



A Special Trends Report

Perspectives on the Insurance Industry, Providers and Reputation
From a Survey of Employers, Brokers, and the General Public
(Q2, 2019)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted a special online information exchange in March and April 2019 to understand its members' interest and experiences regarding employee benefits and some new approaches to the kinds of choices employers and employees may have in the near future.

The information in this report is based on an online survey taken by roughly 300 brokers, 300 employers, and 800 members of the informed general public.

For this exchange: brokers who participated have sold/recommended various types of benefits to group clients; and employers who participated have at least a moderate amount of influence in the selection of benefits for their company.

In addition to NEBAF members, we invited members of the general public to participate in this exchange as well. To be included, members of the general public needed to have had some type of exposure / some level of familiarity with a number of insurance carriers.

This report includes summary findings from this exchange related to the topic of reputation. It covers:

- Reputation of the Insurance industry as a whole,
- Importance of reputation, and
- Drivers of reputation

This summary also includes additional information on the topic of industry growth potential based on a special online exchange conducted in December 2018 among roughly 335 group employee benefits brokers only.

Executive Summary

This Briefing presents findings from brokers, employers, and the informed general public regarding insurance carriers' reputations, as well as the importance of managing reputation, and drivers of reputation:

- The general public gives the insurance industry an average reputation ranking, suggesting that the industry has opportunity for improvement when it comes to reputation.
 - In comparison, the general public gives the health insurance industry, specifically, a stronger ranking, and the financial industry a similar moderate ranking.
- Among 44 U.S. insurance carriers asked about, USAA receives the highest reputation score, followed by MetLife, New York Life, Blue Cross Blue Shield, and The Hanover Insurance Group. The vast majority of companies receive a reputation score of 60-69 (an average rating).
- Research conducted by the Reputation Institute indicates that top-reputed companies outperform other companies on a variety of important outcomes.
 - Top-reputed companies have higher stock prices.
 - Brokers, employers, and the general public are more likely to buy and recommend top-reputed companies.
 - Companies with higher-ranked reputations attract better talent.
 - Brokers, employers, and the general public are more likely to trust top-reputed companies to handle a crisis.
- Reputation is driven by a variety of factors, including products/services, performance, governance, leadership, innovation, workplace, and citizenship.
 - Evidence indicates that the relative importance of these drivers may vary among participant groups.

This report also contains findings from a recent special exchange with *brokers only* regarding their perceptions of growth potential for the non-medical benefits industry in general as well as their specific brokerages. Brokers had also been asked these questions in a similar 2017 Study:

- Most brokers are very optimistic about the growth potential of the non-medical benefits industry, consistent with 2017 results.
- Fewer brokers today, than in 2017, say they are very optimistic about the growth potential of their specific brokerage firms.

Reputation of the Insurance Industry

As mentioned in the methodology, different than our typical studies, for this research, we included participants from the general public (in addition to benefits brokers and employers); see methodology for more details on composition and qualifications of this group.

We asked the general public to rank the reputation of the insurance industry relative to other industries.

Reputation Rankings of Industries

General public participants were asked how they feel about several related industries: the financial industry, the insurance industry, and the health insurance industry (separate from general insurance). They were asked the degree to which they admire, trust, or “have a good feeling about” each industry. From these questions, we aggregated data to determine relative “reputation” scores of each industry asked about.

The insurance industry scores moderately, with opportunity for improvement. On a scale from poor (<40) to excellent (80+), the insurance industry ranks average, with a score of 66.4. The financial industry ranks just below that with 65.0. Interestingly, both of these industries score below the health insurance industry, which ranks at 70.5.

These scores suggest that insurance providers and other industry stakeholders have work to do to improve perceptions of their industry among the general public.

Reputation Scores of Various Industries

	Score
Health Insurance Industry	70.5
Insurance Industry	66.4
Financial Industry	65.0

Reputation Rankings of Specific Insurance Companies

We then asked the general public about 25+ specific individual insurance companies. In a similar methodology to general industry scores, we asked similar questions about these specific individual insurance companies and calculated “reputation” scores.

The top five highest ranked companies include, in order: USAA, MetLife, New York Life, Blue Cross Blue Shield, and The Hanover Insurance Group. The following companies received the lowest scores: AIG, Transamerica, and Genworth Financial.

Reputation Rankings of Specific Insurance Companies (cont.)

Overall, of the 44 total companies ranked, scores ranged from 54.2 (a weak rating) to 75.7. (a strong rating), with almost 90% of companies receiving a score of 60-69 (an average rating). None of the companies received an excellent reputation rating. These findings are in line with the overall insurance industry reputation score, and reiterate the opportunity for improvement.

Reputation Scores of Specific Companies
Top 10 Companies

	Score
USAA	75.7
MetLife	73.5
New York Life	70.8
Blue Cross Blue Shield	70.6
The Hanover Insurance Group	69.8
Progressive	69.4
Unum	69.4
Farmers Insurance	69.2
Allstate	68.9
Allianz	68.6

The Importance of Reputation

Recent research from the Reputation Institute, a leader in reputation research (www.reputationinstitute.com), has reported that a company's reputation is important, obviously, but it can have further reaching impact on a company beyond general sales success.

Outcomes Associated with Reputation

A strong reputation is associated with a variety of important outcomes. These outcomes relate to several key areas.

Reputation drives corporate value. Companies with higher reputation scores have higher stock prices; top reputed companies outperform the S&P 500 Index by 2.5 times.

Reputation elevates growth. Higher reputation scores are associated with more sales and increased advocacy. For each 5-point increase in reputation, there is a 6% increase in propensity to buy from and recommend a company.

Spotlight on Trends: Financial Wellness & Benefits Intermediaries

In September 2018, Prudential released the results of a recent study, "*Benefits and Beyond: Intermediaries 2018*". The study was conducted among roughly 400 intermediaries, consisting of retirement plan advisors and employee benefit brokers, who spend a significant portion of their time selling and servicing employers.

Prudential conducted the study in order to learn about intermediaries' views on, knowledge of, and preparedness to help employers in the area of financial wellness. Prudential defines financial wellness as the following - *Adopting financial behaviors to best manage day-to-day finances, achieve important long-term financial goals, and help protect against key financial risks.*

According to the study, more than four-fifths of intermediaries expect sales of financial wellness programs to increase in the next three to five years. Nearly three-fourths say employers are requesting these programs. Intermediaries have a positive view of financial wellness programs; nearly four in five believe these programs are beneficial for employees. Intermediaries' top challenges to selling financial wellness include: cost, limited employer buy-in, ROI, and measuring impact.

Prudential concluded that for intermediaries, establishing a clear definition of financial wellness that fits the specific employer needs, and not employing a one-size-fits-all strategy, is an important first step. Intermediaries will also want to help employers define and capture program metrics in order to assess success and return on investment.

To view summary results:
https://www.prudential.com/media/managed/documents/rp/3014251_B&B_Broker_Summary_rF2.pdf

Outcomes Associated with Reputation (cont.)

Reputation inspires talent. Companies with higher reputation rankings attract better talent. Over half (57%) of the general population is willing to work for a company with an excellent reputation.

Reputation fosters trust. Companies with an excellent reputation are 3.2 times more likely to be trusted to adequately handle a crisis than those with an average reputation.

Finally, reputation mitigates corporate risk. Companies with higher reputation scores are more resilient. A solid reputation can, in fact, provide a buffer in times of crisis. Companies with a strong to excellent reputation are more likely to bounce back from public scrutiny.

Drivers of Reputation

As part of the study, we asked all groups – brokers, employers, and the general public – a series of questions to gauge the drivers of reputation.

Aspects of Reputation Asked About

We asked brokers, employers, and the general public to rate how well companies perform on several aspects related to reputation. With regard to specific insurance carriers, participants were asked "to examine statements, and indicate how well they describe these companies by selecting a number from "1" to "7" where "1" means "does not describe well" and "7" means "describes very well."

Brokers, employers, and the general public reviewed statements related to the following aspects of reputation*:

- Products/Services
- Innovation
- Workplace
- Governance
- Citizenship
- Leadership
- Performance

Products/services refers to the quality and value of the products and services offered by the company, as well as how a company stands behind its products and services and meets customer needs.

Innovation has to do with how innovative a company is, including whether it is the first to go to market with new products and services, and how quickly it adapts to change.

* Aspects of reputation were developed by the Reputation Institute.

Aspects of Reputation Asked About (cont.)

Workplace addresses whether a company offers equal opportunities in the workplace, fairly rewards its employees, and/or shows concern for the health and well-being of its employees.

Governance relates to how fair a company is in the way it does business, including how ethically it behaves and whether it operates openly and transparently.

Citizenship refers to whether a company acts responsibly to protect the environment, has a positive influence on society, and/or supports good causes.

Leadership comprises how well-organized a company is, as well as the strength and appeal of leaders and managers, and whether the company has a clear vision of its future.

Finally, **performance** includes how profitable a company is, whether it shows strong prospects for future growth and/or delivers better than expected financial results.

Aspects Driving Reputation

In looking at results for carriers collectively, we find some differences and some similarities in the drivers of reputation perceptions between business-to-business participants (brokers and employers) and the general public.

For brokers and employers, the primary aspects/drivers of reputation are similar: products/services, followed by performance, and governance.

When looking more closely at the statements making up/describing each aspect/driver, we see differences between brokers and employers. For example, brokers are strongly influenced by Products/services; many of its top statements are under that aspect. Employers' #1 statement driving reputation is in the area of Leadership, yet, when statements are taken cumulatively, Leadership falls lower than other aspects. See results in the charts below.

Top 5 Statements Driving Reputation: Brokers

	Aspect Area	Statement Within Aspect
1	Products/services	Offers high quality products and services
2	Products/services	Stands behind its products/services
3	Products/services	Offers products/services that are good value for money
4	Performance	Delivers financial results that are better than expected
5	Products/services	Meets customer needs

Aspects Driving Reputation (cont.)

Top 5 Statements Driving Reputation: Employers

	Aspect Area	Statement
1	Leadership	Has excellent managers
2	Products/services	Offers high quality products and services
3	Performance	Is a profitable company
4	Products/services	Stands behind its products and services
5	Governance	Behaves ethically

When we look at the drivers of reputation for the **general public**, we see that **Products/services and Governance are at the top**. Beyond that, we don't find much variance for other aspects. Key differences from the business-to-business group include:

- Products/services is less of a driver among the general public than it is for brokers and employers.
- Notably, among the general public, citizenship accounts for a much greater percentage of reputation than it does among brokers and employers.
- Performance accounts for less of a driver among the general public compared to brokers and employers.

We also looked more closely **at the statements making up/describing each aspect/driver for the general public, and compared that to brokers and employers**. Several of the Products/services statements are score similarly high across the three audiences. Differently, we see a Citizenship statement among the general public's top five. See results below.

Top 5 Statements Driving Reputation: General Public

	Aspect Area	Statement
1	Products/services	Offers products/services that are good value for money
2	Products/services	Meets customer needs
3	Governance	Is fair in the way it does business
4	Products/services	Stands behind its products and services
5	Citizenship	Has a positive influence on society

A Look Back: Perception of Growth Potential

In one of our recent special online exchanges with *brokers only*, we asked brokers to share with us their level of optimism regarding two separate scenarios as described below. These questions were also asked of brokers in a similar study conducted in January 2017.

Growth Potential of the Non-Medical Benefits Industry

We asked brokers how optimistic they are about the growth potential of the non-medical benefits industry, on a scale of one to seven.

In our recent study, more than three in five brokers this year indicated that they are very optimistic (6 or 7 on the 7 point scale); this is consistent with what brokers us back in 2017.

With continued uncertainty in the future of healthcare, there seems to be a perception that there will be a greater need for non-medical benefits to fill gaps in medical coverage and/or supplement medical coverage.

Growth Potential of Personal Brokerage Firm

We then asked brokers about the potential growth of their brokerage firm and how optimistic they were about that, on a scale of one to seven.

While most brokers (roughly three in five) said they are very optimistic (6 or 7 on the 7 point scale), results this year are lower than in 2017, where nearly three-fourths said they were very optimistic (6 or 7 on the 7 point scale).



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