



# 2019 BROKER SERVICES SURVEY

# INTRODUCTION

The 2019 Broker Services Survey provides valuable insight into the constantly evolving broker-client relationship. Key findings from the survey remain fairly consistent with previous years' results, with compliance and technology playing important roles in the industry.

The 2019 Broker Services Survey was conducted in mid-2019, and over 400 respondents completed the survey. This survey provides valuable insight into the evolving broker-client relationship and allows you to see what employers across the country are asking of their brokers.

For example, prompt service and answering questions in a timely manner, compliance support and competitive pricing are top criteria employers look for when selecting a broker. Other highly valued factors include the broker's ability to negotiate renewal and provide compliance support, legislative updates and benchmarking information. Not surprisingly, the top two reasons an employer would leave a broker are failure to provide trusted advice—instead of being just a salesperson—and not answering questions in a timely fashion.

The most important services a property and casualty (P&C) broker can provide are coverage and policy language expertise, a solid understanding of each client's business needs and the delivery of information that will help reduce the frequency and expense of claims.

For employee benefits clients, answering compliance-related questions is the most important service brokers can offer. Other important services that benefits brokers can provide include providing online access to policies, compliance and HR tools, and providing customized employee benefits booklets.

Please note that due to rounding conventions, some graph percentages might not add up to exactly 100%.

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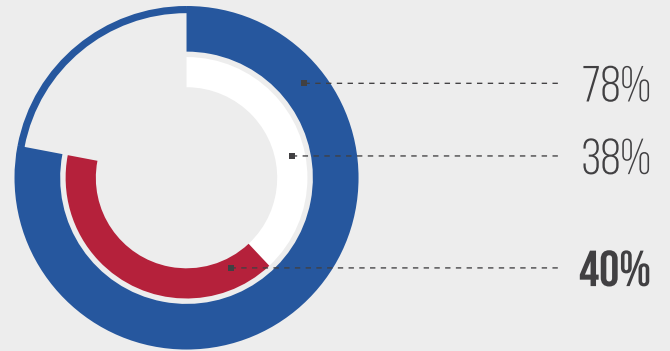
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# KEY FINDINGS: EXAMINING THE SERVICE GAP

## PROPERTY AND CASUALTY

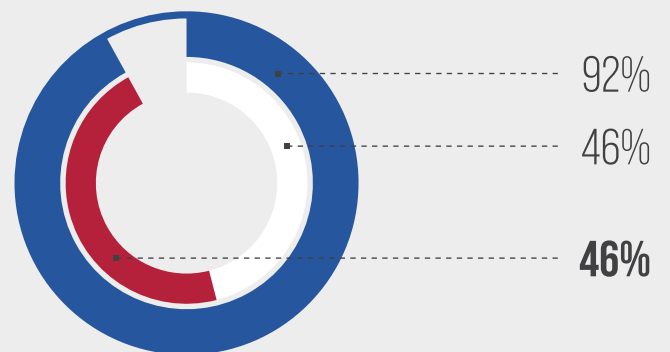
Assists you in creating or maintaining a workplace safety program or employee safety manual:

- Important
- Fully provides
- Gap



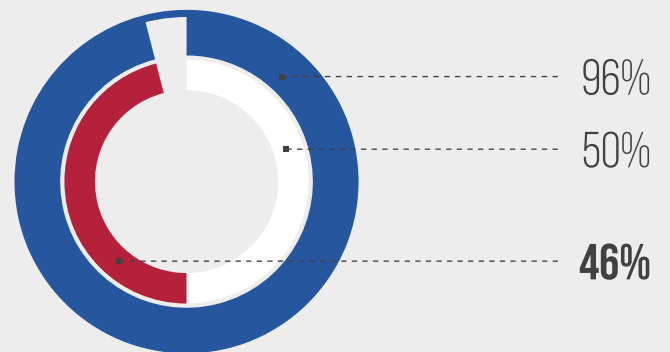
Provides employee-focused health and safety information:

- Important
- Fully provides
- Gap



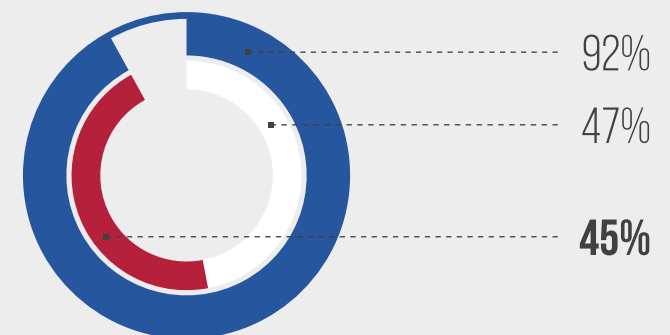
Delivers information that will help reduce the frequency and expense of claims:

- Important
- Fully provides
- Gap



Provides information on emerging risks in your company:

- Important
- Fully provides
- Gap

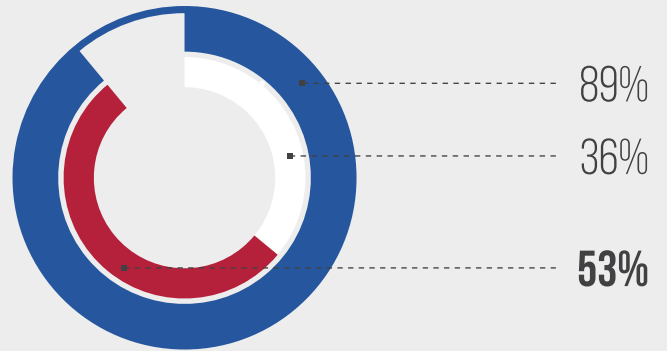


# KEY FINDINGS: EXAMINING THE SERVICE GAP

## BENEFITS

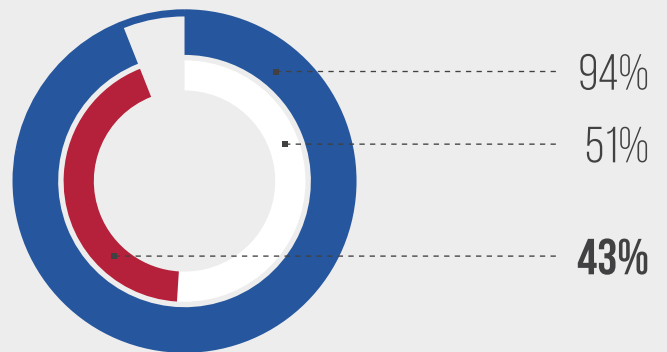
Creates a multiyear strategic benefit plan that aligns with company goals:

- Important
- Fully provides
- Gap



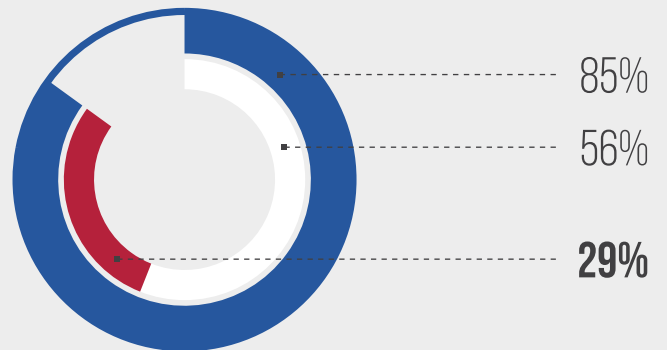
Offers employee communications to help your employees improve their health and become wise consumers of health care:

- Important
- Fully provides
- Gap



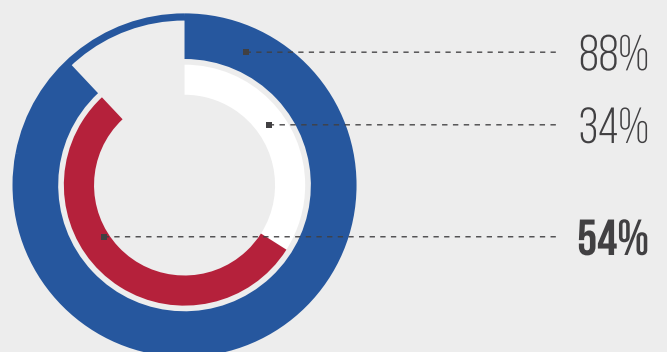
Provides online access to policies, and compliance and HR tools:

- Important
- Fully provides
- Gap



Offers a way to build total compensation statements to show employees the value of their benefits:

- Important
- Fully provides
- Gap





# THE CLIENT-BROKER RELATIONSHIP

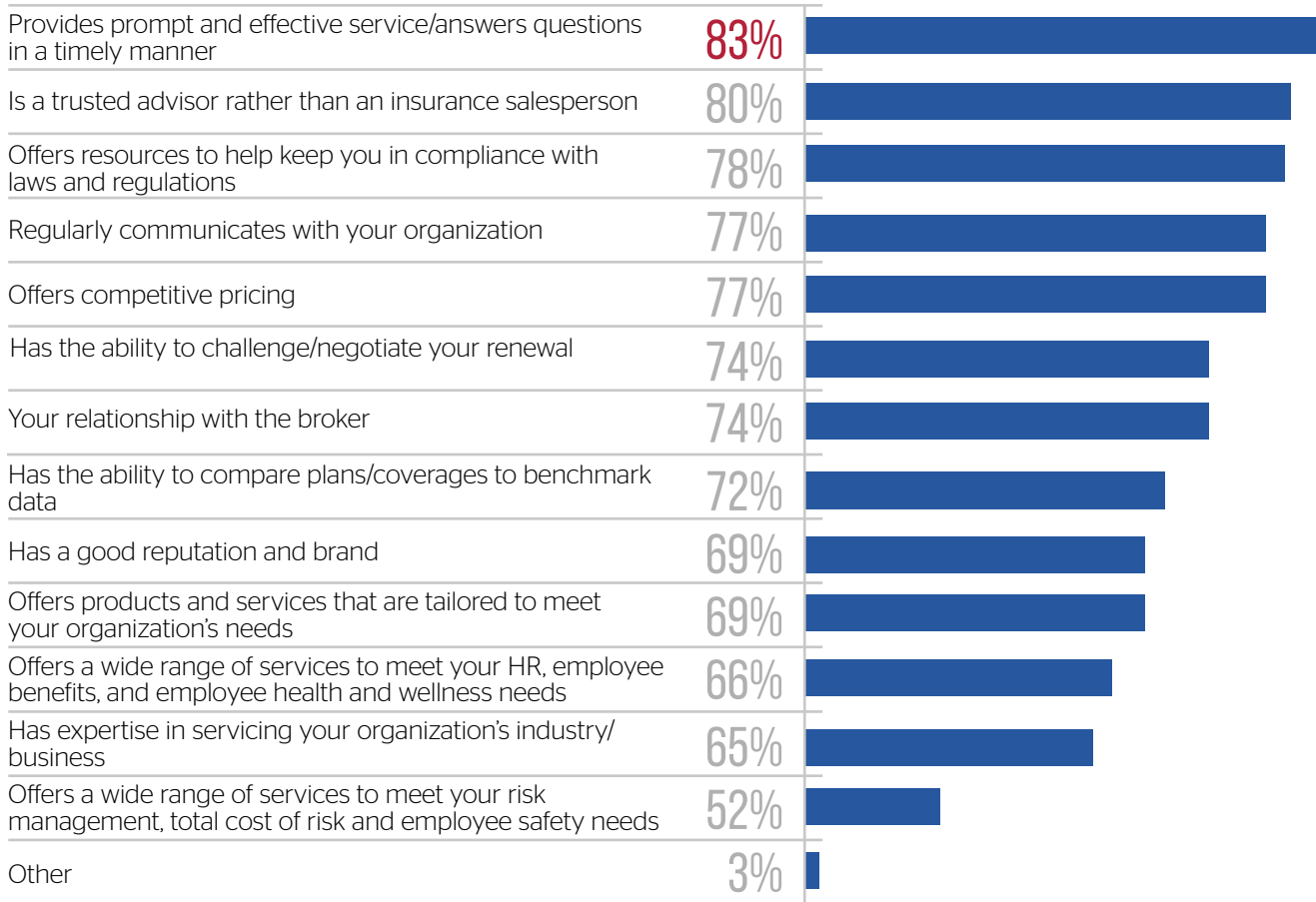
When selecting a broker, 80% of employers look for a trusted advisor, while more than 83% look for prompt and effective service and timely answers to questions. Other broker criteria highly valued by employers include regular communication (77%) and the availability of compliance-related resources (78%). Dissatisfaction with timeliness and ineffective service, and not providing trusted advice were the primary reasons respondents switched brokers.

For benefits clients, compliance is the most important issue, with 98% of respondents listing brokers answering compliance-related questions as very or somewhat important. However, only 67% report that their broker fully provides this support, creating a service gap of nearly 31%.

For P&C clients, a broker's understanding of their company's business is very or somewhat important to 99% of respondents, but only 71% feel that their broker fully provides this expertise, creating a 28% service gap. There is also a significant service gap between the number of clients who want to receive claim frequency and cost reduction information from their broker (96%) and the percentage of brokers fully satisfying that demand (43%).

# THE CLIENT-BROKER RELATIONSHIP

What criteria do you use when selecting a broker?

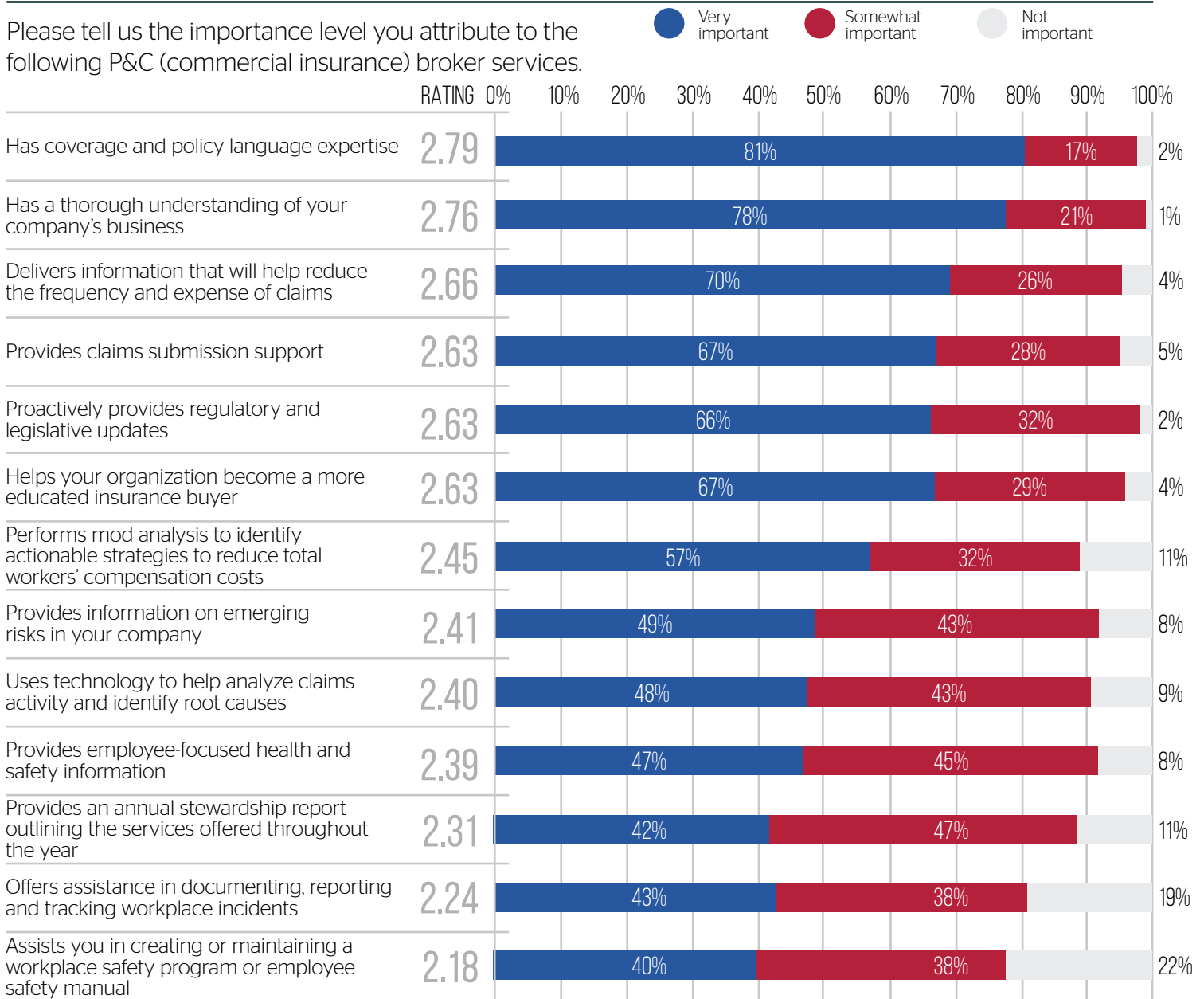


What are the three main factors that would lead you to make a change in brokers?



# THE CLIENT-BROKER RELATIONSHIP

Please tell us the importance level you attribute to the following P&C (commercial insurance) broker services.

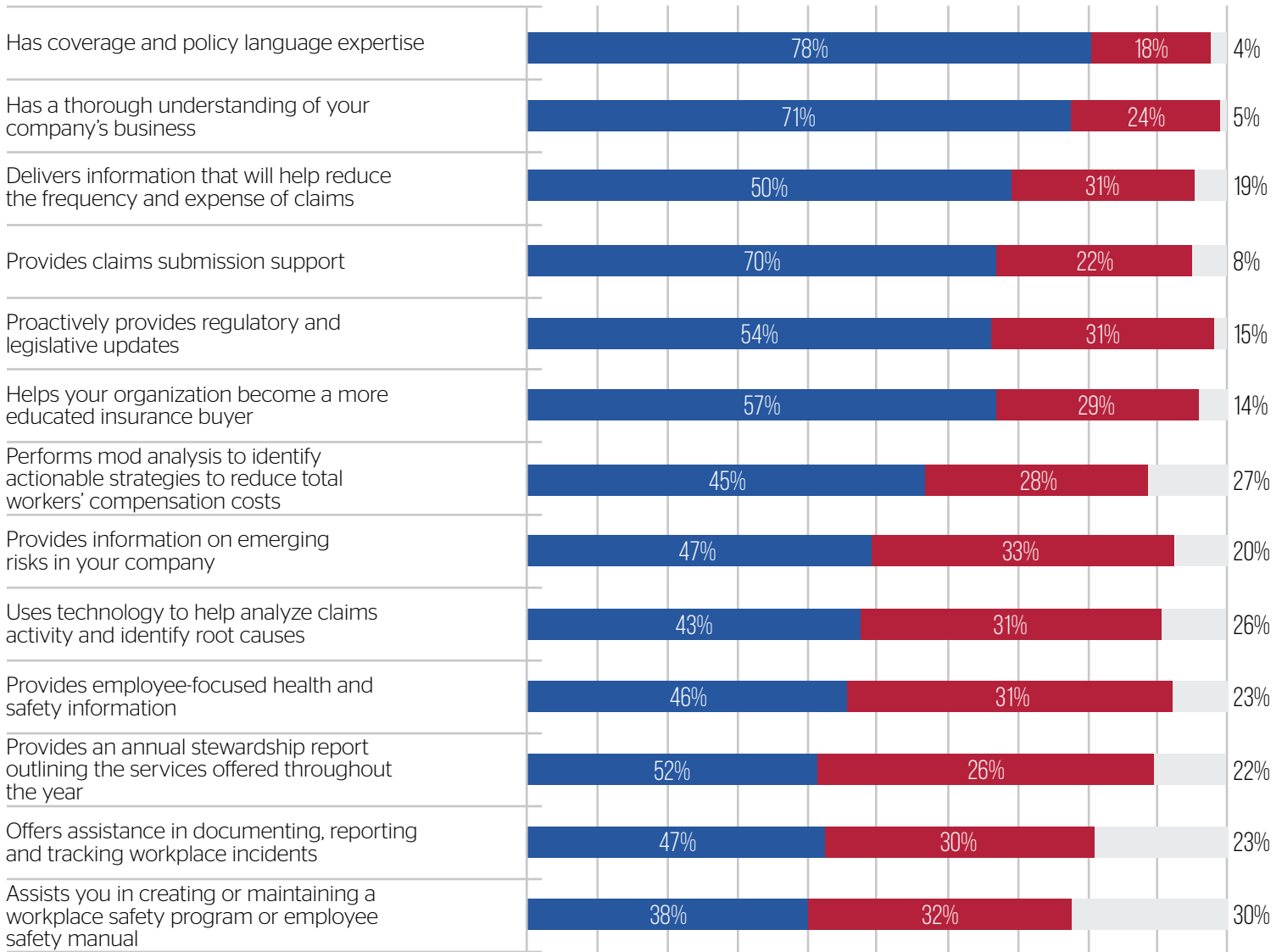


\*Responses are weighed by the following scale: very important = 3, somewhat important = 2, not important = 1.

# THE CLIENT-BROKER RELATIONSHIP

Please indicate whether your broker provides the following P&C (commercial insurance) broker services.

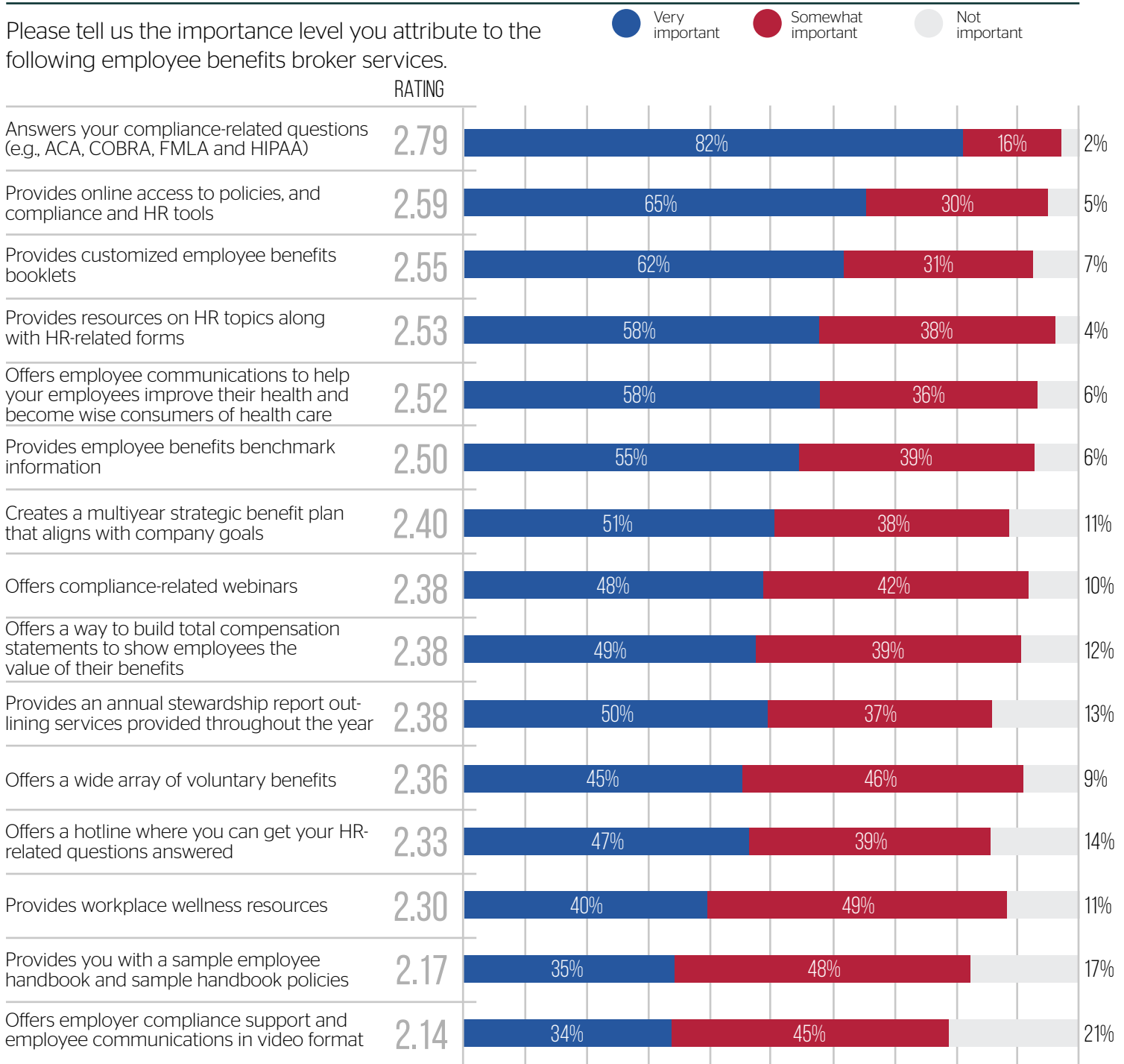
● Provides
 ● Partially provides
 ● Doesn't provide





# THE CLIENT-BROKER RELATIONSHIP

Please tell us the importance level you attribute to the following employee benefits broker services.

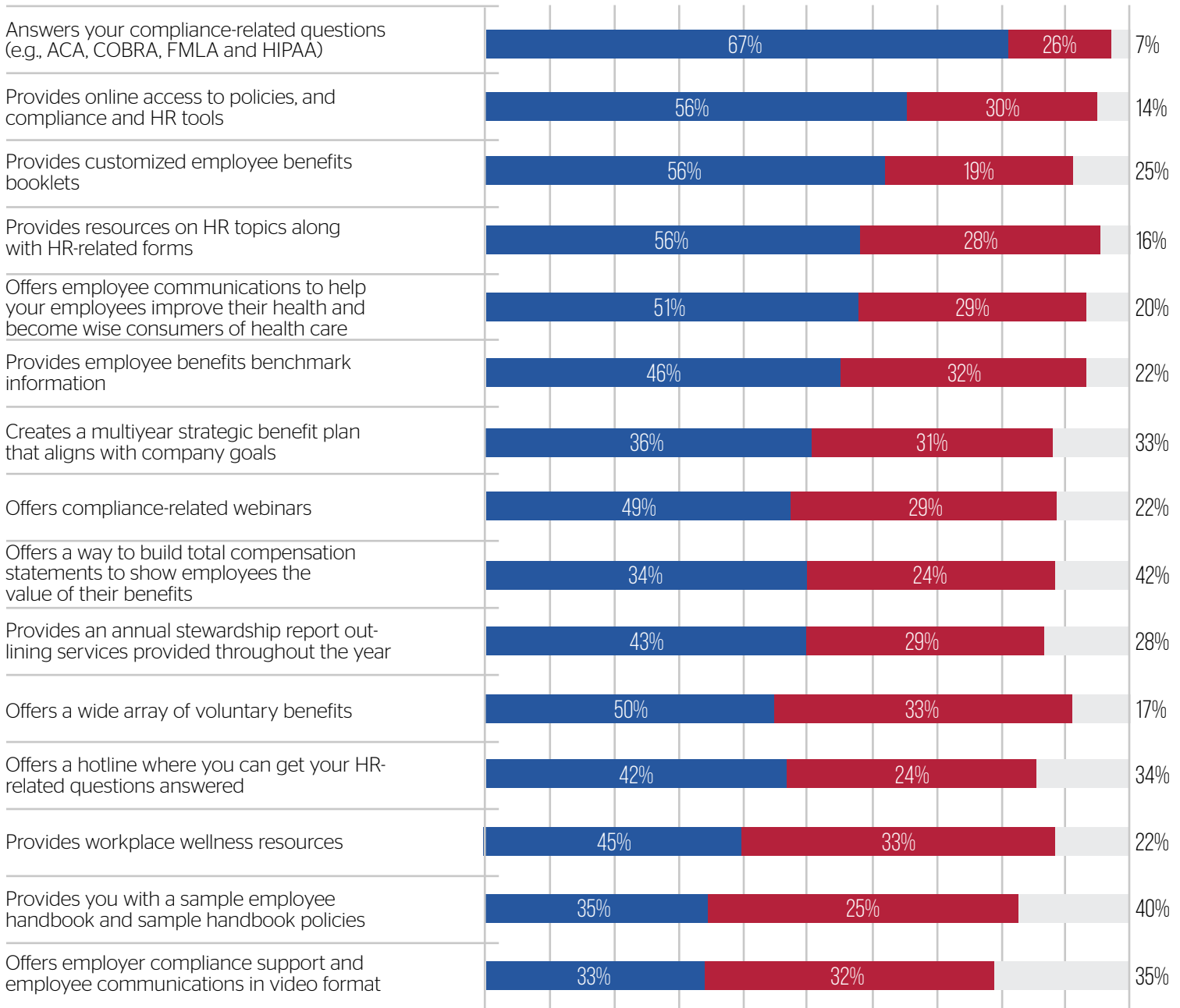


\*Responses are weighed by the following scale: very important = 3, somewhat important = 2, not important = 1.

# THE CLIENT-BROKER RELATIONSHIP

Please tell us whether your benefits broker is providing these services or expertise.

● Provides
 ● Partially provides
 ● Doesn't provide





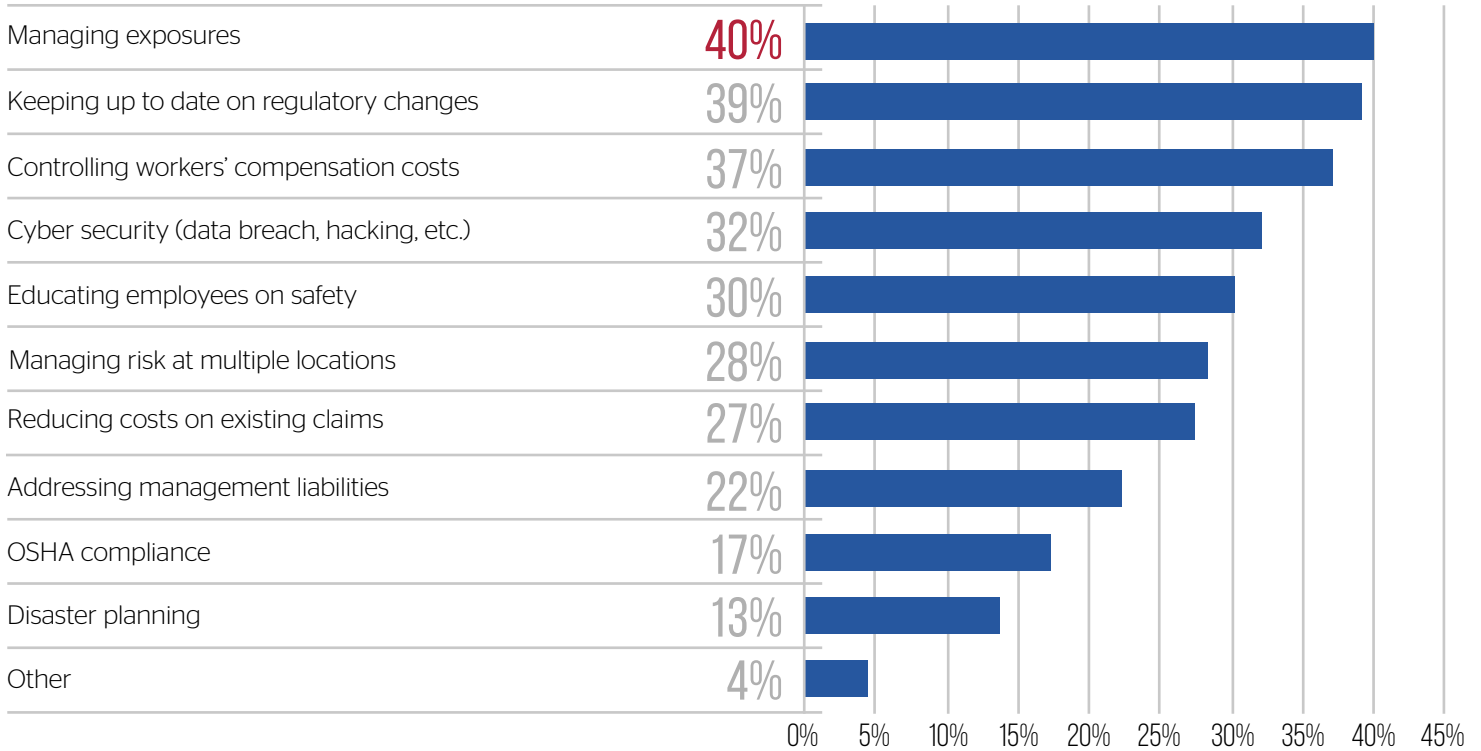
# CHALLENGES

Top risk management challenges for respondents include managing exposures (40%), keeping up to date on regulatory changes (39%) and controlling workers' compensation costs (37%). Other top concerns include cyber security and educating employees about safety.

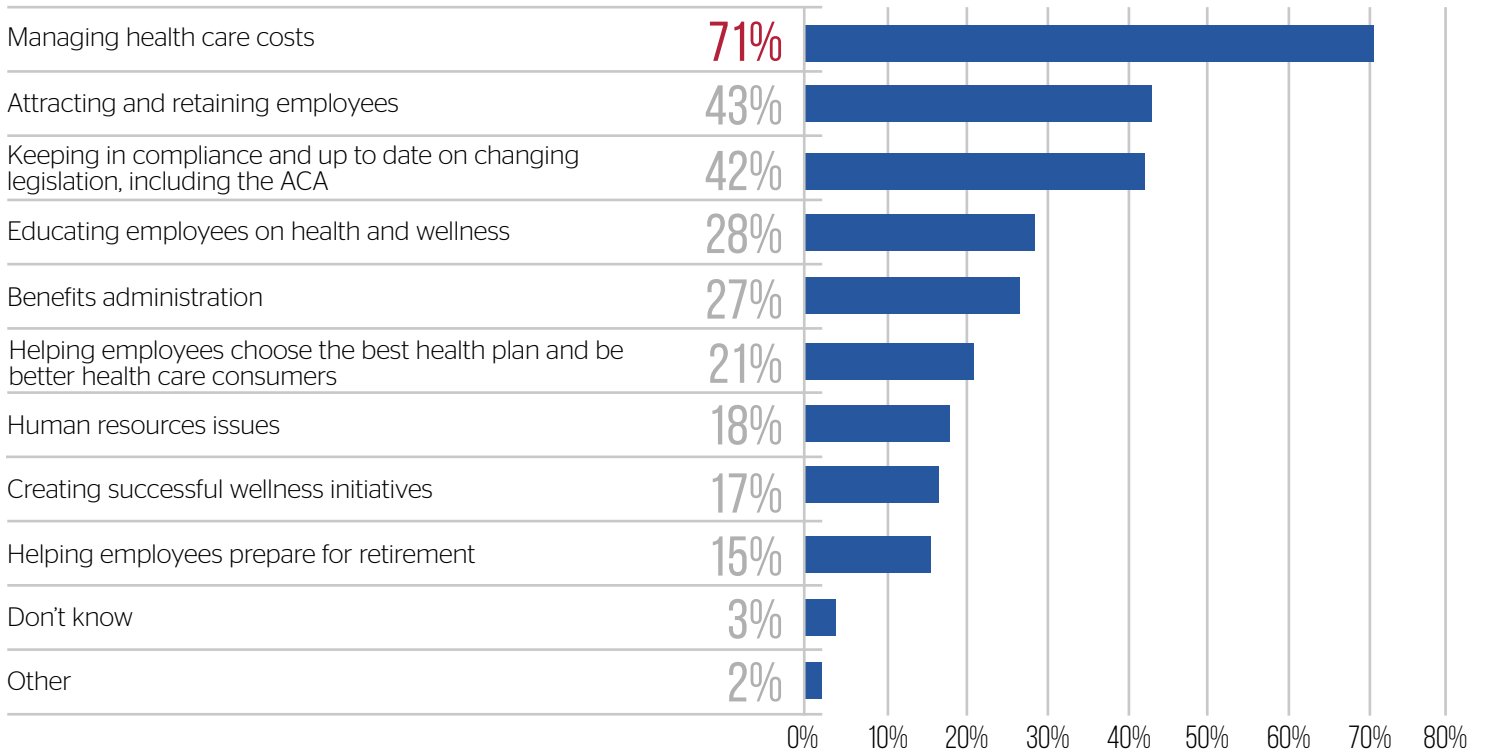
Managing health care costs continues to be the top employee benefits challenge (71%), up 3% from last year. Attracting and retaining employees jumped to the second-largest employer challenge this year, with 43% citing it as a challenge. Keeping in compliance and educating employees on health and wellness are other top challenges.

# CHALLENGES

Select your company's top three risk management challenges.



Select your company's top three employee benefits challenges.





# **EMPLOYEE BENEFITS INSIGHTS AND TAKEAWAYS**

# EMPLOYEE BENEFITS INSIGHTS AND TAKEAWAYS

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1.

In the nearly 10-year history of the Broker Services Survey, the challenge of attraction and retention rarely made it to the top five. However, it rose to No. 3 last year and to No. 2 this year. This has a lot to do with low unemployment and a tight labor market. Attraction and retention directly correlates to the bottom line and is a great value-added service a broker can provide. The importance of this value add is also represented by responses in regard to total compensation, as 88% of employers believe total compensation statements are important to have.

2.

The question of wellness and ROI is an oft-debated topic among benefits brokers and industry experts. However, from a client satisfaction perspective, benefits brokers may be able to satisfy clients without having them overspend on vendors. In 2019, we changed to the question on wellness to “providing wellness resources” where it was previously about “setting up a program.” The delta between the two employer responses was negligible. Currently, 88% of employers believe brokers should provide wellness resources and rank it as fourth on the list of overall challenges to their company.

3.

Ninety-three percent of employers find value in customized employee benefits booklets, but only 56% of brokers are fully providing this service. This service gap of 37% not only represents an easy opportunity for brokers, but underscores the overall want for personalization in the benefits space. From a content perspective, this is where volume comes into play. By engaging clients and prospects with a wide array of materials throughout the year, multiple data points are developed that should inform what style of content works best for the market (or to be more granular, an individual group). Taking the given style based on metrics and then further customizing it will yield the best results come enrollment.

4.

When analyzing Broker Services Survey results from the C-suite, we see a lot of similarities between what they find important versus the total population of respondents. One interesting difference is that consumerism materials rose from the fifth most important value add to the second. This is only a swing of a few percentage points, but might make a difference on what kind of employee communications a broker should highlight depending on the audience.

What the C-suite reported receiving from their benefits broker was also very much in line with the overall population; however, 10% fewer believe they are receiving a sample handbook. Renewal may be a good time for brokers to highlight that offering and offer to update any older versions that may be in use. Per trend, the C-suite identified challenges similar to what the overall population of respondents identified. One interesting takeaway was that the top two challenges (managing health care costs and attracting and retaining employees) simply grew in importance by a few percentage points, reducing the subsequent challenges.



# **PROPERTY & CASUALTY INSIGHTS AND TAKEAWAYS**

# PROPERTY & CASUALTY INSIGHTS AND TAKEAWAYS

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1.

For the first time in the history of the Broker Services Survey, managing exposures was ranked as the No. 1 challenge facing P&C clients. This ranking is reflective of an environment in which brokers need to position themselves as more than a transactional service. Increasingly, brokerages need to consider the level of value-added service they are providing their clients when it comes to risk management techniques and education. This is particularly important in a potentially hardening insurance market where brokerages will need to do more to make their clients attractive risks for underwriters.

Following this trend, 96% of respondents feel that it is important that their broker provides information that will help them reduce the frequency and expense of insurance claims. However, 46% of respondents feel that their broker is not fully providing this offering to their business.

2.

Ninety-two percent of employers are seeking information on emerging risks and trends in the insurance market, but only 47% of brokers are fully providing this service. This service gap of 45% not only demonstrates the need for brokers to stay informed, but also to distribute that knowledge to their clients. By engaging employers with a wide array of materials throughout the year—on topics such as cyber risks, regulatory changes and renewal pricing trends—brokers can address this service gap and bring value to both clients and prospects.

3.

The results of the 2019 Broker Services Survey also indicate that employers are more concerned with their insurance costs than in previous years. Seventy-seven percent of respondents indicated that they use pricing as a factor when selecting a broker, representing a 7% increase over this time last year. Additionally, controlling workers' compensation costs was the third-most important challenge for P&C clients this year—another indication that employers are increasingly concerned with the cost of their insurance. As we move toward 2020 renewals, brokers will need to develop tailored strategies to discuss pricing with their clients.



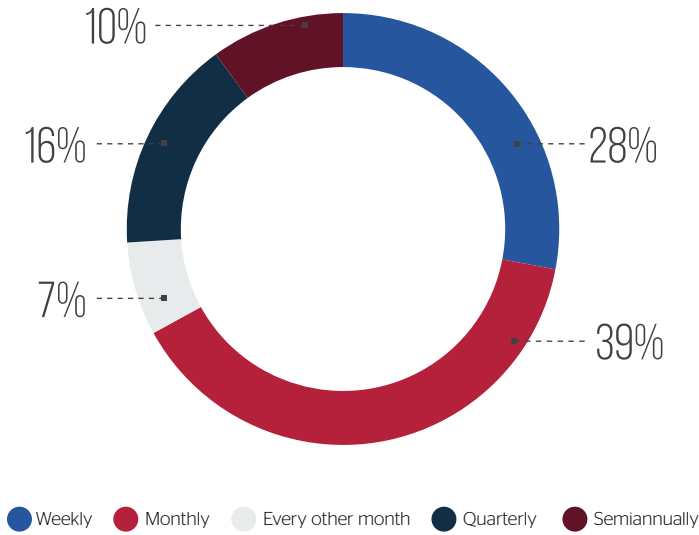


# COMMUNICATION

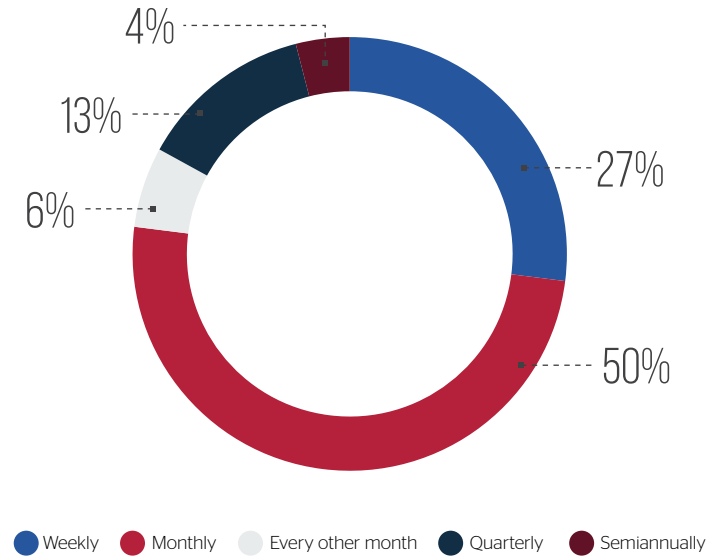
Fifty percent of respondents want to hear from their broker monthly, and another 27% want to have weekly communication with their broker. In fact, 40% of respondents said they would leave their broker due to a lack of consistent communication. As renewal time approaches, 52% of respondents would like to be contacted by their broker at least three months ahead of time, with another 39% looking for broker communication six months in advance.

# COMMUNICATION

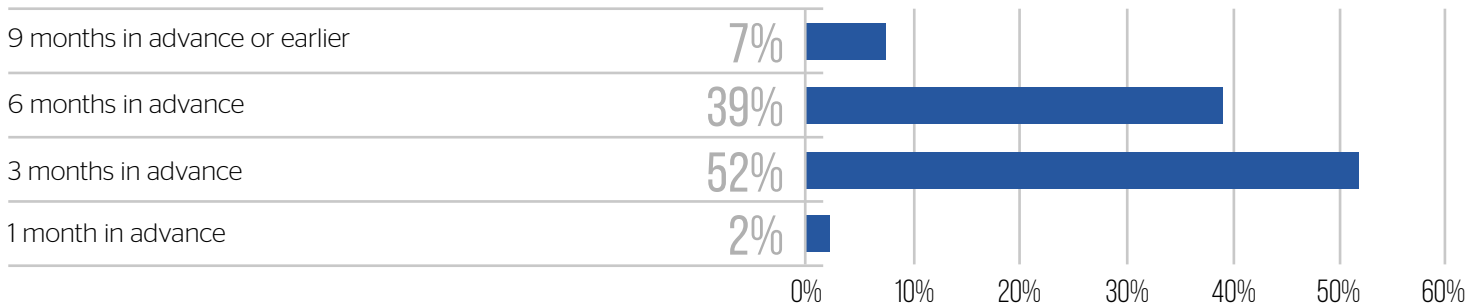
How often does your broker communicate with you about benefits, HR, health, safety, risk or compliance issues?



How often would you like your broker to communicate with you about benefits, HR, health, safety, risk or compliance issues?



How far in advance of renewal would you like to hear from your broker?



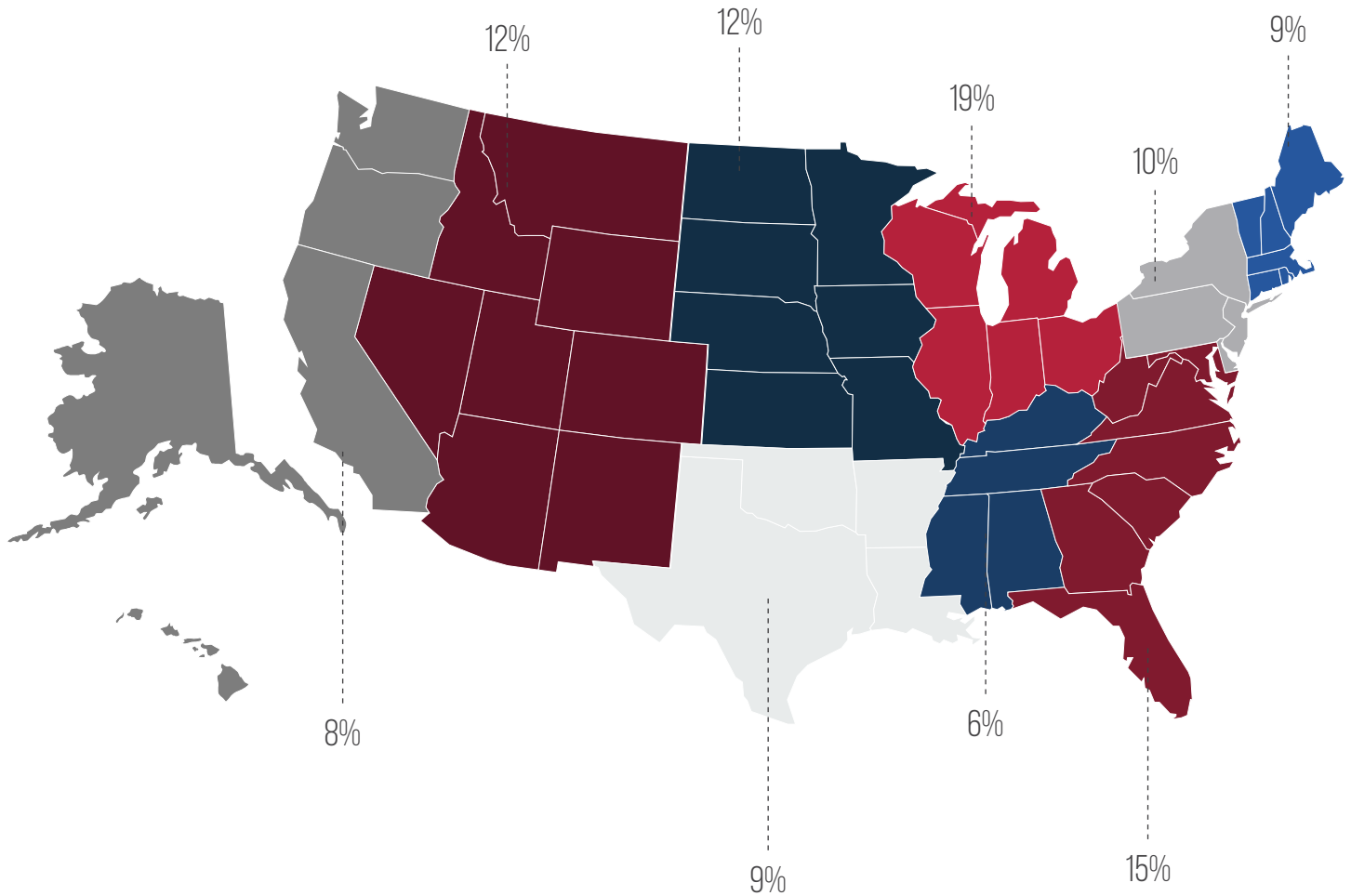


# DEMOGRAPHICS

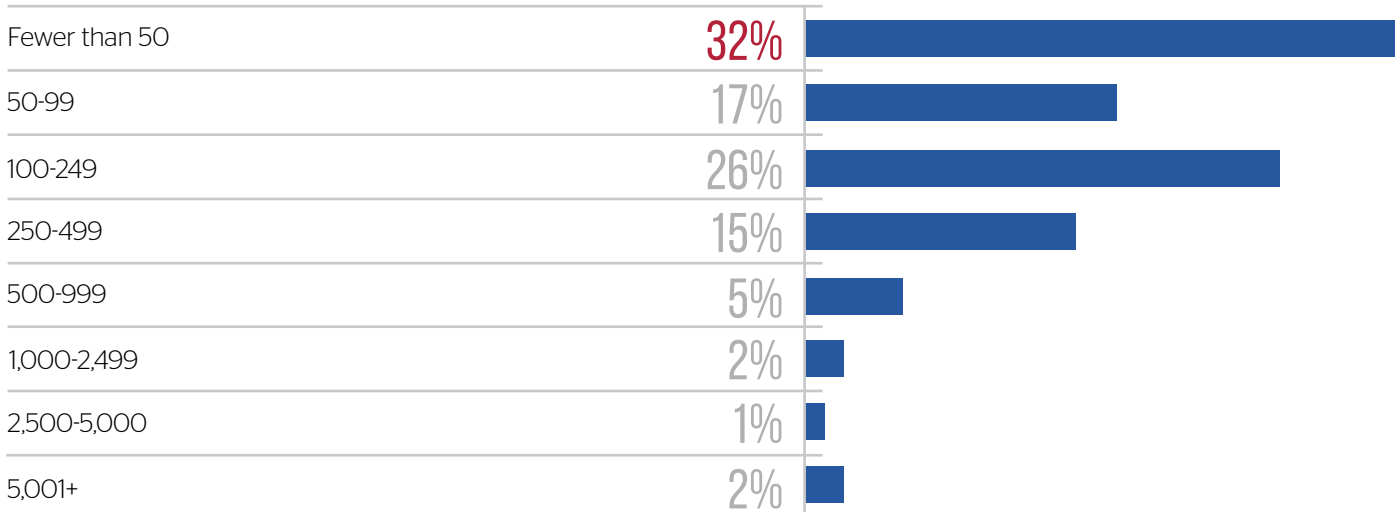
This survey was completed by employers in all regions of the United States. The overwhelming majority of survey respondents were from organizations employing fewer than 500 employees.

# DEMOGRAPHICS

In which region is your organization based (the most employees)?

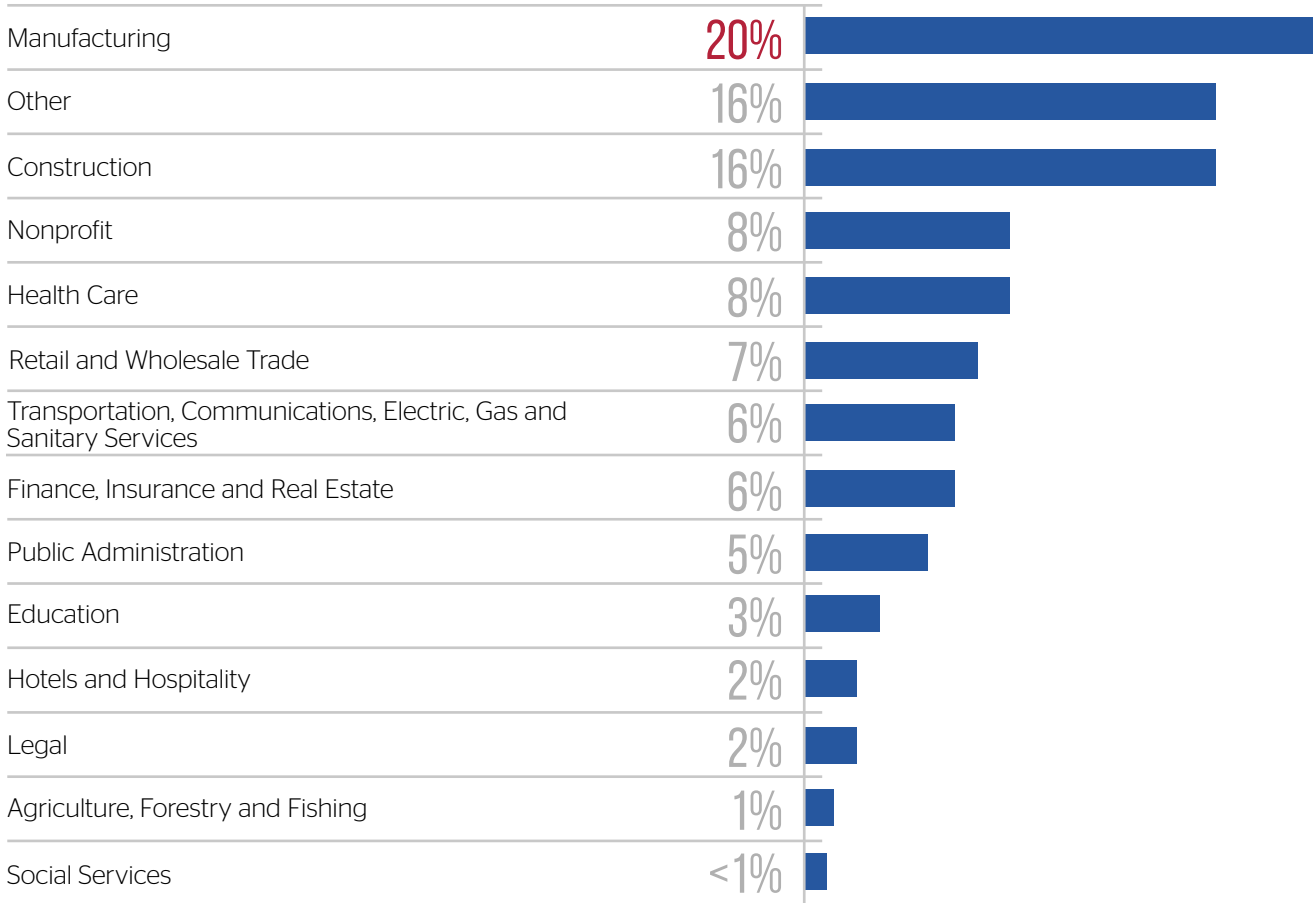


How many employees does your organization employ?



# DEMOGRAPHICS

In which industry sector does your organization operate?



Are you the owner of your business or a member of the C-suite or leadership team (e.g., President, CFO, COO or CIO)?

