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Establishing a group insurance product and service catalog to drive profitable growth

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A product and service catalog helps group insurers identify opportunities to differentiate market offerings and deliver them more profitably and efficiently.

In the recent past, group insurers have been challenged by several macro trends: elevated expectations of modern digital experiences, ongoing technology transformations, evolving partnerships, innovative integrations, and higher demand for products and services—such as absence management and a focus on holistic health and well-being.

These challenges are compounded by organizational aspirations to accommodate customers (i.e., employers and employees) and partners (e.g., brokers and benefit administrators) by offering the broadest possible product and service portfolios. They are further amplified by underwriting coveted cases involving marquee employer logos or brokers with significant influence. During the sales cycle for such cases, insurers often attempt to match products and services offered by the incumbent competitor, adapting their operations and technology in pursuit of the business while threatening performance and financial results.

Achieving profitable growth that satisfies the market and aligns with the insurer's value proposition, operations, and technology capabilities often depends on a disciplined approach to product and service offering decisions.

Therefore, developing a well-defined and actively governed product and service catalog will likely promote sales discipline, help insurers navigate evolving product needs efficiently, and establish a competitive position in an increasingly complex and challenging market. The catalog may also serve as a reference guide for insurers for evaluating investments, determining partnerships, and building integrations across ecosystems.

A product and service catalog provides an internal mechanism for insurers to evaluate the desirability, feasibility, and viability of their offerings by customer segment

Overview of product and service catalog

At its core, the catalog should include product and service features that provide benefits and capabilities (e.g., life face amount, disability benefit period, portal customizations, and real-time integrations) with descriptions of tiered variations in offerings. The tiers potentially provide a structured separation of feature functionality based on complexity, level of customizations, and support levels (e.g., custom versus. standard file feeds, weekday versus. 24/7 support). Insurers should be strategic in mapping these tiers to consumer segments, accounting for requirement variations across demographics. While market dynamics will likely influence an insurer's catalog, strategic goals, differentiating capabilities, and operations and technology should also be considered during development.

Figure 1. Illustrative product and service catalog

1 **Product and service features** — List of current and future features the insurer offers to clients			2 **Feature tiers** — Variations in offering features across tiers; depend on the differentiation strategy and customer segment				3 **Functional area** — Value chain component aligned to underlying feature
Product and service features			**Feature tiers**				**Functional area**
Feature	**Sub-feature**	**Applicability**	**Standard**	**Premium**	**Exception**	**Not offered**	**Functional area**
Contract generation	**Contract language**	All	Standard contract language	Custom contract sections	Wrap agreement	Fully customized contract	**Contracts and provisions/case installation/new business setup**
	Service level agreement (SLA)	All	Standard set of metrics (e.g., implementation and claims)	Additional metrics (e.g., billing, portal availability)	Employer-set values for metrics	Custom employer-specific metrics	
Generate bill	**Billing type supported**	All	Core and supplemental billing—list bill	Core and supplemental billing—self-admin	Individual list bill	Custom billing	**Billing and payments**
	Integration with benefit administrator	All	Std. config available for select systems	Std. config with some customization of existing interfaces	Std. interfaces and custom integrations for select systems	Fully customized integration	
Employee interaction	**Portal access**	All	Basic features (e.g., claim intake & status)	Employer-branded portals		White-labeling	**Technology channels**
	Customer	All	Shared weekday support	Dedicated, weekday support	Dedicated, weekend support	Not applicable	**Contact center**
Benefits	**Benefit period**	LTD	Standard set of benefit periods	Diagnosis-specific limitations	Not applicable	Not applicable	**Claims**

Product and service features

Product and service features include the capabilities and benefits to customers, partners, and internal stakeholders. Examples include integration with BenAdmin and HRIS systems, self-service portals, and on-call support. Products refer to commitments to adjudicate and/or pay a designated beneficiary a predetermined amount (e.g., some portion of someone's salary) or reimburse the expense of a predefined benefit (e.g., teeth cleaning).

From a group insurance perspective, product features are typically embodied in an insurance contract for which the timing and maximum amount are known at contract issuance. For the avoidance of doubt, contracts that do not include insurance risk (such as administrative services only (ASO), advice to pay (ATP), and leave administration) are considered to be products in this construct.

Services are sets of actions required by the insurer to interface with its customers (employers and employees) in administering products and are typically embodied in service-level agreements and performance guarantees.

Feature tiering

Feature tiering is the structured separation of functional variability within a feature based on complexity, including the levels of customization (e.g., custom versus standard file feeds) and required support (e.g., custom versus standard file feeds; weekday versus 24/7 support; etc.). Feature tiering also helps address variations in customer needs and pricing decisions based on the level of support offered. While insurers should choose tiers that best suit the organization's needs, a typical structure may classify features as standard, premium, exception, or not offered.

- **Standard** options reflect baseline capabilities that the insurer can profitably deliver based on its current operations and technology infrastructure and capabilities.

- **Premium** options are priced to deliver nonstandard service profitably, accounting for the added effort required to deliver.

- **Exception** options are avenues to request nonconfigurable options that trigger decision-making on whether to accommodate and price for one-off customization, incorporate functionality in the future, or deny the request.

- **Not offered** options should not be considered by the organization except in extraordinary circumstances. These will need to be approved by an executive leadership team for critical strategic purposes.

Providing clear guidance on which feature variants map to which tiers will allow an organization to walk away and avoid costly decision-making churn.

Functional area

Functional area is the high-level category for market offerings based on an insurer's value chain and functions (e.g., policy administration, billing, or claims). Aligning products and services with a functional area helps identify stakeholders and aids in establishing accountability.

Customer segments

Just as insurers segment their customers to determine the appropriate delivery models, they should also do so to design an appropriately nuanced catalog. Insurers should base such segmentation on customer research and awareness of competitors' offerings. Due to potential variations in needs across segments, the catalog maps the applicability of feature tiers for each segment. Generally, standard and not offered features are consistent across segments, while premium and exception are reserved for select segments based on the relative importance to the insurer. In some instances, the catalog may also have multiple features within tiers tailored to specific segments (e.g., list bill for small to medium cases and self-bill for larger cases). A feature-segment matrix should be created for each feature that the insurer plans to offer.
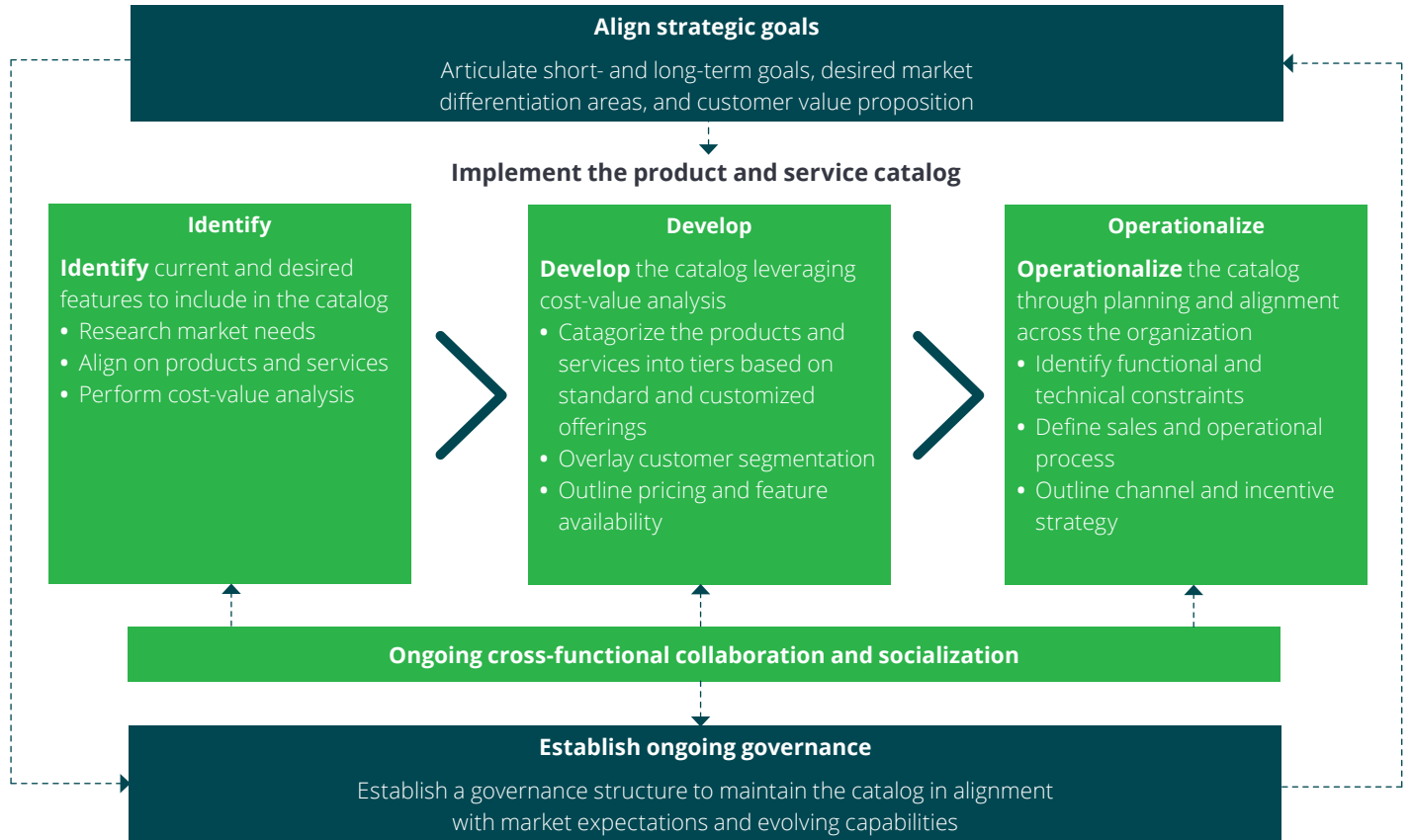
Figure 2. Feature-segment matrix overlaying of customer segmentation with feature tiering

Designing and operationalizing a product and service catalog

The process of designing and operationalizing should be done in a structured manner to help ensure that the products, services, and associated feature tiers are understood and adhered to within the organization and can create market differentiation in alignment with the broader organizational strategy.

Figure 3. Product and service catalog development: Design and operationalization approach

Align strategic goals

Articulate short- and long-term goals, desired market differentiation areas, and customer value proposition

Implement the product and service catalog

Identify

Identify current and desired features to include in the catalog
- Research market needs
- Align on products and services
- Perform cost-value analysis

Develop

Develop the catalog leveraging cost-value analysis
- Catagorize the products and services into tiers based on standard and customized offerings
- Overlay customer segmentation
- Outline pricing and feature availability

Operationalize

Operationalize the catalog through planning and alignment across the organization
- Identify functional and technical constraints
- Define sales and operational process
- Outline channel and incentive strategy

Ongoing cross-functional collaboration and socialization

Establish ongoing governance

Establish a governance structure to maintain the catalog in alignment with market expectations and evolving capabilities

Align the catalog build to strategic goals

Before defining the catalog, the insurer should consider how it will align with its business strategy. Articulate for the catalog a clear set of short- and long-term goals that serve as guardrails and help the core team make appropriate decisions while designing it.

Identify baseline features

As a first step, the insurer can identify the product and service features currently being offered and those they want to provide in the future. These features should be aligned with appropriate functional areas to help establish accountability and ownership.

A cost-value analysis should be conducted of these baseline features, including the market value (i.e., the estimated value that the service provides to the customer measured in terms of the revenue impact) versus the cost to deliver (i.e., estimated unit cost incurred by the insurer to provide the feature to customers).

The outcome of the cost-value analysis will inform trade-off choices and serve as a critical input for design and tiering decisions to be undertaken during the catalog development phase.

Value to market

High

Brand-wagon

Improve profitability of market-demanded offerings or decline to offer until clients' willingness to pay exceeds cost to deliver

Cash-spinner

Incentivize clients to purchase these highly profitable and highly valued offerings

Cash-pit

Discontinue or decline to provide these unprofitable offerings

Money-maker

Provide as-is while these offerings are considered table stakes and perform regular profitability reviews

Low

High — **Cost to deliver** — **Low**

Develop the catalog

During catalog development, the insurer determines go-forward features and their tiers, the applicability of these features by customer segments, and related pricing considerations.

The identified tiers should be overlayed with customer segments after outlining features and associated tiers. High-level pricing considerations and feature availability based on client preferences and underlying service tiers must also be outlined. Once the catalog has been finalized, it may be socialized with external stakeholders (e.g., trusted brokers) to get an outside perspective and across multiple facets of the insurer's operations to get an inside-out perspective on the go-forward offerings.

Operationalize the catalog

Success will depend on effective planning, alignment of the operating model, and appropriate communications, among other factors. To operationalize the catalog:

- Review desired future-state features and identify capability gaps.

- Outline initiatives required to close capability gaps.

- Align the identified initiatives with ongoing transformation initiatives within the organization.

- Update sales, underwriting, pricing, and operational processes to reflect the catalog usage.

- Develop and finalize market messaging to internal stakeholders, brokers, and customers.

Ongoing governance

For the lasting success and utility of the catalog, governance mechanisms need to be established to ensure that features maintain alignment with market expectations and evolving internal factors. The governance mechanisms should typically include establishing a catalog governance council composed of representation across functional areas that are empowered to make decisions regarding the products and services to be added, changed, or removed. The catalog governance council should also outline a cadence to review features and tiers offered (within that functional area) and related pricing, considering market demand and internal operational maturity, among other factors (e.g., review features and sub-features within billing and payments every Q3 and contact center every Q4). The catalog governance council can then become—with its ownership of understanding the market value of product and service features—a key input in prioritizing investments in building organizational capabilities.

Realizing the benefits

The central benefit of deploying a catalog is improved alignment across disparate stakeholders. When implemented well, it can potentially:

- Align sales and operations functions to sell what can be profitably delivered.

- Create clarity regarding the prioritization of investments to close operational gaps.

- Establish a framework for evaluating product and service offering extensions to satisfy the demands of high-value customers and partners.

By increasing alignment and reducing conflict in these ways, insurers can put themselves on a path to selling more business and enabling profitable growth.

Looking ahead

In the face of many challenges and evolving expectations, insurers must diligently curate profitable products and services. By implementing a product and service catalog, insurers can channel their organizational energies into building market-valued capabilities rather than competing reactively in an unprofitable arms race. For some deliberate insurers, a product and service catalog will preserve leading practices already in place across the organization to improve the likelihood of continued prosperity. For others that suffer more acutely from the whiplash of ever-changing product and service requests, a well-executed product and service catalog implementation may help avoid providing products and services that are not fiscally prudent. In both cases, building a product and service catalog will likely be essential for going to market more efficiently and profitably.

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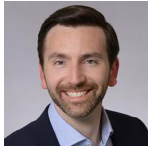
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