

THE INSURANCE INSIDER



ENGAGE EMPLOYEES WITH BENEFITS EDUCATION

INSIDE THIS ISSUE:

<i>Engage Employees with Benefits Education</i>	1
<i>Taylor Your Benefits to Attract Gen Y</i>	3
<i>What You should Know about Insurer Technology</i>	5

“...employers who were rated as having strong benefits education programs were also more likely to demonstrate positive employee engagement”

Employee morale is down, but benefits education can be an effective way to boost workplace satisfaction, says a recent survey by U.S.-based benefits provider Unum.

The survey of 1,712 working adults found that 63% of employees think their employer values their work, down from 70% in 2008, and that even fewer, 56%, feel that their employer cares about their well-being—a 7-point drop from 2008.

“In this difficult economic environment, there may be many reasons employee morale has not bounced back,” says Bill Dalicandro, vice president at Unum. However, he adds, offering benefits education programs can help boost employee engagement with minimal costs.

Unfortunately, many employers are failing to include education as part of their benefits programs. The survey found that:

- nearly one-third of employees feel the benefits education provided by their employers is insufficient;
- only half of employees

said they received printed information or brochures, down from 70% in 2008;

- just over a third of employees were offered a chance to attend an information and question-and-answer session about benefits, down from 52% in 2008; and
- the percentage of employees who had access to online materials fell from 51% in 2008 to 36% in 2010.

However, employers who were rated as having strong benefits education programs were also more likely to demonstrate positive employee engagement. Eighty percent of employees who rated their benefits education highly also rated the employer as an excellent or very good

place to work, and 77% said they would stay with their current employer, even if they were offered the same pay and benefits elsewhere.

Conversely, only 31% of employees who rated their benefits education poorly also said their employer was an excellent or very good place to work.

“People are the lifeblood of any successful business, and in this challenging economy employers need to work even harder to demonstrate their concern for employees and their well-being,” says Dalicandro. “Everyone benefits when they do.”

Tammy Burns | September 13, 2011



TAILOR YOU BENEFITS TO ATTRACT GEN Y

If you're looking to hire and retain generation Y workers, you might want to reconsider your benefits and communication plans.

As more gen Ys (typically, those born after 1979) enter the workforce—and more baby boomers leave—employers will need to understand gen Y's preferences and communication styles, especially with respect to workplace benefits.

"The ability to recruit and retain younger workers is quickly becoming essential for employers to ensure long-term business success, especially as baby boomers begin to retire in increasing numbers," says Stephen Bygott, director of marketing programs and research at Colonial Life, which recently released a white paper on the topic, "Pump Up Productivity from the Next Generation."

"But gen Y has different needs, expectations and preferences than previous generations, so companies need to take a different approach when it comes to designing and communicating their benefits packages. Those who don't consider changes could risk losing their competitive edge and may be left behind."

Colonial Life's white paper offers factors and tips for employers to keep in mind when tailoring their benefits plans to gen Y.

Gen Y tends to be less financially stable

"Relatively few gen Ys have accumulated enough assets or personal wealth to carry them through bad times," says the paper. "They are the least likely of any generation to own their homes, and a majority of millennials recognize that they are not saving as much as they should."

The study reports that only 58% of gen Ys pay their bills on time, 43% have high credit card debt, and 70% aren't building a cash cushion for emergencies.

What's more, gen Ys are worried about their financial future. According to the study, 67% of gen Ys believe government plans will not be available to them when they retire and that they will have to rely more on employer-sponsored retirement plans and personal savings.

Gen Y values benefits plans yet often fails to take advantage

"One common employer misconception is that older employees value benefits more than younger employees," says Anita Potter, assistant vice-president of group research with the Life Insurance Marketing and Research Association. "In fact, when it comes to benefits, younger employees value bene-

fits nearly as much as older employees."

However, gen Y is also the least likely to take advantage of workplace insurance, according to the study. This includes major medical plans, as well as voluntary coverage such as life, disability and accident insurance.

So why the disconnect between what gen Ys want and what they actually do?

"There appears to be an information gap in terms of the types of insurance they have and what they might actually need," says the paper. "Gen Y employees might want protection, but they also want to be able to meet their financial obligations comfortably. They need alternative benefits solutions, such as voluntary insurance, that reduce their risk and give them the security and peace of mind they need."



"gen Y has different needs, expectations and preferences than previous generations, so companies need to take a different approach when it comes to designing and communicating their benefits packages..."



GEN Y CONT...

Gen Y may be wired but it also wants personal communication

Gen Y's reputation as being constantly connected to computers and mobile devices has encouraged some plan sponsors to embrace Web-based, self-service programs. While gen Y is likely to respond to such initiatives, the value of face-to-face communication should not be underestimated.

"Something as complex as insurance can't be effectively communicated by relying totally on technology and 'self-education,'" says the paper. "For the first time in their lives, many gen Y workers are responsible for making personal benefits decisions. They'll find it invaluable to have access to a trained benefits specialist who can talk to them."

Opportunity to improve benefits communication

"Benefits communication emerged in the research as a clear opportunity for employers to more strongly engage gen Y workers," Bygott says. "These workers give employers low marks for the effectiveness of their benefits communication, and gen Y women in particular are much more likely to say the communication they receive about their benefits is not at all informative, including cost, what's covered and what they need."

The white paper outlines numerous tactics and tools employers can use to communicate benefits more effectively with gen Y workers, including the following:

- implementing one-to-one counselling;

- using appropriate technology for the message;
- using multiple communication methods; and
- making content more interactive.

"As benefits decision-making continues to shift more toward employees, gen Y workers will become more eager for the products and information they need to manage their personal financial security," says Bygott. "Employers have a tremendous opportunity right now to create a greater return on investment by evaluating their benefits offerings and communication methods to appeal to gen Y. The result will be a more loyal, engaged and productive workforce."

WHAT YOU SHOULD KNOW ABOUT INSURER TECHNOLOGY

There has been tremendous focus in recent years on advancements in insurer technology in areas such as employee self-service, online reporting, e-claims and Web-based administration systems. For an industry that has historically been slow to embrace technology, there has now been a significant amount of catch-up in the last three to five years. But are all insurer technology platforms the same? And

what future innovations should plan sponsors expect?

To answer these questions (and more), Mercer recently completed a comprehensive research project on the technology offerings of Canada's group benefits insurers. Following are some general observations from this research:

- There has been significant convergence in the market in recent years; however, significant differences in insurer technology platforms still exist.
- The basics are largely covered. Most insurers offer some online format for administration, premium billing, downloading of



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INSURER TECHNOLOGY CONT...

forms, access to wellness tools and employee self-service.

- There is considerable variation in flexible benefits administration, online claims payment, vendor direct submission, online reporting and the handling of spending accounts. Some insurer platforms are also more flexible, offering integration with other websites (single sign-on) and website customization.
- Fraud prevention is covered with varying degrees of automation.
- Cost management, particularly in the drug area, has been a hot topic for plan sponsors, and several different approaches are being explored, such as preferred product pricing. Not all insurer claim systems can accommodate these different approaches.
- Many insurers will be adding new technolo-

gies in the near future (within the next three years), including mobile applications to interface with employees, continued expansion of e-claims, further enhancements to online reporting and greater integration of individual product, wealth accumulation and benefits websites for cross-marketing purposes. There is also still considerable work being done in the area of health portals.

Insurers are clearly still investing heavily in this area, with technology being viewed not only as “table stakes”—a robust technology platform is essential to competing in this space—but also as an opportunity to further differentiate their value proposition relative to their competitors. This is great news for plan sponsors and their employees, as further innovation in this area can only enhance the plan sponsor and plan member experience.

From a plan sponsor’s per-

spective, there are a number of key considerations when assessing the relative importance of technology in the overall benefits value proposition.

Technology can make the difference

Technology can make a difference in both the plan sponsor’s and plan member’s experience. Many plan sponsors are searching for low-cost (or no-cost) opportunities to enhance the value of their benefits programs. Technology advancements in the areas of e-claims and the use of mobile applications can resonate with all employees, but especially with younger and more tech-savvy employees. Plan sponsors can use technology to make benefits plans more accessible and, therefore, more valuable.



“Technology can make a difference in both the plan sponsor’s and plan member’s experience”



INSURER TECHNOLOGY CONT...

Dig deep

As already mentioned, there are still considerable differences in technology platforms. When selecting an insurer, it is important to dig deeper and understand the offerings of each insurer being considered. For example, it is not enough to say all insurers can accommodate employee self-service—you need to understand the relative differences. And, depending how important technology is to you, you may need to pay more for a more robust offering.

Look before you leap

We need to manage prescription drug expenses more aggressively, and we likely need to consider new approaches to cost management. However, there are some significant technological limitations in what some insurers can accommodate. It is impor-

tant to explore these in advance of committing to a future cost management strategy.

Don't be seduced by the glitz

In the end, it is all about paying claims correctly and on a timely basis. A robust technology offering means little if there is an underlying problem in paying claims. This should be a primary consideration in the selection of an insurer—it is core and fundamental. Technology serves only to augment the value proposition.

Think big

Expect more and challenge your insurer to continue to innovate in this area. The opportunities are limitless; however, insurers will only truly be motivated if they feel plan sponsors will value their advancements.

There have been impressive developments in the area of insurer technology in recent years, and we expect the pace of change to continue. However, not all insurer platforms are the same—nor will they ever be the same. This potentially becomes a significant point of differentiation in the vendor selection process. The possibilities to leverage technology—today and in the future—are truly remarkable. But before you can understand the potential, you need to understand what is available today and where the market is headed tomorrow.

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