



EMBRACING TECHNOLOGY AT THE BROKER LEVEL TO FOSTER BETTER CUSTOMER RELATIONSHIPS AND FACILITATE GROWTH

INTRODUCTION

Company benefits packages have long been regarded as a tool for recruiting and retaining top talent. Specific aspects of a company package, like health insurance for example, have also been considered an attractive way to compensate employees without necessarily increasing hourly wages or salary. As such, benefits have come to be an expected part of employment in America.

From the broker's perspective, matching clients with the right benefits programs is, and has been, the key to success. Those brokers with a keen ability to identify client needs and come up with appropriate options tend to reap the most success. Today however, technology is playing a bigger role in what brokers do. In fact, the right technologies can foster better customer relationships and facilitate business growth.

A rebounding economy and record hiring are such that brokers now find benefits packages in high demand. Their clients are demanding access to affordable and creative solutions that give them the ability to compete for a shrinking pool of workers without being financially draining or resource hungry. It is up to brokers to meet those demands. Moving forward, technology will play an integral role in the ability of brokers to give clients what they want how they want it.

BENEFITS ADMINISTRATION

Insurance brokers should have a general understanding of what benefits administration actually is. Yet the terms of five years ago do not necessarily apply today. And in some cases, it does not always mean the same thing to brokers, or their clients. As such, a new understanding of what benefits administration entails may be required before brokers can fully understand the benefits of technology within the confines of their businesses.

The simplest, most traditional way to describe benefits administration is to say that it is the discipline of developing employee benefit programs and then administering and maintaining them on behalf of employers. Despite a seemingly simple definition, benefits administration is much more complex in practice. Doing it effectively begins with assessing a company's needs.

Keep in mind that a comprehensive benefits package goes above and beyond standard health insurance. Employees have come to expect benefits that include:

- **Paid time off (PTO)** – vacation time, sick time, personal time, etc.
- **Retirement benefits** – typically in the form of a 401(k) plan
- **Additional insurances** – vision, dental, prescription, life, etc.
- **Lifestyle benefits** – gym memberships, day care subsidies, etc.
- **Work-life benefits** – flexible scheduling, job sharing, etc.

Within each of these individual benefit components is a plethora of administrative options. For example, vacation time must first be considered in terms of how much time each employee will get per year along with the qualifications for eligibility. Employers must account for how vacation is paid, whether unused time can be rolled into the next year, whether unused time can be given to other employees, and other similar issues.

All the little details have to be managed in some way. Moreover, team members have to be assigned various tasks in order

to keep track of everything. It is no wonder that administering benefits packages increases in complexity commensurate with the volume and scope of benefits offered.

Last but not least is the issue of compliance. While some company benefits are completely voluntary, others are mandatory. A good example of a mandatory benefit is health insurance. As we all know, the Affordable Care Act mandates that most employers in the United States offer their workers a health insurance plan that qualifies under the standards established by the law.

Although the individual mandate to purchase health insurance was done away with beginning in 2019, the employee mandate still stands. As such, compliance is still an issue for employers of all sizes. This adds yet another layer of complexity to benefits administration. However, appropriately managing these nuances can all be addressed through the use of advanced technology.

TOP NEEDS AMONG BROKERS

Given the added complexity of benefits administration in the modern era, brokers understand and identify the importance of technological advancements which are needed in order to stay competitive in today's market.

According to research BenefitMall conducted among brokers in 2018, the top five things brokers say they need to compete more effectively are as follows:

- Medical, dental, vision and ancillary quoting tool
- Benefits enrollment tool
- Proposal design tool
- Dedicated account manager/team
- Carrier agnostic quoting engine.

It is no surprise that four out of the five are related to technology. In addition, 53% of the brokers surveyed indicated they are willing to pay for the new technologies that will help them better compete. This suggests that they understand the highly competitive nature of their business and the reality that a lack of technology will leave them behind.

Upon further examination, brokers are most interested in the following tools:

- **Quoting Tool** – Generating quotes for clients is a time-consuming process. Brokers want automated tools that can generate accurate quotes for medical, dental, and vision plans among those carriers available to a given client.
- **Enrollment Tool** – A technology-based enrollment tool is desired to streamline the process through automation and better manage data.
- **Proposal Design Tool** – Given that proposals are significantly more customized compared to general quotes, a dedicated design tool addresses many of the inefficiencies of legacy tools.
- **Carrier Agnostic Quoting** – Much like an internet search engine ranks sites according to relevance, insurance brokers need a carrier agnostic quoting engine that generates results based on how well a carrier's products meet client needs and benchmarks against marketplace preferences.

The advancement of technology offers a plethora of benefits, in particular providing greater efficiency and productivity within the workspace. As brokers recognize the importance of these tools to help grow their book of business it would be beneficial to understand the key attributes that with an effective solution.

SELECTING THE RIGHT TECHNOLOGY

The industry is encouraging clients to put their legacy systems behind them in favor of new systems hosted in the cloud that offer brokers efficient enrollment, instant access to quotes, dedicated support teams and more. Legacy systems consisting of multiple computer packages hosted on local servers are no longer adequate in the modern marketplace and offer fragmented experiences creating unnecessary manual work.

Cloud-based technologies are, in fact, driving most of the advancements in payroll and benefits administration and feature advanced applications to help streamline a broker's day to day responsibilities. When asked about open enrollment, BenefitMall's research suggests 33% of companies completed the entire enrollment digitally and 58% were completing enrollment with at least a portion of the process online. As a result, there is a trend and desire to scale appropriately to a digital process.

Although employers and brokers look to identify solutions to help align with the advancing market, BenefitMall's research also indicates that brokers often may not be offered a platform that best suits their needs. While three-fourths of the brokers surveyed desire and are trying various technology solutions, only an extremely small percentage are happy with what they have found thus far.

Small employers (1-10) generally pay for utilization of a benefit administration systems. Mid-sized groups (51-99) are utilizing benefit administration tools and are accessing it through a broker at the broker's expense. The majority of larger employers (100+) share the burden of a benefit administration tool expense with their broker. These learnings offer a few potential assumptions for consideration; (1) the employer does not see the value of the system, (2) the brokers are finding it necessary in the size group to manage groups digitally, (3) the brokers are utilizing the system versus the employer group, or (4) brokers are adopting these systems in lieu of having access to an effective online enrollment tool.

Considering these assumptions, reasons for technology selections may vary between employers and brokers interests. To help guide the selection process brokers should consider five of the most notable priorities when choosing a cloud solution to optimize their business.

1. Operational Efficiency

A technology-based quote tool for medical, vision, and dental insurance was the first item on the top five list of broker needs. Practically speaking, generating quotes is one of the most time-consuming tasks brokers manage on a daily basis. It takes time to identify and compare products and often requires immense amounts of paperwork.

An automated tool capable of generating comparable quotes with a minimal amount of input can do wonders for a broker. For starters, it can save a tremendous amount of time. Above and beyond time is the actual labor put into preparing quotes. What may have taken two or three staff members a day to do using a legacy system can be completed in a fraction of the time by a single staff member.

These kinds of improvements in operational efficiency are achieved through automation. By automating mundane tasks that normally require a tremendous amount of human input, cloud-based solutions offer time and labor savings while simultaneously freeing up staff to concentrate on the business.

2. Smart Forms and Applications

Next on the priority list are forms and applications. Too much time is spent on revising forms and applications whenever changes are made. For a broker, a significant amount of time is invested at the start of every year in making sure forms and applications are up to date.

Smart forms and applications do not require nearly as much work. They are automatically updated along with software updates, eliminating the need for staff members to go through each and every form manually. In addition, customer segmentation software can strategically target forms pertinent to each client. Brokers do not have to waste time making sure each client gets only the necessary forms and applications, and nothing more.

3. Data Security

Benefits ultimately protects your employees' health, wealth and overall happiness which often times protects the success of your business. However, as benefits administration and management align with advancements in technology the concept of protection continues to extend beyond the facets of health, wealth and happiness.

The sensitivity of how data is captured and transferred is a significant priority amongst employers and brokers. Personally identifiable information (PII) and protected health information (PHI), unsecured data can cause tremendous damage to an employer and broker's brand, reputation and its people. As a result, it is extremely important to identify a platform that offers complete 360 data encryption across multiple networks at rest and in transition.

4. Customer Experience

If you go back and look at the four technology needs in the previously mentioned list, it quickly becomes apparent that each of those needs somehow contributes to the overall customer experience. This makes it obvious that in order for brokers to foster strong customer relationships that eventually lead to growth, they need the tools to give customers what they want. This takes us back to quotes, proposals, and enrollment solutions.

Remember that the point of technology is to increase efficiency and productivity. Looking at that from the client's perspective, understand that clients have no interest in spending endless hours looking over broker documents and trying to understand what they mean. Clients want clear, concise, and accurate information that allows them to make quick decisions.

The challenge of legacy software is giving clients the information they need in a format they can understand. Outdated reporting tools do not work well with modern constructs. Poorly presented data generated by legacy systems only hinder a client's ability to see the value in your business.

5. Access to Information

Taking the customer experience one step further accounts for keeping customers happy after they choose their benefits. A key component here is access to information. Ask yourself this question: how happy are you with your own insurance provider's digital access? If you access your insurance products online, does a typical experience meet your expectations?

Clients today want and expect instant access to their benefits programs. They expect comprehensive portals that provide the information they need with a few clicks of a mouse. They want databases that reflect accurate data in real time whether they need the information on a weekday or weekend. They want to be able to make changes online.

Changing Tides of Technology

The evolution and reality of the market urges brokers to stay in tune with the advancement of technology in order to stay flexible and relevant. In the past, paper-based applications were the standard. Today, while there are a select few that still prefer paper, most will have already adopted a platform to help streamline processing that ultimately compliments the growth of their business.

When asked about benefit administration systems, employers are in a transition at this juncture. Only a third of groups included in the survey are currently utilizing a benefit administration system. When discussing further with those on a system, the path to usage is varied - one-third were referred to the system by their CPA, one-third were placed on the

system by their brokers, and one-third selected the software on their own through shopping and selection of HRIS system to meet all or most of their human capital management needs.

It's clear that employers are changing the way that they view technology as a resource in the administration of benefits. The fact that employers are starting to pursue solutions on their own is a sign that this marketplace will continue to shift towards more adoption and utilization of these tools. Technology will continue to play a pivotal role in the growth of the broker business and as the technology trends progress, brokers that display inefficiencies in adoption may experience difficulties staying competitive. There is no better time to adopt new technology when the market is growing as it provides an opportunity to grow with the changing tide.

SUMMARY

In summary, brokers are clear in their desire for new technologies. They want and need tools that foster better client relationships and facilitate growth. Some of those tools already exist in cloud-based solutions that improve operational efficiency, speak to the customer experience, and save time and money through automation. Those tools must be continually improved upon. Furthermore, new tools need to be developed alongside them.

Embracing new technology will make brokers better at what they do. It will allow them to serve their clients more effectively in the benefits administration space.

ABOUT BENEFITMALL

BenefitMall is a Dallas-based provider of payroll services, HR and employer services, and employee benefits administration. We work with a nationwide network consisting of more than 20,000 brokers and CPAs to deliver solutions that impact in excess of 200,000 small- and medium-sized businesses.

We also work with a long list of trusted advisors who enable us to offer custom-tailored solutions to our clients. Those solutions include a full range of products covering payroll services, health insurance, 401(k) plans, worker's comp insurance, and more.