

Broker Insights

Static on the line: Benefits disconnects between insurance brokers and their clients

The third annual Aflac WorkForces Report uncovered several disconnects between health insurance brokers and their clients – and those disconnects provide opportunities for benefits experts to reaffirm their value and increase their influence among business decision-makers.

The report, which focuses on employer, employee and broker attitudes and opinions about their benefits programs, revealed three major areas ripe for increased broker emphasis and input:

- » The importance of tailored benefits.
- » Employer and employee benefits knowledge and awareness.
- » The timing and content of benefits communications.

With implementation of key elements of health care reform just around the corner and continued economic volatility, today's brokers have a unique opportunity to underscore their value to prospective and current accounts. Seismic shifts in benefits and delivery systems have left employers and workers scrambling to determine not only which health care products are essential components of their portfolios, but how to manage the costs of those components. The savvy broker will step in with answers based on research and experience.

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Benefits: Too big, too small, just right

Just as a tuxedo fits best when it's tailored, benefits fit best when they're tailored too. Or, at least, that's what the overwhelming majority of brokers believe: 82 percent encourage their clients to tailor benefits to employees' life stages. At the root of the suggestion is an undeniable fact: Workers' insurance needs change in accordance with what's taking place in their lives. For example, a 22-year-old worker who's single and childless has very different needs than a 35-year-old employee with two kids and a mortgage – and the needs of a 60-year-old who's staring straight-on into retirement are different still.

But brokers' calls for tailored insurance plans appear to be falling on deaf ears: A mere 38 percent of employers say they've followed their brokers' advice – despite the fact that 50 percent of employers concede that it's extremely or very important to offer varying benefits packages to workers based on work levels and life stages.

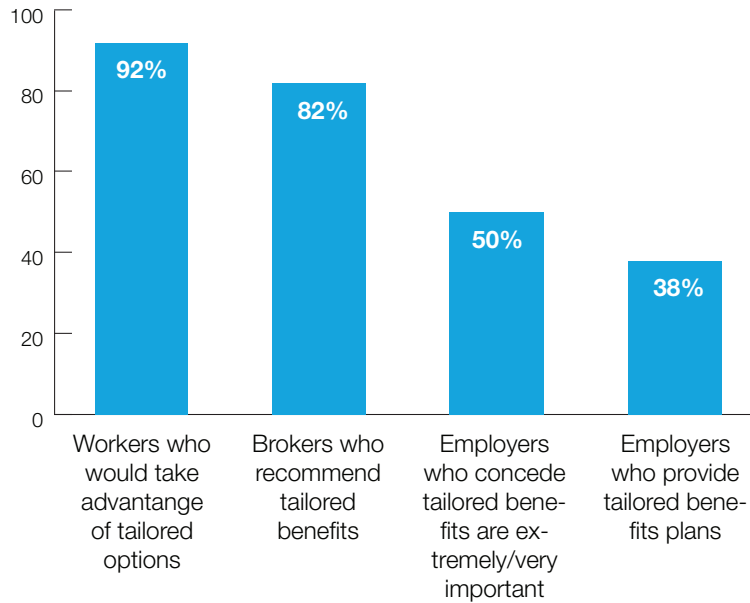
Clearly, this is an opportunity for brokers to speak louder and make the case for tailored benefits more convincingly. After all, employees are on brokers' sides. Figure 1 shows what employers need to know and what brokers should communicate to them: A whopping 92 percent of workers at least somewhat agree they would be more likely to take advantage of benefits packages tailored to their personal situations. Brokers armed with this knowledge can use it to open – or continue – their



conversations with employers about the value of tailored benefits, including the opportunity to add voluntary insurance options to their benefits packages. Because voluntary coverage is employee-paid, companies can offer it with no direct effect on their bottom lines.

Figure 1

Tailored benefits: A missed opportunity



Wise brokers are teaching benefits 101

Another area in which brokers have major potential to strengthen their value is in the realm of employer-employee education about benefits in general – and individual companies’ benefits in particular. While employers overall are fairly certain they understand their organizations’ benefits plans, brokers aren’t so sure. For example, 56 percent of employers told Aflac they are extremely/very knowledgeable about their companies’ benefits, but just 27 percent of brokers agree.

What’s more, brokers say employers also overestimate employees’ understanding of their companies’ benefits plans: 40 percent of employers say workers know their benefits stuff, but 79 percent of brokers aren’t convinced.

What do employees say? The majority tend to come down on the side of brokers, as evidenced by the fact that despite having more health care benefits options to choose from, 89 percent of workers go with the same set of options year after year. And although employers are placing more responsibility for health care decisions on their workers, Aflac found that 72 percent of workers surveyed had not heard the phrase “consumer-driven health care.” Of those who had, 38 percent admitted

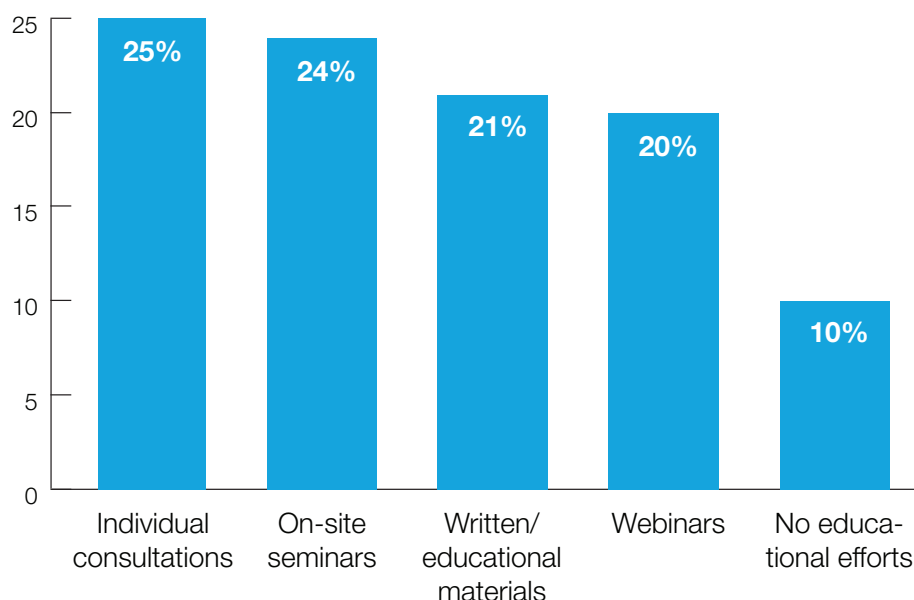


they don't understand its meaning very well or at all. Despite employer confidence, employees are confused about a lot of things when it comes to benefits and health care reform.

The knowledge chasm presents yet another opportunity for motivated brokers to make a difference. In meetings with decision-makers at both current and potential accounts, brokers should emphasize the need for unbiased, expert advice on benefits issues, including insurance products and how employers and their workers will be affected by health care reform. Some brokers are ahead of the curve and are already taking steps to position themselves as experts on health care reform and the new health care landscape.

Figure 2

How brokers are educating accounts about health care reform



After all, both employers and employees already concede that there is a place for brokers in the workplace: Employees at companies using a benefits adviser or broker are more satisfied with their benefits than those at companies that do not (63 vs. 53 percent). What's more, employers using a broker or benefits adviser are more likely to believe their benefits packages are significantly/slightly more competitive than those of their peer companies (52 percent vs. 44 percent).

Say it, say it and say it again

When it comes to helping workers understand their benefits and prepare for the changes brought by health care reform, communication is key – and that's something brokers need to drive home to their clients.

The Aflac survey revealed that workers not only don't understand how health care reform will affect their lives, but also that 55 percent have done nothing to prepare for changes to the health care system.

At the same time, 75 percent of employees agree with this statement: "I believe my employer will educate me about changes to my health care coverage as a result of health care reform." Alarming, however, just 13 percent of companies say educating their employees about health care reform is a priority for their organizations.

On the plus side, brokers have clearly laid the groundwork for the implementation of health care reform, because 75 percent of employers who rely on broker advice say they're at least slightly knowledgeable about the reform. Brokers have the opportunity to continue and expand upon reform-related conversations, as well as to use the conversations to emphasize the importance of consistent, clear and frequent communication with employees about not only health care reform, but also about benefits and human resources issues in general.

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Already, employers who work with brokers communicate about employee benefits much more frequently than those that don't. Aflac learned that 48 percent of companies working with brokers/benefit advisers communicate 3 or more times per year, compared to 30 percent of companies that don't rely on advisers' guidance. What's more, those companies believe their communications efforts are moving the needle on employee understanding and engagement in benefits decisions.

It's clear that employers who work with brokers communicate about benefits more often and are more likely to believe their workers understand their health care plans. Still, 44 percent of brokers say their clients follow their communications recommendations sometimes or rarely, and just 35 percent believe the resulting communications are extremely or very effective. This represents an opportunity for brokers to open frank discussions with decision-makers about the importance of benefits communication, as well as to position themselves as expert advisers on content and clarity. To give themselves and their advice additional authority, brokers can schedule presentations to company leaders by experts on employee communications, benefits issues and health care reform. They can also arrange town halls and seminars for employees, as well as direct them to third-party Internet sites that provide insightful and unbiased information about benefits issues.

Disconnects = opportunities

Disconnects between employers and brokers in the areas of tailored benefits, benefits education and benefits communication are not bad news for insurance experts. Instead, they present brokers with welcome opportunities to engage in important discussions with current and potential clients – discussions that underscore the importance of expert advice and guidance.

Ambitious brokers will use the Aflac WorkForces Report findings to open conversations with accounts about health care reform and its effect on their businesses, as well to present clear and workable plans for increasing both employer and employee knowledge about health care benefits and the peace of mind and financial security those benefits help provide.

About the study

The 2013 Aflac WorkForces Report is the 3rd annual Aflac employee benefits study examining benefit trends and attitudes. The study, conducted by Research Now between January 4 and January 24, 2013, captured responses from 1,884 benefits decision-makers, 5,299 employees and more than 300 brokers from throughout the United States. “Static on the Line: Broker Disconnects” is one of three key broker-related themes from the 2013 study. To learn more about the Aflac WorkForces Report and to read “The Good News for Brokers” and “The Voluntary Advantage for Brokers,” visit AflacWorkForcesReport.com.

