



## Benefits Briefing VOLUME 42

Perspectives on Expatriate Benefits and Executive Benefits  
From a Survey of Employers and Brokers  
(Q1, 2021)

National Employee Benefits Advisory Forum (NEBAF)

## Background & Methodology

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

Specifically, this summary includes perspectives from participants regarding:

- **Expatriate benefits, and**
- **Executive benefits, specifically Executive Supplemental Disability Insurance and Group Variable Universal Life Insurance**

The information in this report is based on an online survey taken by more than 600 benefits professionals (305 brokers and 299 employers).

## Executive Summary

This Briefing shares opinions of both employers and brokers in the area of expatriate benefits offerings. *To participate in the Expatriate section of the survey, employers and brokers were required to have certain qualifications, which are detailed at the start of the section.*

- Both employers and brokers selected the same five issues from a list as most likely to impact their **consideration to/recommendation for switching expat benefits carriers**. However, we see differences in the order of the issues; employers rate issues around compliance as most likely to impact consideration, while brokers feel issues with member claims processes would be most problematic.
- In the area of **expat customer service**, both groups cite accurate claims processing and payment as most important among the aspects we asked them to prioritize. Beyond that, employers value personal aspects of customer service such as knowledgeable Customer Service Reps and exceptional response times, while brokers identify the network –both its quality and size - as highly important.
- Employers and brokers both rate medical evacuation as the most important **value-added/ancillary service to be offered by an employer's medical carrier**. Employers identify chronic disease management as second in importance, while brokers select mental health services as second most important.
- When we asked both groups how important various **value-added services are for expat life and disability benefit offerings**, they rate the same three services as most important: global plan administration, the ability to accommodate expats on their U.S. plan, and global compliance.

This report also covers *employers'* experiences with executive benefits, particularly Executive Supplemental Disability Insurance and Group Variable Universal Life Insurance. *To participate in the Executive Benefits section of the survey, employers were required to have at least 1 employee earning \$150,000+ per year.*

- About two in five currently offer Executive Supplemental Disability Insurance and/or Group Variable Universal Life Insurance to employees earning \$150,000+ per year.
- About four-fifths of those employers currently not offering these products say they didn't consider offering them in 2020.
- About three in five don't offer any other executive benefits (other than Executive Supplemental Disability Insurance and Group Variable Universal Life Insurance).
- The majority of those currently offering Executive Supplemental Disability Insurance and/or Group Variable Universal Life Insurance plan to continue offering these products in 2021, whereas most of those not offering these products do not plan to add them.

## Expatriate Benefits

We asked *employers and brokers* about several topics in the area of expatriate benefits (i.e. employee benefits, including medical, dental, life or disability insurance for expatriates (or expats) who temporarily or permanently reside in a different country from where they are a citizen).

To participate in this section of the survey, employers were required to currently be offering expatriate benefits, be knowledgeable about those benefits, and have some influence over choice of carrier for expat benefits. Because only 32 employers met these qualifications, readers should keep this limited size in mind when reviewing results. Brokers were required to currently be selling/ recommending expatriate benefits to participate in this section; 127 brokers met these qualifications.

### Likelihood to Cause Consideration/Recommendation for Switching Expat Benefits Carriers

We asked participants to rate twelve issues based on their likelihood to cause consideration/recommendation for switching expat benefits carriers.

**Employers (as noted above, those who offer expatriate benefits, are knowledgeable about those benefits, and have some influence over choice of carrier for expat benefits) rated the following as the top five issues** that would make them *very likely* to consider switching expat carriers (listed in order of likelihood, with some tied in degree of influence):

1. Issues around compliance
2. Overall cost of plan
3. Problems with member claims processes
3. Problems with member customer service
3. Issues with provider network

**Brokers (as noted above, those who are currently selling/recommending expatriate benefits) indicate that the following are the top five issues** that would cause them to be *very likely* to place a client's expatriate benefits program up for bid (listed in order of likelihood):

1. Problems with member claims processes
2. Overall cost of plan
3. Problems with member customer service
4. Issues with provider network
5. Issues around compliance

**While employers and brokers agree on the same five issues as being most problematic and potential causes for switching carriers, they disagree on the order of those five issues in cause for consideration/recommendation to switch.** Employers identify issues around compliance as most likely to cause

## Talking About: Compliance Issues that Would Cause Employers to Consider Switching Expat Benefits Carriers

As mentioned on the previous page, we asked participants about the impact of various issues on their likelihood to consider switching expat benefits carriers. Employers say they are most likely to consider switching due to compliance issues.

We also asked employers about specific types of compliance issues that would cause consideration for switching. They most commonly name issues such as failure to comply, privacy concerns, and lack of knowledge about compliance regulations.

Here are examples of employers' responses:

"If there is a significant challenge in meeting the compliance requirement, I would consider switching."

"PII information is not as secure as desired."

"Shortfalls in compliance that exposes the Expatriate or Company to punitive financial penalties or unnecessary costs."

"Any compliance issue is a serious red flag!"

"Anything that would cause us to be out of legal compliance."

## Likelihood to Cause Consideration/Recommendation for Switching Expat Benefits Carriers (cont.)

consideration, while brokers indicate they would be most likely to recommend switching due to problems with member claims processes. See left side bar for more information on specific compliance issues that would cause employers to consider switching expat benefits carriers.

## Importance of Aspects of Expat Customer Service Experience

We asked both qualified brokers and qualified employers how important various aspects of customer service are when considering features of the expat customer experience provided by insurance carriers.

**Employers think the following five aspects are most important in the area of expat customer service** (listed in order of 'very important' scores):

1. Claims that are processed and paid accurately
2. The most knowledgeable Customer Service Representatives
3. Exceptional response times (e.g., within 12 hours) to email inquiries
4. Claims that are processed and paid quickly (e.g., within under a week)
5. 24-hour customer service

**The following aspects are rated as most important in the area of expat customer service by brokers** (listed in order of 'very important' scores, with several tied in importance):

1. Claims that are processed and paid accurately
2. A carrier with the best network in terms of the quality of direct settlement providers
3. A carrier who has the largest network, with the most providers around the globe
3. 24-hour customer service
3. Claims that are processed and paid quickly (e.g., within under a week)
3. The most knowledgeable Customer Service Representatives

**Both employers and brokers think accurate claims processing and payment is most important in expat benefits customer service.**

Beyond that, we see differences between employers' and brokers' ratings. Employers rate knowledgeable Customer Service Reps and exceptional response times to emails as second and third in importance, while brokers identify both the quality and size of network as highly important aspects. When it comes to claims, both

## Importance of Aspects of Expat Customer Service Experience (cont.)

groups rate accuracy above speed. When claims are accurate, it lowers the need for several other aspects of customer service.

## Importance that Value-Added/Ancillary Services for Expats are Provided by Medical Carrier

We asked both groups, when considering the value-added or ancillary services provided to expats, how important is it that they are provided by their medical benefits carrier to support them. We asked participants to rate the importance of nineteen value-added or ancillary services.

**Employers rate the following as most important value-added/ancillary services to be provided by their medical carrier** (listed in order of 'very important' scores):

1. Medical evacuation
2. Chronic disease management
3. Mental health services
4. Short-term comprehensive medical
5. Case management
5. International EAP program

**Brokers believe that the following are most important to be provided by clients' medical carriers** (listed in order of 'very important' scores):

1. Medical evacuation
2. Mental health services
3. Security and political evacuation
4. Repatriation
5. Case management

**Both employers and brokers identify medical evacuation as most important to be offered by the employer's medical carrier.**

Both groups also rate mental health services and case management in their top five.

Other services rated as important are different between the two groups. Brokers may want to explore these differences with their clients and understand the need for and importance of both chronic disease management and short-term comprehensive medical.

## Importance of Features/Benefits/Value-Added Services for Expat Life and Disability Benefits Offerings

Lastly, we asked both groups how important various features/benefits /value-added services are for expat life and disability benefit offerings.



## Importance of Features/Benefits/Value-Added Services for Expat Life and Disability Benefits Offerings (cont.)

The following are rated as most important for expat life and disability offerings by employers (listed in order of 'very important' scores):

1. Global plan administration
2. The ability to accommodate expats on their U.S. plan
3. Global compliance
4. Global customer and member service
4. Preferred pricing and administration for expat employees when client has domestic plan with insurer

Brokers identify the following as most important for expat life and disability offerings (listed in order of 'very important' scores):

1. Global plan administration
2. The ability to accommodate expats on their U.S. plan
2. Global compliance
4. Global customer and member service
5. Preferred pricing and administration for expat employees when client has domestic plan with insurer

Among thirteen features/benefits /value-added services asked about, both employers and brokers named the same five as most important and in roughly the same order of importance.

### Executive Benefits Descriptions

The following descriptions were provided to participants in the survey:

**Executive Supplemental Disability Insurance**, which offers additional coverage to complement your group long term disability (LTD) coverage. This insurance can offer coverage beyond salary to include bonus and other incentive compensation generally covering up to 70% of total compensation. This offers greater protection to highly compensated executives in the event of a disability.

**Group Variable Universal Life Insurance (GVUL)** combines life insurance protection with an optional investment feature to provide solutions that meet the needs of your highly compensated employees. These plans provide enhanced portability, high maximums and guaranteed issue limits. Tax and investment features such as voluntary, after-tax contributions that grow tax deferred, tax-free death benefits and tax favored withdrawals and loans.

## Executive Benefits

We asked *employers only* about current offerings of Executive Supplemental Disability Insurance and Group Variable Universal Life Insurance and plans for future offerings. See descriptions in left side bar.

To participate in this section of the survey, employers were required to have at least one employee earning \$150,000+ per year; 91% of employers met this qualification.

### Whether These Executive Benefits Products Are Offered

We asked employers whether they offer Executive Supplemental Disability Insurance and/or Group Variable Universal Life Insurance to employees earning \$150,000 per year or more.

We received similar responses for the two products; **roughly two in five employers say they currently offer Executive Supplemental**

## Talking About: Reasons for not currently offering Executive Supplemental Disability Insurance and/or Group Variable Universal Life Insurance

We asked employers who are not currently offering Executive Supplemental Disability Insurance and/or Group Variable Universal Life Insurance reasons for not offering them.

Common reasons include: wish to treat all employees equal/offered same benefits, lack of interest from employees, no reason to offer, wasn't aware of it, need more information and current benefits are sufficient/executives taken care of.

Here are examples of responses:

"Not aware of this type of life insurance options for HCE's."

"We offer our highest paying employees the same benefits as the rest of the corporation."

"We haven't had any requests for the additional protection and haven't needed it for a recruiting/retention tool."

"We do not discriminate in our benefit offerings between highly compensated and other employees."

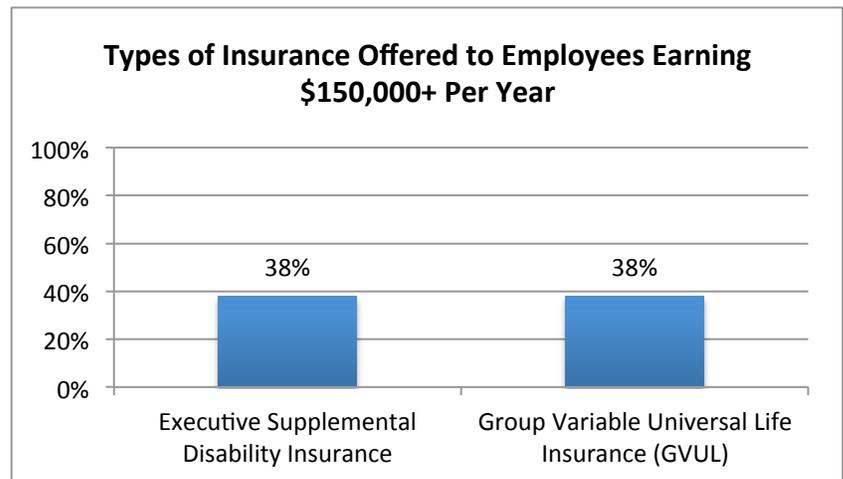
"Leadership does not feel more for high earners is necessary. They have a more egalitarian philosophy."

"Honestly this isn't something I've thought about. We're a young company and growing rapidly, but probably something we should look to add."

"Not a benefit that has been requested, or would be particularly valuable from an attraction/retention perspective."

## Whether These Executive Benefits Products Are Offered (cont.)

**Disability Insurance and/or Group Variable Universal Life Insurance.** See chart below.



This suggests room for growth in these products. Brokers may want to ensure employers are aware of product offerings for executives and the benefits of those offerings. About one in ten of those currently not offering these products say they didn't know these products were available/would want more information. See discussion of reasons for not offering these products on the left sidebar.

## Whether Considered Offering These Executive Benefits Products

We then asked employers who are not currently offering these products whether they considered offering them in 2020.

Among those employers currently not offering Executive Supplemental Disability Insurance and/or Group Variable Universal Life Insurance, **the vast majority did not consider offering them in 2020**; only about one in ten report that they did consider them.

This finding reinforces the idea that more education is needed around these products and their benefits.

## Whether Offers Other Executive Benefits Products

We asked employers whether they offer any other Executive Benefits (i.e., benefits for executives who earn \$150,000 a year or more), other than Executive Supplemental Disability Insurance and Group Variable Universal Life Insurance.

**Most employers say they don't offer any other Executive Benefits.** See chart on next page.

## Whether Offers Other Executive Benefits Products (cont.)



Among those that do offer Executive Benefits (other than Executive Supplemental Disability Insurance and Group Variable Universal Life Insurance), the most common are additional supplemental insurance, profit-sharing/stock options, and company car/car allowance.

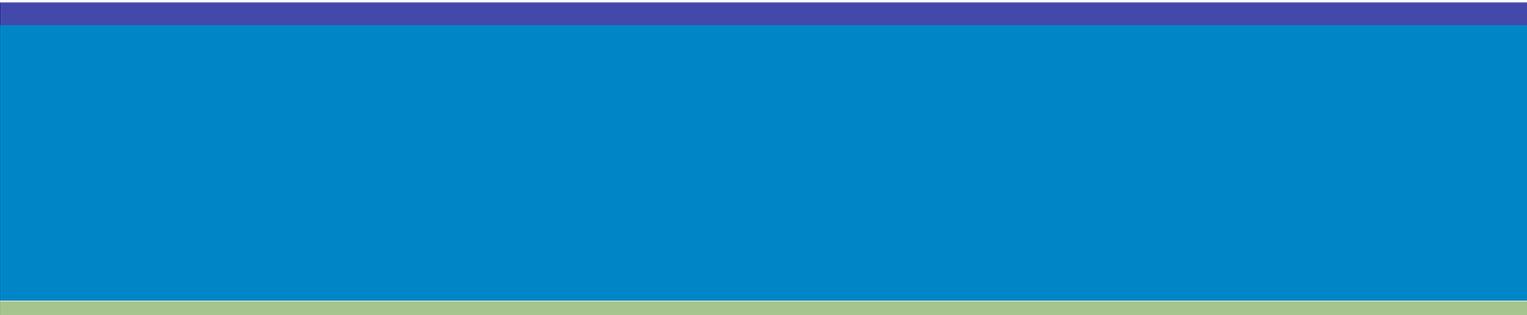
### Future Plans for These Executive Benefits Products

We asked *employers who currently offer Executive Supplemental Disability Insurance and/or Group Variable Universal Life Insurance* (to employees earning \$150,000 per year or more in salary) what their plans are for these products for the future.

**The majority tells us they plan to continue offering these products in 2021.** Less than 10% of these employers say they plan to discontinue one or more of these benefits. This suggests that those currently offering these products see value in them.

We asked *employers who currently do not offer Executive Supplemental Disability Insurance or Group Variable Universal Life Insurance* what their plans are for these products for the future.

Few plan to begin offering either of these products in 2021, and **most tend to say they do not plan to add them.** Yet, about one in four say they don't know whether they will offer either of these in 2021.



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