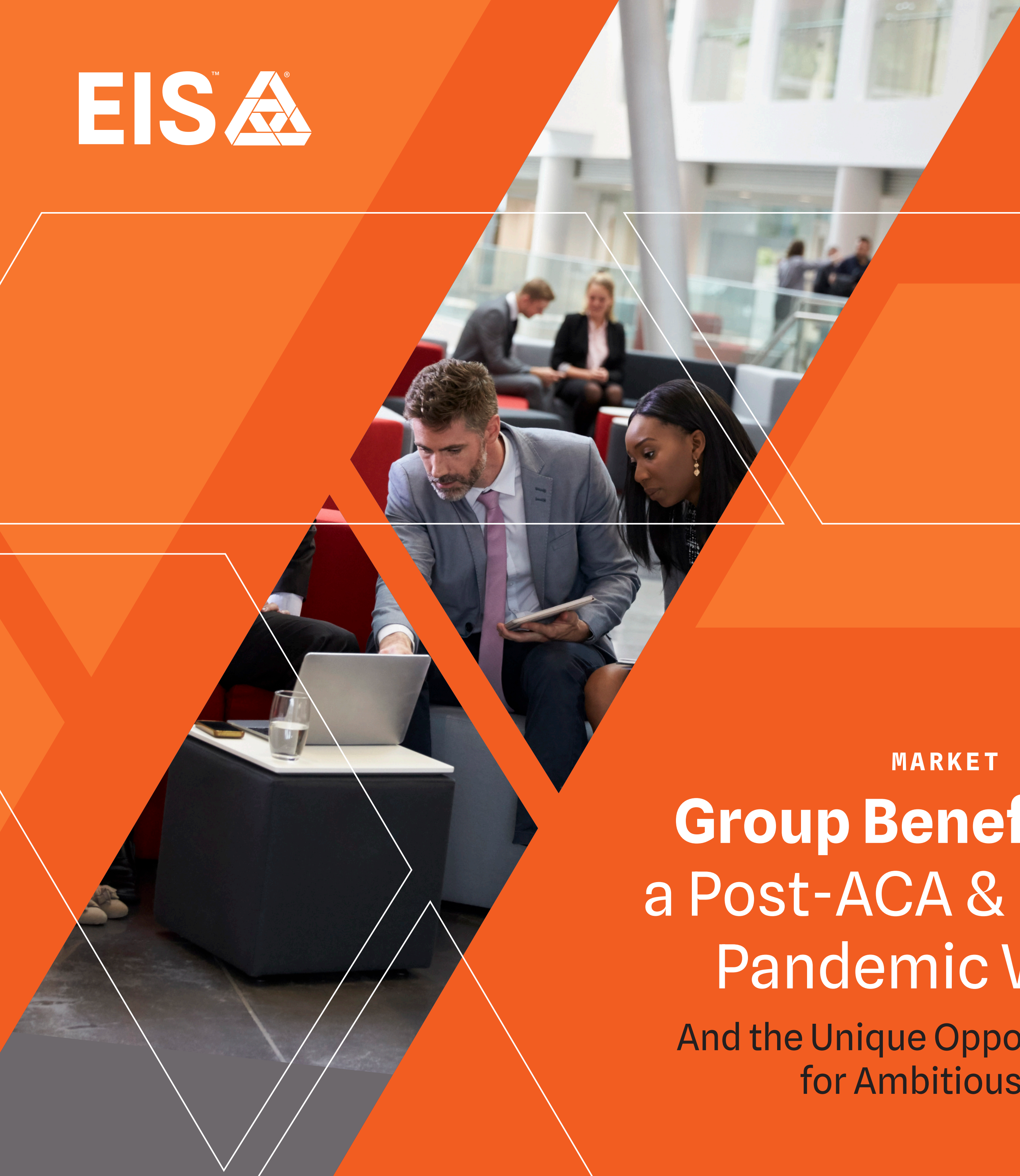


MARKET OVERVIEW

Group Benefits in a Post-ACA & Post-Pandemic World

And the Unique Opportunities for Ambitious Insurers

Contents

“Covid changed everything” is quite the over-stated understatement, but in the world of work and group benefits insurance, it was an impetus impossible to ignore.

Changes were already taking place—like employers using better benefits packages as a way to attract and retain in-demand talent and implementing individual records due to impacts from the Affordable Care Act (ACA)—but trends already in motion have started to snowball, to the point that now employers feel more responsible than ever for their workers’ financial health and work-life balance.

In this overview, we’ll dive into the shifts in North America’s group benefits industry, how the different opportunities and challenges juxtapose against one another, and the kind of core technology ambitious benefits insurers will need to keep pace.

Shifts in North America's Group Benefits Industry

SHIFTS IN NORTH AMERICA'S GROUP BENEFITS INDUSTRY

The Rise of Customer Centricity & New Product Offers

Historically, group benefits were sold through a broker-employer model, with brokers acting as the intermediary between employers and insurance carriers. They'd show employers the big picture of what different insurers could provide, an employer would choose an insurer to work with, and there'd be a massive group enrollment into those benefits with new employees joining the group record as they got hired.

That model worked for a number of decades.

But since the Affordable Care Act became law in 2010, benefits insurers have moved from a purely B2B selling model, to a B2B2C model. They weren't only selling group insurance to employers anymore, but were also selling voluntary supplemental health insurance products to the same individual employees that were part of the larger group plans.

The problem, as we all know, is on the backend of benefits insurance operations: for too long, group records had been the status quo. However, to operate with a B2B2C model, individual records were now required in systems that were never designed for them.

On top of that, a younger, digital-native population is permeating the workforce and expecting the same product and service personalization they came of age with.

Since insurers collect a lot of customer information in their database, it makes sense that these digital-natives expect their benefits providers to keep pace with the market's ability to personalize. After all, if insurers have the information and provide multiple types of financial protection, why not leverage it?

With customers willing to share data with insurers for more personalized services and offerings, it only makes sense.

We'll dig deeper into the technology in a bit, but with the right foundation, ambitious benefits insurers can do amazing things: provide personalization via individual records, create and sell in-demand insurance policies as a part of group benefit plans, keep individual customers even after they leave their employer, create a tightly-knit 1:1 feel with all of their end customers, and give employers the technology platforms needed to excel at their goals of attracting and keeping top talent.

The Challenges & Opportunities of Today's Benefits Market

THE CHALLENGES & OPPORTUNITIES OF TODAY'S BENEFITS MARKET

Antiquated Enrollment Processes vs Easy Data Integration

Most of today's benefits enrollment processes are antiquated at best. Even some of the most advanced tech companies are stuck forcing their employees through paper-based benefits enrollment, simply because their insurer doesn't have the technology to support something better. The paper forms then get passed on to the insurer, who has someone manually enter the data and activate the enrollment.

Not only is this asking for human error to mess up someone's coverage, but it's also inefficient at optimizing enrollment. Let's face it: How often have we ourselves sped through new hire paperwork, choosing the lowest coverage rate without really thinking about it?

Unfortunately, even though digital enrollment can yield higher enrollment numbers, these tools still fall short of getting enrollment data into a usable format into an insurer's core system.

It's also difficult to get enrollment information onto these platforms so employees can choose what they're eligible for, and to take it to the next step by using that data to bill and service properly.Things get even hairier when an employee moves to a new state, gets promoted, goes on leave, or another life event happens that changes their eligibility status.

When you have coretech that organizes enrollment and other employee data into your core system like a champ, these problems become non-issues. Employees have confidence in their chosen policies, and changes to adjust for moves, promotions, and leaves happen automatically.

THE CHALLENGES & OPPORTUNITIES OF TODAY'S BENEFITS MARKET

Legacy Technology Restrictions vs Broker Technology Guidance

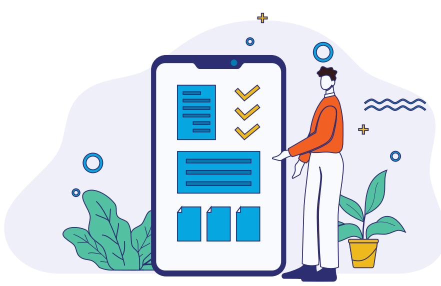
More than anyone else, brokers have their fingers on the pulse of the group benefits industry and what's expected from insurers. When they find insurers who are future-thinking and ready to deploy needed technology, they'll move their loyalty to selling that insurer's policies, rather than traditional insurance policies sitting on top of old, legacy technology that can't keep up with customer or employer expectations.

Further, they're no longer looking at employers as the end customers of benefits packages… individual buyers are the customers, and employers are the channel through which policies are sold. Since employers are the number one way these policies are sold, carriers need to understand what employers need, and what brokers are helping them look for.

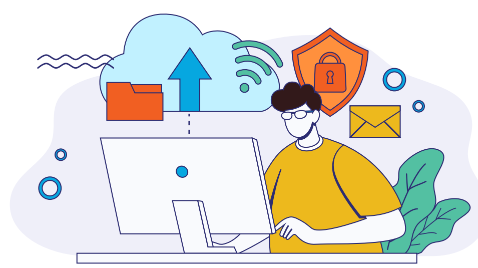
According to a recent LIMRA report on employer expectations, they're looking for:

Plans to expand benefits offerings to match market desires, including nonmedical and nontraditional benefits

Ability to offer benefits to freelance or contract workers



Digital enrollment methods, with decision support and recommendations



Carrier technology that works well with their benefits admin platform

Insurers need to have these baseline pieces ready to go to be chosen as an employer's benefits partner.

THE CHALLENGES & OPPORTUNITIES OF TODAY'S BENEFITS MARKET

Group Enrollment Limitations vs Freelancers & The Gig Economy

Just because someone doesn't work in a traditional, full-time role doesn't mean they don't need financial protection products like disability, life insurance, or hospital indemnity typically included in group benefits.

As a solo contributor, finding a way to purchase all these policies can be a pain, to the point that many freelancers just go without coverage.

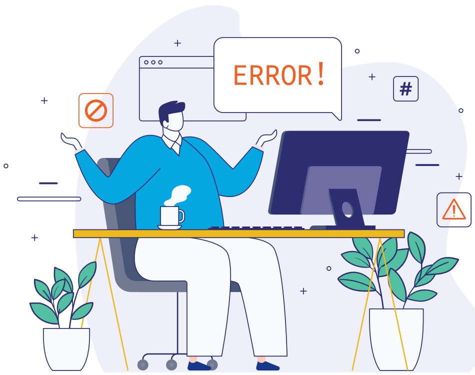
However, when an insurer has core technology that allows for individual customer records outside of group records, you can sell into this market as a B2C provider, and keep current customers even if they leave their job or get laid off.

Manual Process Headaches vs Easier Administration & Event-Driven Automations

The top three pain points for employers administering benefits are:

Bad user experiences

Ongoing manual work



Inaccuracies and errors across all parts of the value chain: enrollment, underwriting, case installation, billing, and claims

As a result, many benefits carriers invest a considerable amount in reducing these pain points. But everyone seems to be taking a different approach: some consolidate billing, some improve underwriting or enrollment, and some focus on event-driven claims... but almost no one is taking a holistic view to address them all.

The problem is, when insurers cherry-pick the problems they want to solve, it still yields a disjointed experience. While one part of the value chain works, the other parts still suffer from those main problem areas: manual work, poor user experience, and inaccuracies and errors.

To compound the problem, brokers notice this progress, and start to hold all insurers to the standards being set disjointedly across the industry. All else being equal, brokers and employers will move their business to the carrier who provides the best experience.

Did you know?

According to Gartner, technology executives plan to spend more on:

- Cloud platforms
- Application modernization
- Integration technologies like APIs or API architecture

THE CHALLENGES & OPPORTUNITIES OF TODAY'S BENEFITS MARKET

For example, when an insurer invests in both absence management and coretech for better data management and event-driven claims, they can create an experience employers will flock to:

Let's say an employee gets injured during a weekend kayaking trip. Her initial emergency room claim triggers her hospital indemnity, FMLA, and short-term disability while she's recovering. She has one claim submission instead of three, and her FMLA leave will be properly used and coordinated with her other types of leave and coverages.

When an insurer has the technology employers know they can rely on for efficient claims processing and absence management, it yields an increase in employee and employer satisfaction, and a decrease in claims operations expenses.

The key, of course, to tackling all these challenges that are side-by-side with unique opportunities is having the right technological architecture underpinning all your operations. Coretech that supports real-time connections and smart data uses elevates you to become one of the most accomplished insurers of our time.

‘Modern’ Legacy Digital Platforms vs Future-Proof EIS Coretech Architecture

‘MODERN’ LEGACY DIGITAL PLATFORMS VS FUTURE-PROOF EIS CORETECH ARCHITECTURE

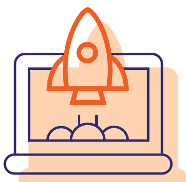
To give legacy technology some credit, it has evolved with the times… a little. It’s evolved enough to make things digital, but not enough to have the data-driven ecosystem powerhouse that a truly modern, customer-centric, and forward-thinking insurer can become.

For example, paper enrollment might have become PDF enrollment, or maybe even digital form-fill enrollment. However, the data captured during enrollment still doesn’t automatically integrate into the core system, and can’t be used for customization.

Which begs the question:

What technical capabilities and architecture are needed to blow past ‘modern’ legacy limitations?

We’re glad you asked:



Configurability & Quick Time to Market

If you want to do something groundbreaking with a legacy insurance system, be prepared for your IT team to spend a lot of time in the weeds figuring out a customized code solution that may or may not break other parts of your system. (Which means even more time spent coding the fixes).

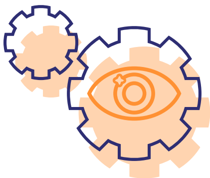
Because EIS coretech is built on a microservices architecture, it’s easily customized to meet your needs, without affecting your overall operating system. This means you can launch new products or make changes within existing ones in an agile and timely manner.

Data Accessibility

In legacy and modern legacy systems, data usually exists in silos, meaning agents, brokers, and customer service reps have to spend a lot of time toggling through windows just to find the piece of data they need.

With EIS, you get a single source and single view of customer data, with real-time access and updates, and integrations with third-party data providers to make better decisions in underwriting and claims.

'MODERN' LEGACY DIGITAL PLATFORMS VS FUTURE-PROOF EIS CORETECH ARCHITECTURE

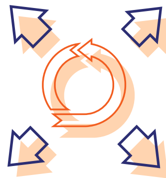


Integration Capabilities & Future-Proof Architecture

When your core system isn't built with API-first design principles, you'll have a hard time integrating with ecosystem network partners, tools, and third-party software. Given that tools leveraging artificial intelligence (AI) and machine learning (ML) are becoming the standard to differentiate good vs bad customer service (as well as good vs bad internal processes), ease of integration is something every benefits insurer will need sooner rather than later.

In a Gartner survey,
100%
of technology executives said AI and ML would be implemented by 2025.

Beyond customer service, all ecosystem opportunities become either nonexistent or nearly impossible when hard coding is required to make a single integration happen... and any core architecture that isn't built with an unknown future in mind is already out of date.



Agile Scalability

Legacy and modern legacy systems might hide behind a "SaaS" label, but because they're not actually cloud native, it's all a ruse. Their monolithic, big-blob-of-code architectures mean they can't handle truly agile scaling: they have to scale up and down as an entire platform, rather than only where the scalability is required.

For example, most benefits enrollments take place during 1/1 renewals, so there are millions of records taking place in January alone. The other 11 months of the year, however, only see handfuls of enrollments. With monolithic architectures, insurers have to scale all parts of their system (including claims), even though only enrollment is experiencing the surge.

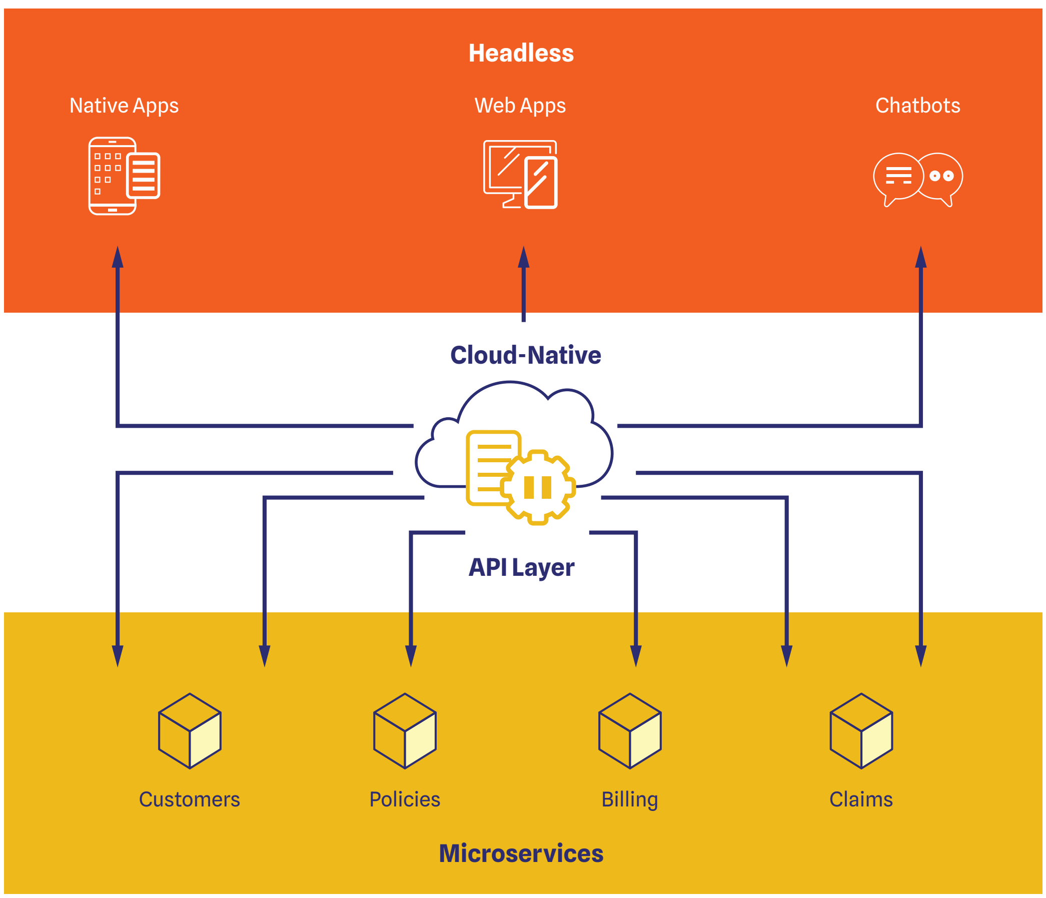
With coretech's cloud native and microservices architecture, the system will automatically scale only enrollment when a surge happens, and scale it back down when the surge is over—likewise for claims, underwriting, or any other microservice. The big win here is you don't need to physically provision or deploy servers, and you don't have to pay for giant scale year-round when it's not needed.

MACH Architecture: The Cutting Edge of EIS Coretech

MACH ARCHITECTURE: THE CUTTING EDGE OF EIS CORETECH

Now that we've established the basics of what makes EIS coretech superior to legacy, modern legacy, and even some other coretech systems, let's dig into the core architecture differences that set EIS apart.

MACH Architecture



MACH ARCHITECTURE: THE CUTTING EDGE OF EIS CORETECH

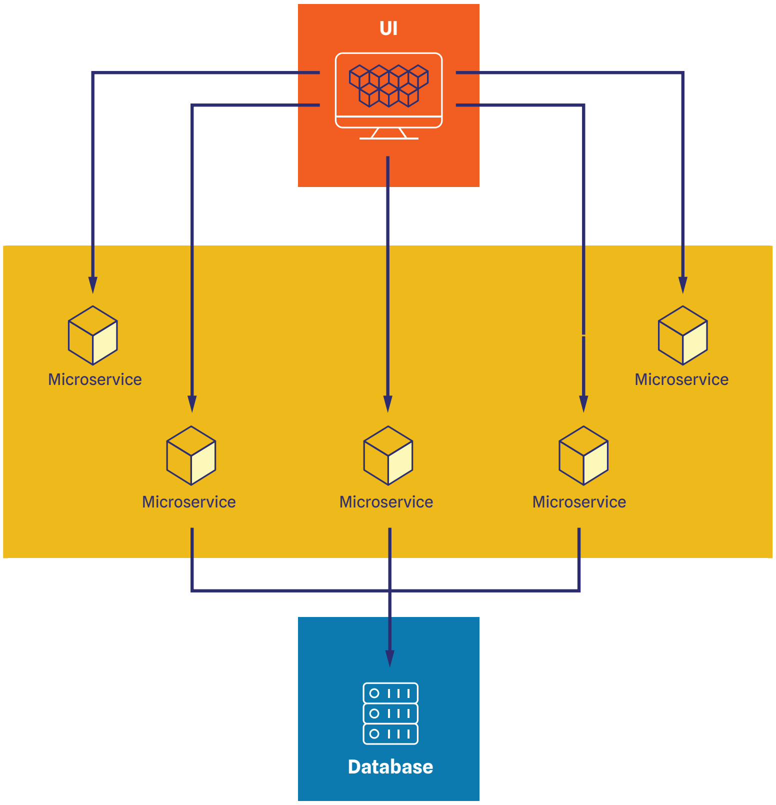
M =
Microservices

Rather than putting all your eggs in one basket (and if that basket gets a hole in it, all your eggs fall out), a microservices architecture de-couples an overall application into loosely coupled services that can be developed, deployed, and scaled independently.

As an organization, it gives you stronger resilience and fault tolerance, and means the system as a whole can better-handle unexpected errors and disruptions. And, should one microservice fail, it won't affect the overall system.

It also means that if you want to start a digital transformation, you can upgrade one piece at a time without detracting from your ongoing operations.

Win-win, right?



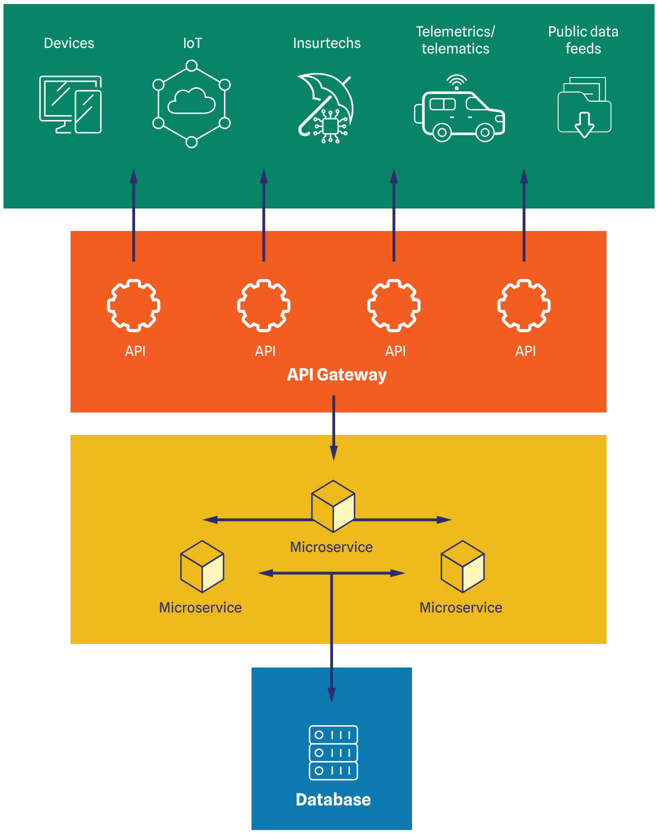
MACH ARCHITECTURE: THE CUTTING EDGE OF EIS CORETECH

A =
API First

Because APIs are the keys that let you go from being a standalone insurer to becoming the ecosystem brokers, employers, and customers love, they need to be at the core of your architecture, with a standardized and consistent way for the connected technologies to communicate with each other.

Having an API-first approach to architecture is crucial to innovation and growth, because without it, you'll have a hard time integrating new services and applications into your growing ecosystem. You also won't get the interoperability needed with third-party vendors, insurtechs, or other industry players that help you provide a...

...holistic, to-die-for customer experience.



MACH ARCHITECTURE: THE CUTTING EDGE OF EIS CORETECH

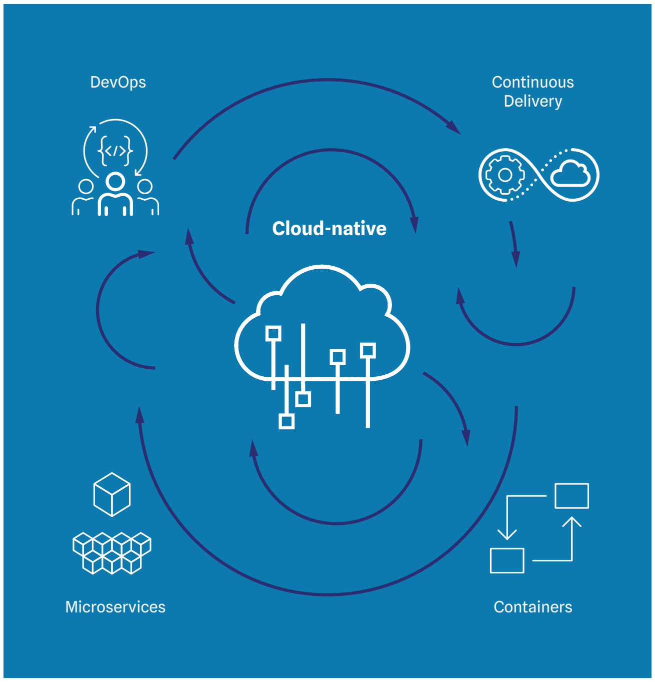
C =
Cloud Native

While digital transformation can be costly, switching to a cloud-native platform is one place where the total cost of ownership starts to make sense.

Because of the cloud's pay-as-you-go pricing model, carriers can save money on bandwidth during slower seasons, and use the bandwidth they need during busier seasons without slowing down operations. It solves the catch-22 of not wanting to pay for unneeded server space, but having it available during times of need.

Further, cloud-native features like serverless computing help benefits insurers make the agile changes they need without worrying about the underlying infrastructure via low-code tooling. They let insurers develop and deploy needed applications without the need to manage servers, which reduces complexity and maintenance overhead while...

...optimizing workflows and streamlining operations.



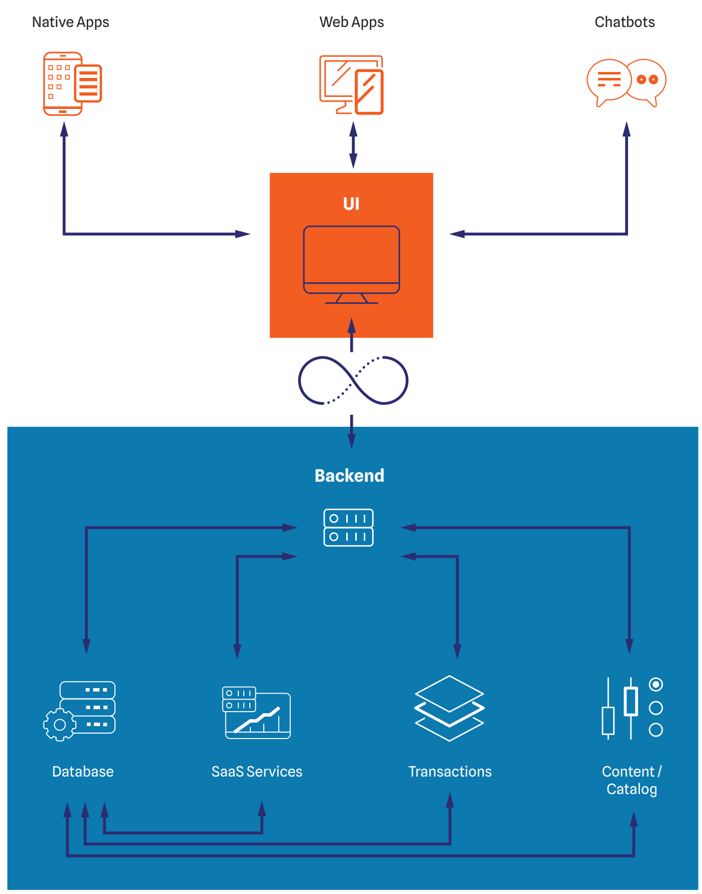
MACH ARCHITECTURE: THE CUTTING EDGE OF EIS CORETECH

H =
Headless

Without getting too far into the technological weeds, the “headless” principle enables the separation of the front-end user interface from back-end applications. Insurers who choose a headless approach can create more flexible and customized end-user experiences... whether for individual payers, HR departments, brokers, or customer service. By separating the front-end interfaces from the back-end applications, data can flow more freely, and more customizations and personalized offers can happen in real time.

However, having headless options built into a platform’s architecture doesn’t necessarily mean an insurer must utilize the headless setup. If you’d prefer, you’re still 100% able to manage the back-end and the front-end applications as a single system to avoid replicating changes. Ambitious insurers need the power to choose a back-to-front setup that works best for their operations, and having this flexibility built into your coretech ensures you...

...have the functionality you need.



How Today's Ambitious Insurers are Winning With Cutting-Edge Coretech

EIS

HOW TODAY'S AMBITIOUS INSURERS ARE WINNING WITH CUTTING-EDGE CORETECH

While the theory behind coretech and the MACH architecture sound fantastic, we all know the proof isn't in theory — it's in the implementation, execution, and results.

AIG Canada

Using EIS to upgrade their group benefits platform, AIG Canada achieved:

95% **decrease** in time to issue policies

90% **decrease** in time to review policies

Implemented the EIS Suite in **11 months** & **20%** **under budget**

Launched **27** **new products** across **4** **product lines**

with a **75%** **reduction** in time required to introduce new products

Major North American Mutual Insurance Company

A major mutual insurance company in North America chose EIS to launch new products in record time.

Delivered **6** **new products** in under **7** **months**

(Compared to the industry average of one product in 18 months.)

Launched **critical illness** and **accident products** in just **6** **months** to sell to individuals.

"Technology is rapidly transforming all of our lines of business. This was an opportunity to collaborate with some of the industry leaders in technology, along with our business partners, to bring a winning set of capabilities to market rapidly and effectively." **– CIO**

MACH ARCHITECTURE: THE CUTTING EDGE OF EIS CORETECH

Wellfleet

Wellfleet's goal was to build a customer-centric platform with a consistent, multi-channel experience. With EIS, they were able to:

Process

all fourth-quarter business for new cases and major re-enrollments for a January 1 effective date

Cut data validation process to hours or days, not weeks

Deploy a single platform in under **11 months** for **4 different products**

Launch the ability to generate customized plan designs with a smooth flow of accurate, case-specific information from **quote to claim**

"Many carriers use a patchwork of legacy systems, creating barriers for producers and implementation shipwrecks for employers. Working with EIS, we were able to build a customer-centric platform with a consistent, multi-channel experience." **–James Ocampo, Executive Vice President, Workplace Benefits for Wellfleet**

Major North American Life Insurance Company

When a major life insurance company wanted to expand their reach to a growing population of independent and part-time workers who did not have access to employee benefits, they partnered with EIS.

80% digital engagement with their members

40pt **jump** in their Net Promoter Score

4 new products deployed in **12 months**

2 to 3 **month reduction** in the time to make regulatory changes live across all systems

Want to know more about what EIS can do for you?

Wellfleet 2021 Workplace Benefits Broker Survey

Download now

Case Study: See How Wellfleet's Innovative Approach Paid Off

Download now

Insurtech + Coretech - Winning Combo for Benefits Insurers?

Download now

A Greenfield Guide for Group and Voluntary Employee Benefits Insurers

Download now

The Ambitious Insurer's Guide to Human Centricity

Download now

Know you're ready to start shopping for a new core system?

Access our series on nitpicking core systems like a pro.

Sound interesting?

Book a call with a coretech expert

Sources:

- Gartner—2023 CIO Agenda Insights for Healthcare Payers
- LIMRA—Fast Forward: Employer Views on the Future of Benefits