



## Benefits Briefing VOLUME 33

Perspectives on Voluntary Benefits, Financial Wellness, and Pet Insurance  
From a Survey of Employers & Brokers  
(Q2, 2019)

National Employee Benefits Advisory Forum (NEBAF)

## Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in April 2019 to understand its members' experiences regarding important employee benefits and interest in some new potential offerings.

The information in this report is based on an online survey taken by nearly 600 group employee benefits specialists (313 brokers and 283 employers).

This summary includes perspectives from brokers and employers regarding:

- Voluntary Benefits,
- Financial Wellness, and
- Pet Insurance.

## Executive Summary

This Briefing presents findings from both employers and brokers regarding their experiences with voluntary benefits.

- Over three-quarters of employers offer voluntary benefits such as accident, critical illness, cancer, or hospital indemnity to their employees.
- Among voluntary benefits asked about, brokers are most likely to recommend critical illness or accident insurance.
- The majority of employers and brokers (who offer/recommend voluntary benefits and are aware of participation rates) say fewer than 40% of employees participate in voluntary benefit plans.
- Among those same employers and brokers, the majority say voluntary benefit participation has stayed the same or increased over the last three years.
- According to both groups, most plan participants who cancel voluntary benefits do so because they leave the company; this is the most common reason by far.
- Most employers and brokers say they work with their voluntary benefits carrier to communicate with voluntary plan participants outside of open enrollment.
  - About a third of both brokers and employers who do not currently work with carriers to communicate with employees said they would be interested in working with carriers to increase communication with voluntary plan participants.

This report also contains findings regarding employers' and brokers' experiences with financial wellness.

- About half of employers and brokers report they/their clients see a need to help employees improve financial well-being, including understanding general financial topics, credit score repair, or debt reduction.
- Financial counseling is the financial wellness solution offered most by employers and recommended most by brokers.
  - However, this solution is only offered by about four in ten employers and recommended by four in ten brokers.
  - Over a third of employers and brokers are not likely to offer/recommend any of the financial wellness solutions reviewed in this survey.
- Employers and brokers agree that life insurance would be the best fit for a financial wellness solution.
  - Less than half of both brokers and employers consider any voluntary benefits a good fit for a value-added financial wellness service.



## Executive Summary (cont.)

Both groups also shared their experiences and opinions regarding pet insurance.

- Only about one in ten employers currently offers pet insurance, and most brokers currently don't recommend it to their clients.
- Among those who offer/recommend pet insurance, employers and brokers most commonly say they do so because their employees/ their clients' employees requested it.
- Most employers and brokers who offer/recommend pet insurance agree that participation in pet insurance tends to be lower than other voluntary benefits.
- When those employers and brokers who don't currently offer/recommend pet insurance were asked about the reasons they don't, more than half report that their employees/clients' employees have not expressed interest in it; this is the most common reason.

## Voluntary Benefits

We asked both employers and brokers about their experiences with voluntary benefit offerings and employees' voluntary benefit participation.

### Voluntary Benefits Offerings

We asked *employers* whether they offer voluntary benefits.

**About three-quarters of employers report that they offer voluntary benefits** such as accident, critical illness, cancer, or hospital indemnity to their employees.

We also asked *brokers* which group voluntary benefits they recommend to their clients.

**Brokers most commonly recommend Critical Illness and Accident Insurance to their clients** (named by about nine in ten brokers each). Cancer and Hospital Indemnity are recommended slightly less often (by seven in ten brokers). Fewer than one in ten say they don't recommend any of these.

### Voluntary Benefits Participation Rates

We then asked *employers* (those who offer voluntary benefits and are familiar with their company's voluntary benefits participation) what percent of eligible employees participate in their companies' voluntary benefits plans. We also asked *brokers* (those who recommend voluntary benefits and are familiar with clients' participation rates) what percent of eligible employees participate in their clients' group voluntary benefits plans.

**About two-thirds of employers say fewer than 40% of their employees participate in these plans.** A quarter said fewer than 20% of employers participate. **When asked about their clients' plans, brokers report slightly lower rates of employee participation than employers.** Almost nine in ten brokers said fewer than 40% of their clients' employees participate in group voluntary benefit plans; most brokers estimate participation to be in the range of 10 – 30%.

### Trends in Voluntary Benefit Participation

We asked the same brokers and employers whether the percentage of people participating in voluntary benefits increased, stayed flat, or decreased over the past three years.

About half of employers say the percentage of people participating in voluntary benefits remained the same over the past three years, and about half say the percentage has increased. Fewer than 1 in 10 say the percentage has decreased. **Brokers are more likely to report that voluntary benefits participation has increased over the past three years.** Almost three quarters of brokers say voluntary plan participation increased, while just over a quarter say it has stayed the same. No brokers say the percentage decreased.

## Did You Know? Most Employees Are Not Allowed to Cancel their Voluntary Plan Coverage Mid-Year

We asked employers and brokers whether their / their clients' group voluntary plan participants are allowed to cancel their voluntary benefits coverage mid-year, or in between open enrollment periods.

Just over half of employers say their voluntary plan participants are not allowed to cancel coverage mid-year. A third say employees can cancel any time during the year, while fewer than 1 in 10 say employees can cancel mid-year but during the first month only.

Similarly, just under half of brokers said their clients' voluntary plan participants are not allowed to cancel coverage mid-year. Of those who allow employees to cancel mid-year, almost three quarters are allowed to cancel anytime during the year, and 1 in 4 are allowed to cancel during the first month only.

## Reasons for Cancelling Voluntary Benefits Plan Coverage

We asked employers and brokers to estimate what percent of their/ their clients' plan participants who cancelled their group voluntary benefits coverage cancelled for reasons provided in the survey.

**According to employers and brokers, most plan participants who cancel voluntary benefits do so because they leave the company.** Employers and brokers also both indicate that plan participants are least likely to cancel voluntary benefits due to bad service experiences.

Brokers report a greater percent of plan participants cancel because of cost. However, brokers and employers report that similar percentages cancel because they didn't see the value of the benefits. See full results below.

### Reasons for Cancelling Voluntary Benefits Plan Coverage

	Brokers MEAN %	Employers MEAN %
Left the company	50%	59%
Couldn't afford it	26%	15%
Didn't see the value	16%	17%
Bad service experience	7%	4%

## Communication with Voluntary Plan Participants

We asked employers and brokers if they currently work with their voluntary insurance benefits carriers to communicate with their or their clients' voluntary plan participants throughout the year.

**More than six in ten employers and brokers say they work with their voluntary benefits carriers to communicate with their, or their clients', voluntary plan participants year-round, outside of open enrollment.**

We also asked employers and brokers who do not currently work with carriers to communicate with voluntary plan participants off-cycle whether they would be interested in year-round communication to help educate employees on the details and benefits of their plan.

**About a third of both brokers and employers who do not currently work with carriers to communicate with employees said they would be interested in working with carriers to increase communication with voluntary plan participants.**

We then asked brokers and employers to evaluate how valuable a variety of communication methods would be to communicate to voluntary plan participants after enrollment throughout the year.

## Financial Wellness

We also asked both employers and brokers about employee financial well-being and about potential financial wellness solutions.

### Need to Help Employees Improve Financial Well-Being

We asked both employers and brokers to what extent they or their clients see the need to help their employees improve financial well-being, including understanding general financial topics, credit score repair, or debt reduction.

Brokers and employers generally agree on the extent to which they or their clients see the need to improve employees' financial well-being.

**Just over half of employers and brokers report they or their clients see a need to help their employees in this area.**

Financial wellness is an area that has gained traction in the past few years in conjunction with concerns about rising American debt, hefty student loans, employees living paycheck to paycheck, and questionable preparedness for retirement as Americans are living longer.

### Financial Wellness Solutions Offered

We asked employers and brokers which of a variety of financial solutions they offer to their employees or recommend to their clients today.

**Financial counseling is the solution offered most by employers and recommended most by brokers.** However, just under four in ten employers and brokers offer/recommend this solution.

Over a third of both employers and brokers offer/recommend none of the financial wellness solutions asked about. See full results in the chart below.

Since half of employers and brokers see a need for financial wellness solutions, there may be opportunities for carriers to present new offerings in this arena. Employers and brokers may want to consider some of the solutions currently available but not being utilized.

### Financial Wellness Solutions Offered/Recommended

	Employers	Brokers
Financial Counseling & Coaching	39%	38%
Financial Education Classes & Seminars	32%	35%
Online Financial Management Tools	29%	28%
Savings Products & Services	22%	21%
Debt Management Services	8%	16%
Short-Term Loans/Accrued Wage Advances	8%	6%
None of the above	34%	42%

### Snapshot: Interest in a Carrier-Provided Financial Wellness Solution

We asked both employers and brokers about their interest in a carrier-provided financial wellness solution offering unlimited access to financial counseling (via mail, SMS, and phone) and a digital platform to track financial goals and actions.

- Almost twice as many brokers would be likely to recommend, as employers say they would be likely to offer, this type of carrier-provided financial wellness solution.
- About 1 in 3 employers report they would be likely to offer or switch to this type of solution.
- Six in 10 brokers report they would be likely to recommend this type of solution.

### Did You Know? Employees Typically Pay the Full Cost of Pet Insurance

We asked employers and brokers how they or their clients handle the funding of pet insurance.

- At least 9 in 10 employers and brokers say their employees/ their clients' employees pay the full cost of pet insurance.
- About 1 in 10 employers say they share the cost of pet insurance with their employees.
- No employers say they pay the full cost of pet insurance.
- Virtually no brokers say their clients either share or pay the full cost of pet insurance.

For employers who currently don't offer pet insurance, we asked how they would prefer to handle the funding if it were offered.

- More than 8 in 10 employers said they would prefer the employee pay the full cost of pet insurance.
- Just under 1 in 10 said they would prefer to share the cost of pet insurance with employees, and even fewer said they would prefer to pay the full cost of pet insurance.

### Benefits Considered a Good Fit for Financial Wellness

We asked both groups which benefits they would consider a good fit if a financial wellness solution were to be offered by a carrier as a value-added service along with other, more "traditional", employee benefits.

**Employers and brokers agree that life insurance would be the best fit for a financial wellness solution.** Over two-thirds of employers and almost nine in ten brokers consider life insurance a good fit. Although over half of both also think disability insurance would be a good fit, more brokers than employers say this.

**Fewer than half of brokers and employers consider any voluntary benefits asked about a good fit for a value-added financial wellness service.**

Pairing financial wellness with life, or possibly disability, insurance may be an effective way to meet employees' financial wellness needs.

## Pet Insurance

We asked both employers and brokers about their experiences with and interest in pet insurance.

### Reasons for Offering or Recommending Pet Insurance

We asked employers if they currently offer pet insurance as part of their employee benefits package, and we asked brokers if they currently recommend pet insurance to their clients.

**Very few (only about one in ten) employers currently offer pet insurance, and most brokers currently don't recommend it to their clients.**

We then asked employers who offer pet insurance why they decided to offer it to their employees, and we also asked those brokers who recommend pet insurance why they decided to recommend it to their clients.

**Both brokers and employers most commonly say they offer/recommend pet insurance because their employees/ their clients' employees requested it.** Because it enhances their/ their clients' voluntary benefit offering is the second most popular reason among both groups.

Beyond that, we see that brokers are more likely than employers to report recommending/offering pet insurance to improve attraction and retention and/or because competitors are offering it.

Results are detailed in the chart on the next page.

## Fun Facts: Pets in the U.S.

According to the *Canine Journal*, an online resource for all things dog<sup>1</sup>:

- 44% of U.S. Households have at least one dog in their home
- You are more likely to file an insurance claim on your pet than you are on your home or car
- Roughly 1 in 3 dogs may require urgent veterinary care every year
- Americans spend roughly \$70 billion annually on pets and 25% of that is on veterinary costs

## Reasons for Offering or Recommending Pet Insurance (cont.)

### Reasons for Offering or Recommending Pet Insurance

	Employers	Brokers
Employees/clients' employees requested it	50%	66%
To enhance the voluntary benefits offering	45%	55%
To improve attraction and retention	26%	42%
Competitors are offering it	8%	22%
Management requested it	3%	N/A

### Reasons for Not Offering or Recommending Pet Insurance

We asked employers why they have decided *not* to offer pet insurance to their employees, and we asked brokers why they currently *aren't* recommending pet insurance to their clients.

**Employers report the following reasons they don't offer pet insurance** to their employees:

- Employees have not expressed interest in it (58%)
- It's not worth the time and effort to implement it (22%)
- My broker has not recommended it (15%)
- I'm not familiar with the product (14%)
- I don't think our employees need it (10%)

**Brokers' reasons are similar to employers'**, with lack of interest at the top of the list:

- My clients have not expressed interest in it (56%)
- I'm not familiar with the product (27%)
- I don't think it's worth the time and effort for clients (21%)
- I don't want to overcomplicate my recommendations (13%)

Given how few employers offer pet insurance, there is clearly opportunity for the pet insurance market to grow. Given employers' predisposition to offering this benefit only or primarily in response to employee demand, carriers will want to focus efforts on generating greater interest among employees as a first step in leveraging this growth opportunity.

<sup>1</sup> <https://www.caninejournal.com/wp-content/uploads/pet-insurance-cost-infographic-2018.png>



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