



Benefits Briefing VOLUME 39

Perspectives on the Importance of Insurance Products, & Experiences with
Group Auto and Home Insurance From a Survey of Employers
(Q2, 2020)

National Employee Benefits Advisory Forum (NEBAF)

Background & Methodology

The National Employee Benefits Advisory Forum (NEBAF) conducted an online information exchange in April 2020 to understand its members' experiences regarding various employee benefits-related topics.

Specifically, this summary includes perspectives from participants regarding the **importance of insurance products** as well as **experiences with group auto and home insurance**.

The information in this report is based on an online survey taken by nearly 300 employers (279 HR professionals).

Within this summary, we identify and call out differences in results by market size, where applicable. Market groupings include the following: Small (<100 U.S. employees), Mid-size (100 - 4,999 U.S. employees), and Large (5000+ U.S. employees).

Executive Summary

This Briefing reports on employers' feedback on the importance of various employee benefits products.

- From a personal perspective, employers consider health insurance to be most important, when asked to rank benefits products.
 - Dental ranks second in importance to employers personally, followed by vision, short term disability, and life.
- When we asked about the importance of benefits for their employees, employers also rank health insurance as the most important benefit.
 - Employers think vision is more important to employees overall, than they rank it for themselves personally, while they rank short term disability more important personally than they do for employees.

This report also covers participants' experiences with group auto and home insurance.

- Roughly ten percent of employers overall currently offer auto and/or home insurance as an employee benefit.
 - Large employers are more likely than other employers to offer auto and home, with a quarter currently offering.
- When it comes to how employers offer auto/home (among those offering auto and/or home insurance), slightly more employers say employees are given a single choice of carrier, selected by the company (as opposed to multiple choices of carrier, selected by the company).
- Most employers offering auto/home insurance report that they used a broker and/or consultant as a resource when they first selected their current auto/home provider.
- More than nine in ten employers offering auto/home have been using their current provider for three years or more.
- Among those offering auto/home insurance, the majority says they are extremely or very satisfied with their current provider.
- Few employers currently offering auto/home insurance report issues or complaints about it.

Importance of Insurance Products

We asked *employers* about the importance of various insurance products.

Personal Importance of Insurance Products

First, we asked employers which of a variety of insurance products are most important, to them personally, as an employee benefit (regardless of whether their companies offer it today). We asked them to rank the products in order of importance.

From a personal perspective, participants overwhelmingly rank health insurance as the most important benefit, with nearly all ranking it #1.

Looking at the cumulative 1 – 3 rankings for the products, employers identify the following as most important to them as an employee benefit (in order of importance):

1. Health Insurance
2. Dental Insurance
3. Short Term Disability Insurance
4. Vision Insurance
5. Life Insurance

Importance of Insurance Products to Employees

We then asked employers which of a variety of insurance products they believe are most important, to their employees, as a benefit (regardless of whether their companies offer it today). Again, we asked them to rank the products in order of importance.

Employers also consider health insurance to be the most important to their employees, and again, nearly all rank it as #1 in importance.

When looking at the cumulative 1 – 3 rankings for the products, we find that employers think the following are most important to their employees (in order of importance):

1. Health Insurance
2. Dental Insurance
3. Vision Insurance
4. Short Term Disability Insurance
5. Life Insurance

Interestingly, employers rate short term disability as less important to employees than vision insurance, whereas for themselves, employers rate short term disability as higher in importance than vision.

As we've seen in past research, disability insurance can often be misunderstood and/or undervalued. These results may reinforce that idea and the need for more continued education around disability insurance.

Auto and Home Insurance

We also asked *employers* about their experiences with group auto and home insurance.

Use of Auto and Home Insurance as Employee Benefits

We asked employers whether their companies currently offer auto and/or home insurance as an employee benefit.

The majority of employers do not currently offer auto and/or home insurance to employees. Currently, about ten percent of employers overall currently offer either benefit.

Not surprisingly, we see differences by market size. While a quarter of large employers currently offer auto insurance and/or home insurance, fewer than 10 percent of mid-size employers and just about zero small employers do so.

Talking About: Reasons Why Employers Offer Auto and Home Insurance

We asked employers **who offer Auto and/or Home insurance** why their companies offer it as part of their employee benefits. Here are examples of responses:

"We've always felt that having access to different products through us was more of a concierge benefit to employees that would not otherwise know where to go for insurance."

"Expanded total rewards offering; provides voluntary complement to employer-provided benefits."

"Convenient for employee, no company cost, nice perk."

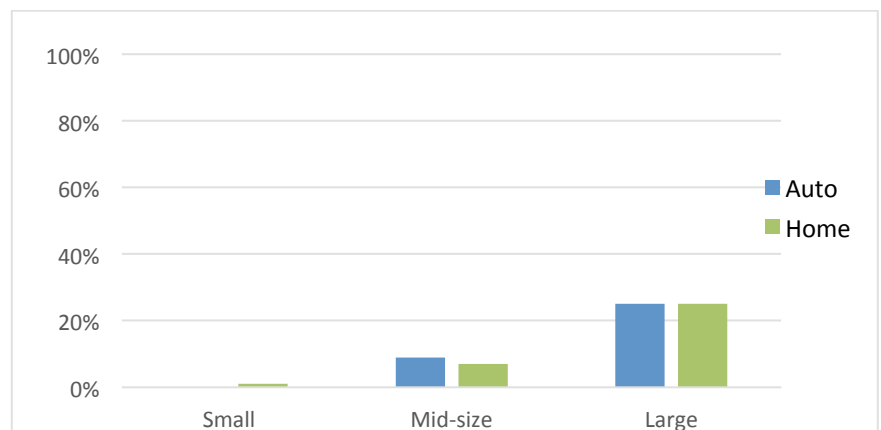
"It's an additional service provided through a carrier we use for STD."

"It is a good benefit to help with employee retention."

"It's a nice added benefit for our employees."

"Part of a bundled package with a carrier."

% of Employers Currently Offering Auto/Home Insurance



Employers provided insight into their reasons for offering or not offering these benefits. Employers most commonly say they offer auto and/or home insurance because it is a nice additional benefit for employees, and/or it tends to be bundled with other benefits from a carrier. Those currently not offering these benefits primarily say it's because they haven't seen much of a demand, don't want the increased administrative work, or just haven't thought about it.

See the left-hand column on this page and the following page for examples of verbatim comments.

The remaining results in this report are based on those who currently offer auto and/or home insurance; thus, the sample size is limited, and this should be kept in mind when reviewing results

Talking About: Reasons Why Employers Don't Offer Auto and Home Insurance

We also asked employers who *don't* offer Auto or Home insurance why their companies have decided not to offer it. Here are examples of responses:

"No employee has ever asked for it and it has never been discussed."

"Just because of the administration of an additional benefit, whether it be taking deductions from paycheck and sending file off to vendor, etc."

"Payroll deduction complexity. Not a high priority for our employees."

"Never thought about it. Not sure this is standard practice."

"Already we offer many voluntary products. Employees do not seem to be interested in this."

"Never offered or discussed this benefit."

"Not interested in the additional administration."

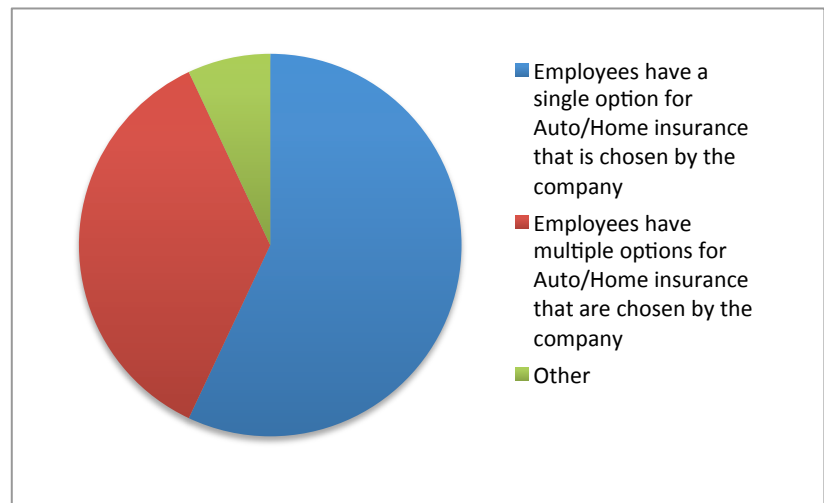
"Very few people would enroll, worth more effort to set this up than would enroll. Likely would never reach minimum required participation."

How Auto and Home Insurance Are Offered as Benefits

We asked employers who currently offer auto and/or home insurance how their companies offer those benefits. Employers could choose from the following options: "Employees have a single option for Auto and/or Home insurance that is chosen by the company," "Employees have multiple options for Auto and/or Home insurance that are chosen by the company," or "Other."

Employers indicate that both options are common, but slightly more employers (among those offering auto and/or home) say employees are given a single choice of carrier, selected by the company. This makes sense since many employers mentioned that they offer auto/home because it's bundled with other products.

How Employers Currently Offer Auto/Home Insurance Among Those Currently Offering



Resources Used When First Selecting an Auto/Home Provider

We asked employers who currently offer auto and/or home insurance which of a list of resources they used to inform the decision to first select their current auto and/or home providers.

Employers say the **five most commonly used resources** are the following (in order of frequency of employers selecting this resource):

1. Benefits Broker
2. Representatives from the Insurance Provider
3. Benefits Consultant
4. Independent Agent
5. Other HR Professionals

Not surprisingly, employers currently offering auto/home insurance report that benefits brokers/consultants are among the most common resources used when first selecting a provider.



Resources Used When First Selecting an Auto/Home Provider (cont.)

We find that the most common resources tend to be people, as opposed to websites, publications or other materials.

Employers considering offering auto/home insurance should consider utilizing these resources. Other HR professionals, particularly those who have offered auto/home, may provide a particularly experienced view of these products.

Tenure with Current Auto/Home Provider

We then asked employers (those who currently offer auto/home insurance) how long they have been using their current provider for these benefits.

The majority, more than 90%, of those offering auto/home insurance to employees say they have been using the same provider for three years or more. About two in five report they've been with the same provider for auto/home for more than ten years.

As we see in the next section, this suggests that employers must be at least fairly satisfied with their current provider to be offering these benefits through the same provider for these lengths of time.

Satisfaction with Current Auto/Home Provider

We also asked employers who currently offer auto/home insurance how satisfied they are with their experiences offering these benefits through their current providers.

More than three-quarters of employers currently offering auto/home report that they are very or extremely satisfied with their current provider. About one in four say that they are extremely satisfied, while about half are very satisfied.

This bodes well for any employers considering offering these benefits to employees, and may even suggest that employers' concerns over administration could be less of an issue than thought to be.

Level of Agreement with Statements about Experiences with Offering Auto and/or Home Insurance

We asked employers who currently offer auto and/or home insurance how strongly they agree with various of statements about their experiences with auto/home insurance.


For the most part, employers currently offering auto/home insurance do not report significant issues or complaints about their auto/home insurance.

Level of Agreement with Statements about Experiences with Offering Auto and/or Home Insurance (cont.)

Most of the employers currently offering auto and/or home insurance report that they **do not agree** with the following statements:

- ❖ I feel like my company didn't get a good deal
- ❖ I feel that payroll deduct is difficult to set up for my employees
- ❖ I feel like the insurance provider takes a long time to respond to my concerns/questions
- ❖ I feel the process of sending employer information to the insurance provider is complicated
- ❖ I feel I needed to complete a lot of documentation on behalf of my company when being onboarded by the insurance provider
- ❖ My company's employees complain to me about unexpected changes in their insurance rates
- ❖ My company's employees complain about billing inconsistencies
- ❖ I feel that the insurance provider did not effectively communicate the benefits to my employees

Low levels of agreement with the above statements, along with employers' high levels of satisfaction, suggests those who offer auto and/or home insurance are generally happy with these products. Employers, especially those who have not considered these offerings previously, or are concerned about increased administrative work, may wish to reconsider whether these benefits might add value to existing benefit plans.



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