a roughly 9 million Americans were living abroad.
- Mexico, the EU and Canada have the largest populations of American expats.
- About three in five American expats are working abroad.
- The average age of American expats is roughly 50 yrs old; about one in five expats are retirees.
- About one-fifth of American expats say they moved abroad for love.
- The majority of expats are generally satisfied with life abroad.

¹<https://www.internations.org/expat-insider/2018/us-americans-abroad-39625>

The remaining employer results in this report are based on those who currently offer expat benefits and are responsible for expat benefits as part of their role; thus, the sample size is limited and this should be kept in mind when reviewing results

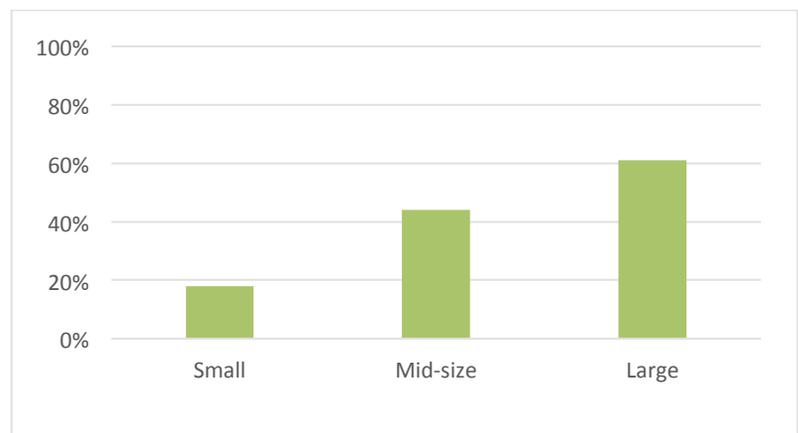
NEBAF Brokers Currently Recommending Expatriate Benefits

We also asked brokers whether they currently recommend or sell employee benefits to multinational employers for their expatriates (expats) or globally-mobile employees who temporarily or permanently reside in a different country from where they are a citizen.

Nearly two-fifths of NEBAF brokers report that they currently recommend or sell employee benefits.

Consistent with employer results, the incidence of brokers recommending / selling expat benefits also increases with size of companies served. About three in five brokers focused on large employers say they recommend/sell expat benefits; this compares to less than 20% of brokers focused on small employers. Results by company size focus are shown below.

% of Brokers Saying Currently Recommend/Sell Expat Benefits



Percent of NEBAF Brokers' Clients Offering Expatriate Benefits

We asked brokers (who recommend /sell expat benefits) what percentage of their clients currently offer expat benefits to their expatriates (expats) or globally-mobile employees who temporarily or permanently reside in a different country from where they are a citizen.

Brokers (who recommend/sell expat benefits) report that an average of 16% of their clients currently offer expat benefits

Percent of NEBAF Brokers' Clients Offering Expat Benefits (cont.)

to their clients..

As would be expected, we find differences by size of client. Brokers with a focus on large clients tend to report a higher percentage of clients offering expat benefits than their peers who focus on mid-size and small clients.

Obviously, staying up-to-date on expat benefits offerings and trends is more critical for brokers focused on larger employers, but it's also at least somewhat relevant for mid-size and small brokers as well.

Importance of Benefits in Devising Expatriates' Benefits Packages

We asked employers only (those as specified) about the importance of various benefits when designing employment packages for expatriates' assignments.

The majority indicate that the following benefits are all very important when designing an employment package for expatriates on assignment:

- ❖ Medical benefits
- ❖ Ancillary benefits (life, accident, disability, dental coverages)
- ❖ Repatriation benefits (assistance returning to home country)
- ❖ Compensation package (salary, cost-of-living adjustments, tax implications)
- ❖ Relocation benefits (moving costs, finding housing or schools)

All of these are rated fairly equally important, with **no one of these benefits rated more important than the others**. This indicates that a well-balanced benefits packages is more likely to be well-received by expatriate employees than one that provides robust options or coverage for some benefits but weak alternatives for others.

Current Expat Benefits Offerings

We also asked employers only (those as specified) about the employee benefits they are currently offering expatriates (or expats) who temporarily or permanently reside in a different country from where they are a citizen.

Employers tend not to be using the same carriers domestically and internationally for employee benefits. Employers most commonly indicate that they currently offer expats medical/non-medical insurance coverage through a different carrier than their domestic carrier.

Fewer say they currently offer expats medical/non-medical insurance coverage through their domestic carrier.

Talking About: Reasons Why Brokers Prefer a Centralized Service Model for Expat Benefits

We asked those brokers who prefer a centralized service model why they prefer that model. Here's what they said:

"Anytime we have a One Stop Shop for claims, admin, etc, it just makes it easier to remember what number to call and for personal relationships to be made."

"Having a go-to with an accountable team with a working relationship rather than working with a wide range of people who may or may not understand the company or have significant contact with the company benefits team."

"Just easier for both my office and the client to work with that single, centralized source."

"I am not required to travel to expat locations. But I do need to interact with the servicing offices and would prefer to have that centralized."

"Because it keeps the centralized location in charge of administering the claims and the customer service. It puts the burden of admin on the one location as opposed to various entities."

Importance of Factors When Evaluating Expat Benefits Providers

We provided both brokers and employers with a list of 11 factors and asked them how important these factors are when evaluating expat insurance providers.

Brokers say the most important factors are the following (in order of importance):

1. Network strength
2. Customer service & claims processing
3. Demonstrated expat industry experience
4. Expat product offering
5. Compliance guidance on insurance regulations in relevant geographies around the globe

Employers rate the following as most important (in order of importance):

1. Expat product offering
2. Customer service & claims processing
3. Price/cost of plan
4. Compliance guidance on insurance regulations in relevant geographies around the globe
5. Network strength

Brokers and employers don't necessarily agree on the order of importance of factors but they do both agree and rate four of the same factors as most important: network strength, customer service & claims processing, compliance, and expat product offering. Beyond that, we find that brokers rate demonstrated expat industry experience among the top five most important, while employers include price/cost of plan as most important.

Preferences for Servicing Expat Benefits

We asked employers and brokers which of the following models they prefer when it comes to employee service of expat benefits:

- Centralized – Claims & customer service are administered in a single office, no matter where the employee is located
- A Mix – For example, claims administered abroad, but customer service centralized into a single global location.
- Localized – Claims & customer service are delivered abroad, through one of several regional offices
- No preference

Both groups most commonly say they prefer a centralized service model for expat benefits, although roughly a quarter

Talking About: Reasons Why Employers Prefer a Centralized Service Model for Expat Benefits

We asked employers (those who prefer a centralized service model) why they prefer that model. Here's what they said:

"Ease of contact; greater consistency in responses and relationships."

"For ease of administration, it is easiest to have one point of contact."

"Simplified and easier to administer."

"Efficiency (no confusion where to call and who would be handling the claim) and better reporting capabilities."

"One point of contact; consistency no matter where you are; consistent service and delivery."

Preferences for Servicing Expat Benefits (cont.)

of each group reports having no preference.

We asked participants about the reasons for their preferred service model.

For those answering a centralized service model, both brokers and employers mention they prefer that model for benefits such as ease and efficiency of administration, greater consistency, and centralized contact(s)/one point of contact. See brokers' responses on the previous page and employers' responses in the left column.

Decision-making for Expat Benefits

We asked employers and brokers whether different decision-makers are involved in decisions about expat benefits, compared to those involved in more traditional domestic employee benefits decisions.

The majority of employers say the decision-makers for expat benefits are not different than for domestic benefits. About of half of brokers report the same, while two in five brokers say this is client-dependent.

Centralized decision-making allows employers to closely compare and align domestic and expat benefits, as desired.



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