

# Voluntary Benefits Insights

## Brave New World: Finding your place in the benefits tech landscape

*Kirk Cooper*

As a broker, you're expected to be an expert in insurance products, not IT.

But like virtually every industry, the insurance business is being transformed at breakneck speed by advances in digital technology. This acceleration is being facilitated by the amount of money being injected into the InsurTech space by the usual suspects -- venture capitalists and legacy tech leaders -- as well as an unprecedented showing by insurance carriers themselves, including market leaders like Aflac, Transamerica, MunichRe and others. This investment on the carrier side has taken the form of not only "typical" participation but also complete, standalone InsurTech funds, operating independently from the parent company with the sole objective of finding and seeding the next generation of digital empowerment.

In fact, many carriers have adopted "innovation lab" models, either home grown or adapted from global consulting firms, to help not only fund but guide this development.

No one feels the growing tide of technology better than the brokers who work with employers daily. In addition to providing comprehensive insurance packages and negotiating the best solutions for your client, you're faced with the task of sorting through, keeping up with and evaluating the growing landscape of technology tools to enroll, manage and administer both insurance and non-insurance products including payroll and human capital management.

Sometimes the options can be overwhelming. Which functionality is most advantageous for you as a broker or business owner, and which ones are best for your employer group clients? And is it better to own a system, lease a system or be able to plug and play with multiple systems based on the group, work force, carrier, coverage/plans and -- let's face it -- budget?

These can seem like questions that challenge your existing business. Fortunately, there is conventional wisdom to help brokers prioritize tools based on the value to both employers and employees.

To better understand the digital landscape, we'll look at why certain web-based tools and services are popular and how they can lead to better sales and customer service, and keep you more competitive.

### **The most digital tools.**

From web portals to apps that allow for quick and easy claims reporting, an array of digital tools are available to insurance brokers. Based on a survey of 1,168 U.S.-based employee benefits brokers, researchers from LIMRA found that of the 12 commonly available web-based tools, brokers tend to place particular value on these five:

1. Electronic forms to download, print and manually submit
2. Dedicated web portals for brokers
3. Employer forms to complete then submit electronically
4. Enrollment systems and platforms
5. Online quoting tools

In addition to being effective and useful, these tools are widely valued because they are widely available. Most brokers (around 70 percent) have easy access to this functionality from multiple sources; as they say, "if you build it, they will come." For the brokers who do not have access to such tools, over 80 percent are looking for insurance carriers to provide them, or at a minimum fund, access to these platforms.

Now, what does this mean for insurance brokers? Building an affinity for a specific platform can be a great business development decision and efficiency gain or a tragic mistake. It's hard to know which before you've committed materially. And that, even for a risk management professional, is risky.



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Some brokers respond by demanding basic technology capabilities (with the word “basic” becoming more encompassing every day) and next-level service delivery from carriers. These carrier partners are caught in a similar conundrum: if they build, not everyone will want to or be able to bolt on. If they buy, they are potentially excluding more business than they are investing in. And if they pay-to-play on multiple platforms, how many is enough? Where is the tipping point?

Let’s start simply: What tools are brokers looking for?

## **You probably don’t need these**

It’s true that people often want what they don’t have, simply because they don’t have it.

This is true in the insurance world as well.

One of the more interesting results from the LIMRA survey was that brokers often want the online tools they don’t have. However, when available, these tools are not widely used.

For instance, an online chat tool for brokers is only available to 44 percent of those brokers who were surveyed, and a small number of brokers ---- only a third (36 percent) ---- used it when available. Yet for those who do not have access to an online chat tool, 63 percent want it. Like in many life examples, the wanting is far more powerful than the having. This pattern of discrepancy was found with other tools, including online claims reporting, online CE programs and online sales lead generation. Sounds great; but utilization trails interest.

So why does this matter?

Knowing which tools are most effective and that you would be most likely to use allows you to be more selective in your choices.

## **Here are the digital tools you’ll need**

Success in the insurance business has a lot to do with customer satisfaction. That’s what has made it, and kept it, a people business for generations.

When it comes to thinking about what digital tools to use, it’s not about what can make things easier for you, it’s about making things easier for your clients.

How can you do that?

Increasingly, employers are looking to self-serving technology that can reduce overall costs and make it easier to administer benefits. This is universally important but particularly so during the enrollment process.

Currently, nearly half of employers use some sort of digital technology for enrollment. Larger employers with more than 100 employees favor using a third-party platform, while smaller employers (fewer than 20 employees) tend to favor proprietary carrier platforms for their enrollment process.

One size doesn’t fit all. Obviously, the tools a global corporation needs are much different than those of a small employer. Some don’t want to use technology at all, or will leverage technology for education and decision support, but keep actual enrollment in the old-fashioned world of paper and pen.



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Consequently, brokers should be flexible, ready to use and support multiple enrollment methods and provide a simple open platform that can easily integrate with other platforms to handle functions like payroll, onboarding, HCM, Benefit Admin and Time and Attendance. Ideally one platform can handle all of this but employer needs and budget tolerances vary drastically by case size.

## What's the right direction to take?

It's not about having the latest and greatest technology or the software that makes enrollment easier than it has ever been. It's about flexibility and connectivity.

To the extent the broker value proposition is product knowledge and service ethic, extend this to include the world of technology tools. You already help employers evaluate, select and implement benefits programs for optimum value and ease of use. Now you get to help them understand and prioritize their options when it comes to technology. The new world is no different from the old world: keep the client's needs foremost in your mind and you will build trust, business and longevity.

Understand your carriers' technology capabilities, typically available at no cost, before you try and advocate for a subsidy; remember, the client wants a better experience for employees and streamlined administration for him/herself. Evaluate the actual needs and realistic benefits, and ask yourself where the value lies. You will probably decide it is more important to meet a need and solve a problem than to stand in line for the next cool thing.

## About the author



**Kirk Cooper, Director, Voluntary Producer Relations** works to develop, implement, measure and improve our voluntary product and service strategy with brokers and strategic partners nationwide. In addition, he spends a considerable amount of time focused on the InsurTech landscape helping understand, shape and execute our platform strategy. Prior to joining Reliance Standard in 2011, Kirk has spent time at a leading group benefits insurance dental carrier as a Market Development Manager, and has also worked various sales and consultative positions in the software industry prior to the entering the benefits word.

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