



A Special Trends Report

Perspectives on Employee Benefits Carriers & Brokers' Businesses
from a Survey of Brokers
(Q2, 2020)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted a special online information exchange in late December 2019 through March 2020 to understand its broker members' opinions of and experiences with the employee benefits industry, including employee benefits carriers, specifically, as well as various aspects of brokers' businesses.

The information in this report is based on an online survey taken by almost 1,200 employee benefits brokers and consultants.

For this study, brokers were asked questions with regard to a particular size of client, referring to the size in which they have the majority or most of their book of business. Market groupings included the following: Small (<100 U.S. employees), Mid-size (100 - 4,999 U.S. employees), and Large (5000+ U.S. employees). Percentage of brokers asked about each size was: 44% were asked about Small size clients, 33% about Mid-size clients, and 23% about Large size clients. We've aggregated results for the purposes of this report, but we identify and call out differences in results by market size where applicable.

For this study, we also asked brokers some questions about certain insurance carriers. Carriers asked about were randomly selected among a list of those that the broker self-identified as doing business with. We've also aggregated these results and have reported averages for the purposes of this briefing.

Executive Summary

This Briefing presents findings from brokers about aspects of their businesses.

- On average, brokers spend more than half of their work day on medical benefits. About a quarter is spent on core non-medical benefits, and the remainder is spent on voluntary and other non-medical benefits.
- In the past twelve months, more than four in five brokers have had the following interactions with non-medical carriers: renewed a benefits program, submitted an RFP, dealt with carrier reps, helped a client onboard a new carrier, and/or resolved a client's issue with a carrier.
- More than four-fifths of brokers say they interact with carrier sales and service reps, while fewer, about two-thirds say they interact with carrier operations reps (billing, claims, etc.).

This report also contains findings about brokers' satisfaction with various aspects of the broker-carrier relationship.

- About half of brokers consider non-medical carriers to be "very easy" to work with, on average.
- On average, roughly half say they are "very satisfied" with carrier sales and service & support teams.
- When we asked brokers to rate their satisfaction with carriers' employee benefits products, we find some differences based on size of clients. For all sizes, brokers report being most satisfied with Life insurance. Beyond that, Accident insurance comes in second for large brokers, while Disability is second-rated among mid-size and small brokers.
- We asked brokers how satisfied they are with carriers in fifty-six different aspects of the broker-carrier relationship.
 - Carrier reputation rated the highest, across all client sizes. Brokers also report high satisfaction with the following areas: overall relationship, easy-to-understand communications, and feeling that the carrier is on broker's side.
 - All size groups report low satisfaction with carrier's proactive, consultative expertise in third-party and provider landscape. Beyond that, mid-size and small brokers report low satisfaction with carriers' ability to combine medical and non-medical benefits, while large brokers report low satisfaction with online capabilities.

Lastly, brokers share their experience with industry sectors.

- Nearly three in four brokers indicate that they do not focus on recommending/selling benefits to one particular industry sector.
- More than four-fifths of brokers recommend or sell benefits to the services industry; this is the most common industry.

Brokers & Their Business

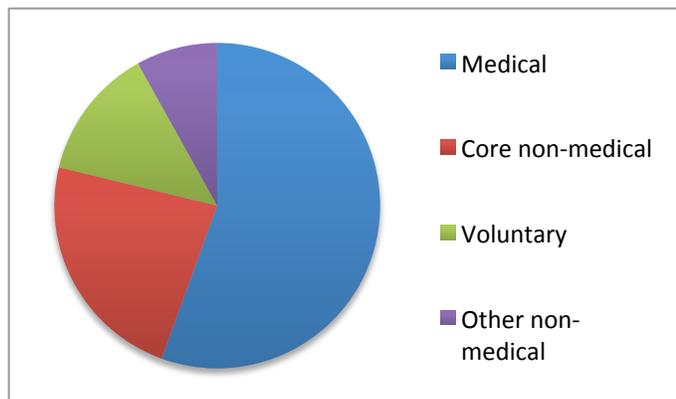
We asked participants a series of questions about their business, their activities, and their interactions with employee benefits carriers.

Time Spent on Various Types of Benefits

First, we asked brokers, in general, when working on benefits, how much of their time, in an average day, they spend on various types of benefits.

Brokers tell us they spend more than half of their day on medical benefits, on average. Brokers spend an average of about a quarter of their day on core non-medical benefits such as like, dental, and disability. Less than a quarter of brokers' daily time is spent on voluntary and other non-medical benefits.

Average Time Spent Daily on Types of Benefits



Those with primarily small clients are more likely to spend more time on medical benefits than those with primarily mid-size and large clients.

With much focus on healthcare and its costs in recent years, it's not surprising to see that brokers spend most of their time in this area, and it would not have been surprising to see that percentage even higher.

Interactions with Non-Medical Carriers in Past 12 Months

We asked brokers which of several interaction types they have been personally involved in in the past 12 months with regard to non-medical insurance carriers.

The majority of brokers say they have personally been involved in all interaction types asked about. Full results are shown in the chart on the next page.

Brokers primarily serving large clients are less likely to say they've personally been involved in all of these, compared to brokers answering for mid-size and small clients.

Spotlight on Trends: 6 Benefit Trends to Watch in 2020

In January 2020, the Society of Human Resource Management (SHRM) identified six benefits trends, based on feedback from members, that they believe will be important and impact the benefits landscape in 2020 and beyond.

This was, of course, before COVID19 gained momentum and became a worldwide pandemic. This crisis may change the way business is conducted going forward, and as part of that, how employee benefits are handled and offered. Thus, the timing of this study should be taken into consideration for these findings.

SHRM's Trends to Watch in 2020:

1. Personalization of benefits packages becomes paramount.
2. Student-loan-repayment aid helps attract and keep debt-challenged workers.
3. Shifting health plan costs to employees reaches its limit.
4. Stand-alone HRAs earn consideration as a group-plan alternative.
5. Mental-health and well-being benefits expand.
6. Caregivers get a helping hand through voluntary benefits.

To view the full details:

<https://www.shrm.org/resourcesandtools/hr-topics/benefits/pages/perk-up-six-key-benefit-trends-to-watch-in-2020.aspx>

Interactions with Non-Medical Carriers in Past 12 Months (cont.)

Interactions with Non-Medical Carriers in Past 12 Months

	% Saying Yes
Renewed a Client's benefits program	89%
Submitted a Request for Quotation or Proposal to an insurance carrier	88%
Dealt directly with a non-medical insurance benefits carrier's benefits service, operations or sales representative(s)	87%
Helped a Client on-board a new carrier or resolved a client's issue with an insurance carrier	84%
On-boarded / Implemented a new benefits program	79%

Relationships with Carriers

Then we asked brokers more specifically about their relationships with certain non-medical insurance carriers (as noted in the methodology).

Overall, in aggregate, we find that brokers tend to take on some roles and activities more than other roles/activities. When it comes to interactions with carriers, the majority of brokers report that they interact with carrier sales and service representatives. Brokers indicate that they have less interaction with carrier operation reps (as compared to sales and service reps), but a substantial number, more than two in three, say they do interact with carrier operations reps. Full results are shown in the chart below.

Brokers working primarily with large clients are less likely to say they personally interact with sales and service reps as compared to others.

Often when brokers are interacting with carrier operations reps, it's when there's an issue or clients have been unable to resolve an issue.

Roles and Relationships with Carriers

	% Saying Yes
Review carrier benefits programs with employers	89%
Interact with carrier sales reps	88%
Interact with carrier service reps/ account managers	85%
Help with Onboarding carrier's new benefits programs	79%
Interact with carrier operations reps (billing, claims, call center)	67%

Satisfaction with Carriers

We asked brokers about their level of satisfaction with certain non-medical carriers (as mentioned in the methodology) in various areas.

Carriers & Ease of Doing Business

First, we asked brokers to rate carriers on how easy or difficult the carrier is to do business with.

Overall, roughly half of brokers rate carriers, on average, as "very easy" to work with. This is positive news for carriers, but does leave room for improvement.

We don't see any differences by size of client.

Satisfaction with Sales & Service Teams

We also asked brokers to rate carriers on how satisfied they are with carriers' sales team, and also with the service and support team.

We see similar scores as with ease of doing business. **In aggregate, on average, slightly more than half of brokers say they are "very satisfied" with carrier sales teams, and about half report being "very satisfied" with service & support teams.**

Scores by size of client are fairly consistent, with one exception: brokers serving mid-size employers tend to rate their satisfaction with sales higher than brokers serving large and small employers.

Satisfaction with Employee Benefits Products

We then asked brokers about their satisfaction with particular employee benefits products offered by carriers.

When we look at results by size of client, we see some differences. Large brokers answer slightly differently than mid-size and small brokers; specifically, brokers serving large employers tend to rate Accident insurance among the products they are most satisfied with.

Brokers serving large employers report the highest satisfaction with the following products (top three products, in order of scores):

- Life insurance
- Accident insurance
- Dental insurance

The top-scoring products among brokers serving mid-size and small employers include (top three products, in order of scores):

- Life insurance
- Disability insurance
- Dental insurance

Life insurance is at the top in satisfaction, and that may partly be due to its lower complexity and infrequent claims experience relative to other products.

Satisfaction with Aspects of Carrier Relationships

We then asked participants how satisfied they are with certain carriers in fifty-six different aspects of the broker-carrier relationship. Since full results of each aspect are too cumbersome to report in this briefing, we are presenting the top five and the bottom five areas of satisfaction by size of client served.

Brokers serving large employers report the highest satisfaction, on average, with the following aspects of their broker-carrier relationship (top five, in order of scores; note that for this group there's a 4-way tie for 4th):

1. Carrier's reputation
2. The extent to which the carrier makes you feel like they are on your side
3. The clarity of carrier's communications/easy to understand
4. Overall relationship with carrier team
4. How quickly the carrier begins implementation
4. Carrier's support throughout the RFP/Proposal process
4. Extent that carrier takes the time to understand requests and provides consultative and actionable recommendations

Brokers serving large employers report the lowest satisfaction, on average, in the following areas (bottom five, in order of scores lowest to highest, * for this group there's a 5-way tie for 3rd):

1. Carrier's proactive, consultative expertise in third-party and provider landscape
2. Ease with which carrier's products can be configured as a holistic solution for employees
3. How competitive carrier's product pricing is compared with other carriers
3. Usefulness of carrier's online tools and guides
3. Overall carrier's online support
3. Carrier's ability to integrate with client's Third-Party platforms and providers
3. Simplicity and clarity of carrier's admin forms

Among brokers with primarily mid-size clients, the following aspects of the broker-carrier relationship are **rated the highest in satisfaction, on average** (top five, in order of scores, * for this group there's a 2-way tie for 5th):

1. Carrier's reputation
2. Overall relationship with carrier team
3. Extent that carrier takes the time to understand requests and provides consultative and actionable recommendations
4. The transparency of carrier's pricing
5. The clarity of carrier's communications/easy to understand
5. The extent to which the carrier makes you feel like they are on your side

A Look Back: Perspectives on the Insurance Industry, Providers and Reputation from a Survey of Employers, Brokers, and the General Public

NEBAF recently conducted a study on the topic of reputation. In case you missed it, here are some details and a link to the full report below.

In March and April 2019, NEBAF surveyed brokers, employers, and the informed general public regarding insurance carriers' reputations, as well as the importance of managing reputation, and drivers of reputation. The online survey was taken by roughly 300 brokers, 300 employers, and 800 members of the informed general public.

Key findings included:

- Reputation is driven by a variety of factors, including products/services, performance, governance, leadership, innovation, workplace, and citizenship.
- Brokers, employers, and the general public are more likely to buy and recommend top-reputed companies.
- Companies with higher-ranked reputations attract better talent.
- Brokers, employers, and the general public are more likely to trust top-reputed companies to handle a crisis.
- Among 44 U.S. insurance carriers asked about, USAA received the highest reputation score, followed by MetLife, New York Life, Blue Cross Blue Shield, and The Hanover Insurance Group.

The full report can be accessed at:

https://nebaf.org/wp-content/uploads/2019/06/NEBAF_BenefitsBriefing_RepRes_final.pdf

Satisfaction with Aspects of Carrier Relationships (cont.)

The **lowest** rated aspects in satisfaction, on average, among brokers with primarily mid-size clients (bottom five, in order of scores lowest to highest, * for this group there's a 4-way tie for 4th):

1. Carrier's ability to combine medical and non-medical benefits
2. Carrier's proactive, consultative expertise in third-party and provider landscape
3. Competitive information security program, controls and practices are compared with other carriers
4. Carrier's operational processes (i.e. billing, claims, call center, Eligibility file management)
4. Carriers's ability to offer new products/processes that meet employees' changing needs
4. Carrier's ability to co-create to develop custom solutions to meet my client's needs
4. Carrier's use of technology to improve the Broker experience

Those serving small employers report the **highest** satisfaction, on average, with the following aspects (top five, in order of scores, * for this group there's a 3-way tie for 3rd):

1. Carrier's reputation
2. The extent to which the carrier makes you feel like they are on your side
3. The clarity of carrier's communications/easy to understand
3. The transparency of carrier's pricing
3. Amount of information carrier requires to provide a quote

Brokers serving small employers indicate they are **least** satisfied, on average, in the following areas (bottom five, in order of scores lowest to highest, * for this group there's a 2-way tie for 4th):

1. Carrier's proactive, consultative expertise in third-party and provider landscape
2. Carrier's ability to combine medical and non-medical benefits
3. How competitive carrier's product pricing is compared with other carriers
4. Ease with which carrier's products can be configured as a holistic solution for employees
4. Carrier's ability to integrate with client's Third-Party platforms and providers

Comparing across the sizes of clients, we see some similarities and some differences.

All size groups tend to be most satisfied with carrier reputation. Overall relationship, easy to understand communications, and the feeling carrier is on broker's side are also areas of high satisfaction across groups. Mid-size and small brokers rate transparency in pricing among their top five, but large brokers don't.

Satisfaction with Aspects of Carrier Relationships (cont.)

When it comes to areas of low satisfaction, all size groups name carrier's proactive, consultative expertise in third-party and provider landscape as an area they are least satisfied with. Mid-size and small brokers say carrier's ability to combine medical and non-medical benefits is an area of low satisfaction, while large brokers report low satisfaction in aspects of online capabilities.

Brokers & Industry Sectors

Lastly, we asked brokers about employer industry sectors as related to their business.

Whether Brokers Have an Industry Focus

We asked brokers whether they specialize in recommending or selling benefits to one particular industry sector.

Roughly three in ten report that they do focus on recommending or selling benefits to one particular industry sector, **while most, seven in ten, report that they don't.**

Those serving large employers are more likely to say they specialize in recommending or selling benefits to one particular industry sector, more so than brokers serving mid-size and small employers.

Since most brokers are serving various types of industries with different issues and needs, insurance providers may be able a helpful resource for knowledge and efficiencies around various verticals.

Industries Served

We then asked brokers which industries they work in, recommend or sell benefits to.

Not surprisingly, more than four-fifths recommend or sell benefits to the services industry; this is the most common.

Next most common are industry/construction, and health/education/arts. Results are shown in the table below.

Industries Brokers Work In

	%
Services	86%
Industry, Construction	70%
Health, Education, Arts	66%
Trade & Hospitality	52%
Public Administration & Other Services	38%



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