



Driving growth in group insurance: Trends impacting brokers, consultants, and group insurers

How carriers can improve growth through better offerings, capabilities, data, and analytics

2022



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Background and executive summary

Introduction

As the United States continues its recovery from the COVID-19 pandemic, **players in the Group Insurance market have faced a volatile environment**, as mortality and morbidity remain elevated and a steady decline in unemployment and greater emphasis on worker well-being fuel rising client demand.

Despite this volatility, Group Insurance carriers and brokers are adapting their business functions to operate in a post-pandemic world and continue to invest in innovative ways to service clients and brokers, who are demanding a more diversified product and service offering. While the focus of the last five years has been on core modernization and scratching the surface with digital, **group insurers are looking toward the next frontier of capabilities that will drive growth.**

To help understand this next frontier, Deloitte sought to understand where brokers are concentrating their efforts and **in what ways group insurers can help support these efforts to make their offerings more attractive** in this competitive environment.

As part of our research, we conducted a survey of more than 200 brokers nationwide and held conversations with benefits consultants from large and midsize brokerages to **better understand top broker priorities in the Group Insurance market.**

We found that to better support sales and service in the Group Insurance market, brokers see opportunities for carriers **to enhance their product and service offerings, sales capabilities, and data and analytics solutions.**

Executive summary: Themes for group insurers to focus on based on client and broker demand

Product and service offerings

- Carriers have shifted focus to **holistic well-being initiatives** and are exploring options to **expand their product and service offerings**
- Brokers perceive that insurers are **considering partnership with other providers** to facilitate expanded capabilities

Sales and growth

- Carriers and brokers can realize efficiencies in their sales process and reductions in sales-related expenses owing to the availability of **productivity-enhancing technologies** coupled with the **forced virtualization** of all activities
- In an environment of economic growth, reduction in unemployment, and employers' drive to support workers, carriers and brokers can find ample **growth opportunities that require new and innovative capabilities**

Data and analytics

- Carriers and brokers possess a trove of **data that can be leveraged to personalize offerings**
- Data can be **leveraged to improve the enrollment experience** through hyper-personalization of available products and services
- Carriers can differentiate themselves by **implementing innovative technology to strategically leverage their data**

Combining innovative offerings that meet the needs of the next generation of employees with innovative capabilities that close the gap between carrier, broker, and employer will help enable group insurers to create differentiation in the market.



The case for change

Using their strategy for growth as a guide, carriers should select a subset of these opportunities to focus their investment

Key capabilities for growth



Product and service offerings

Integrated servicing

Connect the customer service experience across the holistic offering to better integrate benefits (e.g., leave, wellness), with the objective of delivering better customer outcomes

BenAdmin connectivity

Leverage employee data directly from the “source of truth” to automate customer servicing process (e.g., enrollment, claims, billing) and deliver a more personalized experience



Sales and growth

Customer analytics

Utilize proven methods to assess customer data, predict behavior, and identify opportunities to cross-sell/up-sell for both on- and off-cycle enrollment opportunities

Optimized enrollment

Build and strengthen integration with vendors that delivers digital enrollment experiences integrated with content and analytics designed to inform customer behavior



Data and analytics

Customer relationships

Understand the employer—and the employee—across the customer journey, and leverage CRM and customer 360-degree information to better understand how offerings are being used to drive continuous improvement in the employee experience

Ecosystem capabilities

Focus on orchestrating internal and external capabilities that center on reusable integration patterns that enable carriers to expedite onboarding of new partners

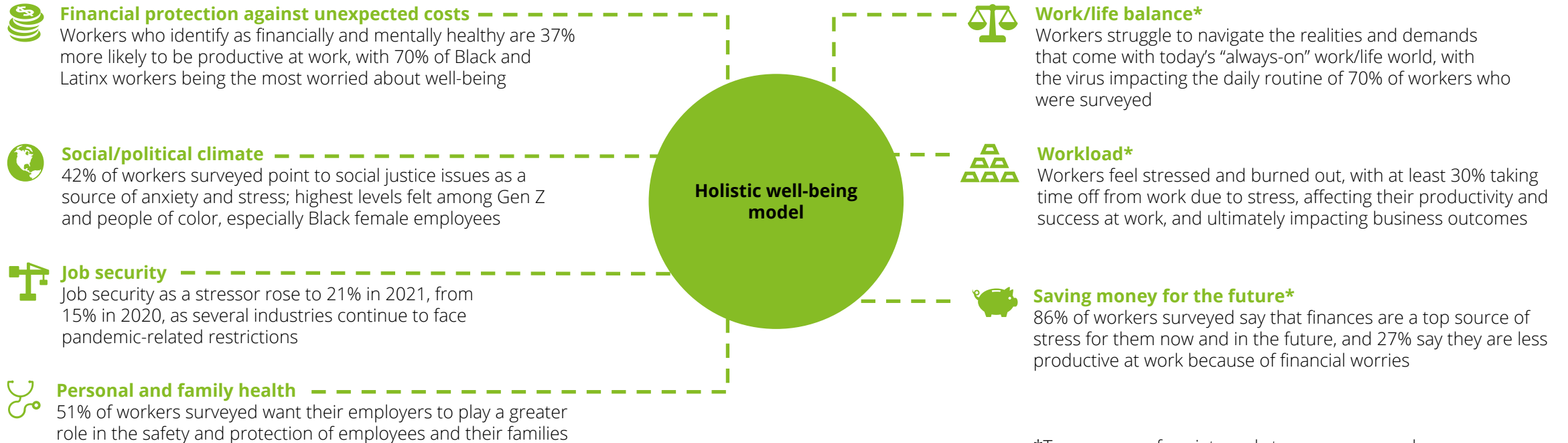
Overview of marketplace opportunities

Product and service offerings

Top employee concerns in today's world¹

The continuing pandemic and renewed attention on societal issues has led to increased employee stress, which is influencing how employers are structuring their benefits in support of employee well-being objectives

Employee benefit design considerations



*Top sources of anxiety and stress among employees

1. [The Hartford's 2020 future of benefits study](#); [The Hartford's 2021 future of benefits study](#) and [MetLife employee benefits trends](#); Deloitte analysis of employee benefit concerns.

How employers are responding to employee concerns

In response to the pandemic and employees' growing demands, employers are looking to improve their benefit offerings including mental health, leave options, child-care support, and financial benefit programs¹

Big companies expanded their investment in corporate well-being programs, **with the total well-being budget averaging \$6 million in 2021, from \$4.9 million in 2020.** The largest employers (more than 20,000 employees) earmarked an average budget of \$10.5 million.

- 45% of companies designed well-being initiatives specifically for marginalized employees
- Average well-being spending per employee increased to \$238 in 2021, compared to \$230 in 2020, among large employers²



1. 12th annual Business Group on Health/Fidelity Investments employer-sponsored health and well-being survey.

2. Stephen Miller, "Employers enhance well-being benefits for a post-pandemic workforce," SHRM, June 16, 2021.

3. The Hartford's 2020 future of benefits study and The Hartford's 2021 future of benefits study.

How group insurers should fulfill these needs

Brokers believe that carriers should explore opportunities to offer innovative products and services, and the associated capabilities required to support them, in order to respond to shifting market demand

Trends in innovative offerings



Financial wellness

Carriers can partner with brokers and employers to provide a **holistic program centered around employee financial wellness**



Physical and mental well-being

Carriers have an opportunity to partner with other providers or develop in-house complementary services that **offer products focused on total well-being**



Ancillary offerings

Employers continue to shift to **voluntary benefits with competitive benefits offerings**, with carriers able to effectively bundle, standing up a competitive advantage



Expanding financial wellness benefits

Financial wellness as...²

A marketing option for insurers to cross-sell their products

Considerations for carriers

- Insurers have developed targeted marketing programs and/or educational materials to drive awareness and interest in their products

Use cases



A complementary product in the group benefits space providing additional financial well-being benefits

- Carriers can partner with employers to provide a holistic financial wellness program
- Employees are looking for simple tools/portals to access educational content, advisory support, and personalized dashboards tracking their investments, benefits, and other financial indicators



A unified brand experience designed for personalized engagement

- Employees are looking to insurers to provide the products and guidance needed to achieve financial wellness and reach their goals



We have provided several examples of financial benefits recently introduced by the Large Case Market later in this presentation.

63% of Americans have been **living paycheck to paycheck since COVID hit**¹

<40% of non-retired adults **felt their retirement was on track pre-pandemic**

25% of non-retired adults had **no retirement savings pre-pandemic**

1. Megan Leonhardt, "63% of Americans have been living paycheck to paycheck since Covid hit" CNBC, December 11, 2020.
 2. Paul Legutko, "Engineering financial wellness," Aite-Novarica Group, May 24, 2021.



Focusing on employee physical and mental well-being¹

Trends

Employers are focused on improving employees' **total well-being** including comprehensive benefits packages that attract and retain diverse talent

Employers are **reexamining wellness programs** to identify opportunities focused on **health care cost reduction** and increased employee productivity

Employers will continue to explore and promote alternative options that **reduce disability claims** (e.g., holistic wellness programs)

Benefits aimed at **creating an inclusive workplace** (e.g., mental health counseling, additional paid family leave, eldercare options) will continue to emerge



Implications

Carriers must shift to a “holistic” approach to benefits that focuses on improving the overall health of employees including social, financial, physical, professional, and emotional well-being

Benefits packages should include offerings that **support employee well-being and diversity, equity, and inclusion** (e.g., fertility treatments for **all** couples, outreach to employees with incomes of **all** levels for education on financial products)

Carriers have an opportunity to **partner with other providers for complementary services** to grow revenue

Insurers must **hire leadership that will be accountable for DEI outcomes** (e.g., hiring diverse talent) to attract and retain top talent

66% of employees agree their **employer could be doing more** to support well-being

70% of employers said employee **mental health is a significant workplace issue**

61% of employers said employee **mental health is a significant workplace issue**

1. [The Hartford's 2021 future of benefits study](#) and [SilverCloud's 2021 employee mental health and well-being report](#).



Exploring voluntary benefits opportunities for 2022

By 2022...

Fastest-growing benefits⁴

Voluntary benefit	Will offer by 2022 or beyond	Currently offered
Identity theft protection plans	78%	53%
Hospital indemnity plans	65%	42%
Pet insurance plans	69%	47%
Critical-illness plans	76%	57%
Group legal plans	75%	58%

Business and tech trends

- **Sales growth is robust for voluntary lines** (e.g., critical illness, accident, and term life products)¹
- **Our engagement with brokers indicates they are seeking creative product bundles** that increase perceived value and allow them to target individual needs across market segments²
- Due to the lack of clear standards for benefits information exchange, group and voluntary/worksites **insurers are exploring partnerships or other relationships** with benefits administration and enrollment players³

Implications

- Insurers must validate their ability to support new voluntary benefits products and services to effectively market, sell, and distribute to the market
- Insurers should **evaluate the need for technology investment** that provides robust environments to:
 - Drive greater cost and operational efficiency
 - Support organic and acquisitive growth
 - Improve customer satisfaction and modernize the customer experience
 - Provide reporting and analytics for customer data and insights
- Insurers need to **create a value proposition** to employers on why marketing to their employees is a good thing

75% of employers will offer **group legal**

70% of employers will offer **pet insurance**

61% of employers will offer **identity protection coverage**

1. Aite-Novarica, [Business and technology trends: Group life and voluntary benefits report](#), 2021.
 2. Deloitte Broker Survey, 2021.

Sales and growth

Achieving sales and growth in emerging environment

In the new post-pandemic environment, elements of selling and growing in the Group Insurance industry have shifted as organizations adapt to the new ways of working

- **Sales processes became more efficient**, driven by technology
- Carriers can counter the price pressures by **offering value-added services enabled by platform connectivity**
- The future of sales may **be a hybrid between virtual and in-person**, fueled both by the emergence of effective vaccines and the robust technology of the virtual workplace
- Carriers and brokers should **reimagine their hiring practices and align their talent models** to deliver digital experiences
- There is a greater demand for **transparency in how intermediaries are compensated** in the group medical insurance market; similar requirements **may become relevant for group non-medical carriers**¹

Market insights indicate that brokers feel price competitiveness and salesforce responsiveness as their top desirable carrier capabilities.²

In this section, we explore how brokers and carriers are adapting to the post-pandemic realities in the following areas:



Sales process



Enrollment



Segmentation

1. Federal No Surprises Act codified greater transparency for how intermediaries are compensated.

2. Group Insurance Broker Sentiment Survey (conducted by Deloitte in December 2021).





Selling in the peri- and post-pandemic world

Digitization, consolidation, and changes to ways of working are altering the ways group insurers are selling in today's environment, resulting in improved employer experience and changes to the employee experience

Trends



Digitization of entire transaction for small case (straight-through processing) and automation of data exchange



Sales reps may **not travel as frequently**, due to ongoing pandemic risks as well as widespread adoption of productivity-enhancing technologies



Broker consolidation can **reduce the number of personnel supporting the sales process**

Implications



Electronically created RFPs, resulting in a **simpler and faster process and improved client experience**



Ability to **cover larger sales territories** and multiple accounts while facilitating organic growth and account retention with a **smaller salesforce**



Lower sales expense for brokers fueled by low travel expense and a smaller salesforce; carriers can respond in kind by looking for similar opportunities to further reduce cost of sales



Brokers and carriers will need to think about organic means of reducing **sales costs as travel frequencies may rise in the near future**



Increase revenues by helping employers **outsource the administrative burden to carriers**

1. [The Hartford's 2020 future of benefits study](#) and [The Hartford's 2021 future of benefits study](#).



Enrollment challenges in remote work environment

Changes to ways of working have impacted enrollment, and carriers must think about how to engage employees throughout the entire customer journey to increase impact and enrollment

Enrollment trends

Employee engagement

- Carriers will have to adapt for a variety of virtual, in-person, or hybrid situations
- Despite the attention on digital communication channels, some workers **prefer in-person assistance** with their benefits adviser, including millennials and Gen Z workers¹
- Carriers must consider mobile delivery options to engage millennial employees

Benefits education

- Employees lack full **understanding of all benefits available**, resulting in low utilization²
- 37% of employers believe **understanding the value of each type of benefit** remains a challenge for employees³

Up-sell and cross-sell opportunities

- **60% of employees** are interested in their employer providing a wider mix of non-medical benefits they can **purchase on their own**⁴
- **Younger workers** are more likely to upgrade or buy additional benefits because of COVID-19—a rise of almost 15% from pre-pandemic⁵

Opportunities

- Brokers and carriers need to figure out a digital enrollment strategy and **create a compelling digital experience**
- Carriers must collaborate with distribution partners on how to deliver **omnichannel interactions**
- Introduce **advisory aspect into digital interactions**

- Create a compelling case to employers to allow carriers to design **personalized benefits education content** based on each employee's specific needs through story-driven enrollment tools
- Almost 40% of employees want **on-demand educational materials** to learn about their benefits throughout the year⁶

- Carriers and brokers can **target younger workers** for up-sell and cross-sell opportunities

1. [The Hartford's 2020 future of benefits study](#) and [The Hartford's 2021 future of benefits study](#).

2. Ibid.

3. Ibid.

4. [MetLife employee benefits trends](#).

5. Ibid.

6. [The Hartford's 2020 future of benefits study](#) and [The Hartford's 2021 future of benefits study](#); [MetLife employee benefits trends](#).



Opportunities in the growing small- and mid-case market

Small and midsize businesses (SMBs) are planning to prioritize well-being support, as well as provide opportunities for their employees to gain access to more extensive wellness offerings

Opportunity ¹	Small Under 500	Midsize 500–5,000
Demand for all-online enrollment experience	43%	54%
Worker satisfaction with benefits packages	65%	75%
Availability of dedicated resources and assistance during enrollment (impact participation rates)	56%	62%
Worker trust in employers to make the best decisions on benefits	51%	54%
Workers providing high rating to organization's paid leave package	35%	37%
Availability of support to transition back to work after going on leave	40%	43%
Likelihood of returning to full schedule following an extended leave	61%	76%
Feeling prepared to deal with mental issues in the workplace	58%	71%

Bundling of related solutions may create cost efficiencies for carriers and, consequently, may be more attractive to the SMB market.

Implications of these trends

- Workers at SMBs have limited benefits available given their smaller budget
- Brokers can advocate for the **addition of voluntary benefits, on a cost-sharing basis with workers**
- Carriers can **rationalize and harmonize their product portfolio and make technology investments** that enable them to sell group products that are significantly easier to administer, allowing them to provide **more cost-effective products tailored for the SMB segment**

1. [The Hartford's 2020 future of benefits study](#) and [The Hartford's 2021 future of benefits study](#).



Putting technology at the core of the small- and mid-case market

By realizing a higher operational efficiency, carriers can increase profitability and be more price-competitive at the same time, which will allow them to craft better and higher-value offerings for their clients

What the Group Insurance market is looking for



Brokers and employers are looking for value and greater access to the benefits they need through a **simpler, affordable experience**



Carriers are looking to create a **holistic relationship** for employers and brokers that moves through both the purchase and the service

Challenges in meeting these demands

- A fraction of small employers demand non-standard features that, accumulated across cases, create a **snowflake benefit design**
- This customization often requires **costly manual workarounds** (e.g., “notes” coded into the PAS and referenced when administering policies and claims)

Modern technology can help solve these challenges

Product portfolio

Creating a configurable product offering through **rationalization and harmonization**

Quoting

Integrating with the broker's portal and/or an online quoting tool will result in **faster quotes and faster sales**

Operations

Increasing **automation across back-office processes**, including underwriting, billing, and claims

Intelligent automation

Employing analytics based on data, carriers can **create offerings personalized for an individual employee**

Data and analytics

Leveraging data and analytics for customer insights

The explosion in available customer data (both personal and commercial), the growth in analytics technologies, and the rapidly declining cost of computing power and data storage are prompting companies to invest in data analytics as a means to innovate and differentiate

The ability to access...



Anyone

Access to a 360-degree view of the employee



Anywhere

On-demand, dynamic data-driven insights for decision-making



Anytime

Shared data ecosystem across carriers, brokers, and partners



At scale

Synthesized data across customers for revenue growth opportunities

To drive outcomes...



Increased data accessibility

Investing in data and analytics for best price on plan design



Higher benefit enrollment

Driving highest level of adoption of benefits offered by clients



Innovative and emerging technology

Linking data across products to better predict emerging risks



Improved customer experience

Personalizing products and services to employees' lives

Capitalizing on the data you have or have access to

Carriers and brokers must harness data to create competitive advantage, including improving pricing efficiency, managing risk, and delivering high-margin advisory services

Carriers

Carriers manage multiple customer data sets that can help refine underwriting models and improve pricing efficiency and risk management, while helping to harness for external monetization under new revenue streams.¹

- **Sharing data with ecosystem partners:** Participate in API economy—securely link data from partners to create a more complete profile of the customer, hyper-personalize product and service offerings, and generate additional sources of income
- **Sharing data with brokers (and employers):** Brokers and employers are interested in population health data so that they can create meaningful benefits options and help employees live healthier lives, ultimately saving money on disability, health care, and overtime costs, while ensuring utmost privacy and data security
- **Potential risks:** Carriers who refuse to share data with clients, brokers, and consultants may be perceived as difficult to do business with; however, there are inherent risks:
 - Brokers may leverage the data to negotiate better rates
 - The data may be leveraged to negotiate better operational or administrative arrangements with the carriers

Brokers

Large brokers are often conduits of large volumes of sales/marketing data that may be valuable to carriers and employers. They can utilize this data to:

- **Recommend optimal products and services:** Use machine learning to suggest optimal products for employers' benefit design (e.g., using prompts such as “Employers like you bought more insurance for their employees; consider enriching your plan design”) and to gauge propensity to buy and suggest appropriate products to cross-sell (e.g., at enrollment)
- **Secure best pricing for their customers:** Leverage data on demographics, exposures, prior coverage, buying behavior, and claims
- **Predict emerging risks:** Larger one-stop-shop brokers can link health and behavioral data across medical, disability, and life policies to analyze wearable data and identify risky behaviors reported by connected devices, and automatically notify carriers and employers of impending claims

1. Davnit Singh and Nalini Haridas, “[Data monetization opportunities for insurance carriers](#),” Thoughtworks, September 23, 2021.

Driving enrollment and benefits adoption

Brokers are well positioned to partner with clients, operating on behalf of a carrier, to use data and analytics to drive higher levels of enrollment and adoption of benefits



Potential benefits of leveraging data and analytics

- Create a 360-degree view of the customer with data-driven insights for an improved customer experience
- Match voluntary benefits and recommend products/services based on individual employee characteristics
- Develop tailored product offerings, services, and communications to improve employee satisfaction
- Personalize approach to employee benefits programs and strategies that provide tailored options
- Nudge employees to enroll, including reminders for enrollment, for higher participation in benefits programs
- Provide educational programs for product offerings and services to drive benefits adoption
- Identify customers at risk of cancellation to mitigate departure or lower coverage



Leading top 10 US carriers' enrollment optimization tool

A leading top 10 US group insurance carrier partnered with a leading data analytics agency, leveraging multi-generation research to get a deeper understanding of its customers' employees. The data and analytics provided insights that enabled **targeted employee messaging** with **tailored guidance for voluntary product purchasing**.

The carrier developed an enrollment tool to deliver a **customized communications strategy** that helps **boost voluntary participation in enrollment campaigns**. This provides a **customized, segmented communication package** to boost the likelihood of each employee's enrollment.

Investing in data and analytics

The successful group insurer of the future will likely be differentiated by how strategically it is using its data

Data

- Uses new data sources (e.g., employer systems, customer interactions, social media)
- Leverages analytical capabilities to make decisions
- Uses predictive models and analytics to minimize risk (e.g., artificial intelligence)
- Leverages or shares data within the constraints set by data privacy regulations

Technology

- Uses big data analytics tools (e.g., collect data, identify patterns, detect fraud)
- Leverages OCR software (e.g., reduce manual entry, storage, search unstructured data)
- Implements artificial intelligence, automation, the Internet of Things, data analytics, etc.
- Implements tools that are mobile-first (e.g., customer interaction, automated notifications)

Talent

- Hires and retains right talent for data analytics (e.g., data architect)
- Partners with brokers that use carrier data to identify need for new benefits offerings
- Establishes strategic partnerships with vendors that provide support and/or tools to help with the collection, analysis, and use of data for digital transformation



Reinventing life insurance¹

Through its Vitality program, John Hancock is shaking up a 156-year-old line of business, where traditional life insurance policies will only be underwritten for customers that agree to enroll in their interactive program, which tracks fitness and health data through wearable devices and smartphones.

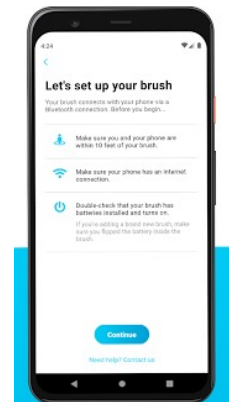


1. [John Hancock Insurance Vitality Program.](#)



Reinventing dental insurance

Beam Dental provides a smart toothbrush to every customer and monitors their oral health, as well as supports a dental insurance plan. Beam sends the customer notices and encouragement if their brushing habits are falling short of the required standard and hopes this will result in improved dental hygiene—and reduced premiums. The company's insurance plan gives away a toothbrush to each member and hopes to reduce the cost of premiums by up to 25%.





Conclusion

The call for action

As group insurers consider their strategy, it is important to assess how these themes impact potential plans and road maps



Evaluate your value proposition

Review what differentiates you in the market: Do you have an opportunity to enhance that through new offerings, capabilities, or data/insights?



Validate the impact of new offerings and capabilities

For areas of focus, assess how the new offering or capability will help drive growth, efficiency, or experience: Will it deliver value?



Assess solution alternatives in the market

If a new offering or capability seems viable determine how to implement it.

Will you buy, build, or partner? Who are the leaders in the domain to work with?



Plan for delivering the future

Incorporate the implementation of these new offerings or capabilities in your strategic road map.

Establish objectives and key results for the initiative, and measure performance of execution.

Our thought leaders behind this point of view...

Our team has the leading global experience to help you bring the future of group insurance into the market



Britton Van Dalen

Group Insurance Strategy & Transformation
Deloitte Consulting LLP
bvandalen@deloitte.com



Mark Yoest

Group Insurance Sector Practice Leader
Deloitte Consulting LLP
myoest@deloitte.com



Brian Galbraith

Group Insurance Strategy & Transformation
Deloitte Consulting LLP
bgalbraith@deloitte.com



Pat Ryan

Workforce Transformation, Rewards
& Well-Being
Deloitte Consulting LLP
patryan@deloitte.com



Debjani Konar

Group Insurance Operations Transformation
Deloitte Consulting LLP
dkonar@deloitte.com



Brittany Maybin

Group Insurance Technology Transformation
Deloitte Consulting LLP
bmaybin@deloitte.com



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