

**How the Benefits Landscape is Being Reshaped by Technology**

Benefits technology moves to the mainstream



*What used to be a trend is now the norm. In the scramble to cut costs, benefits managers are pushing to get more out of their benefits technology and automation. Pure economics are driving the growing use of and interest in the internet, call centers and other forms of electronic communication and administration<sup>1</sup>. Leveraging technology in the enrollment and administration of complex benefit programs is quickly becoming mainstream in the workplace. At the same time, employee expectations for online self-service have increased.*

*Employers struggling with runaway health care inflation and the need to give employees more information to help them make better benefits decisions, look to you to make good on your promise of “value-added service.” As you respond to the needs of your clients, your challenge is to know what technologies are available, what works and how to find a carrier that can deliver leading-edge technology solutions. In this installment of the Get More series, you’ll learn how to help your clients take advantage of technology to enhance their benefits offerings and operate their benefits program at optimal efficiency.*

## **Benefits managers want more from technology**

### **What have you done for me lately?**

As benefit managers push to get more out of their existing technology, it’s only logical that they would turn to intermediaries and benefits providers for technology solutions. In fact, in a recent survey, 70 percent of companies said leveraging the technologies of suppliers will be their key strategy for handling any expected company growth<sup>2</sup>.

In a national survey by RewardsPlus, 94.7 percent of the 175 human resources and benefits professionals responding saw technology integration that enables automated enrollment, administration, communication, and supplier management of their benefit programs as a “must have, very important or important” part of a provider offering<sup>3</sup>.

Enlightening further, their expectation of providers includes:

- Expansion of benefit plans with a full range of voluntary benefits.
- Multi-channel access (web, interactive voice response, contact centers) for benefit enrollment.
- Post-enrollment benefit servicing and record-keeping.
- Payroll deduction for all post-tax benefits. Given the demand, it’s not surprising that hardly a day goes by without a benefits provider announcing its latest and greatest online application for improving benefits delivery. But caveat emptor (buyer beware) — not all web capabilities are created equal.

## What to look for

When evaluating the online administration services offered by a carrier or TPA, what should your client expect?

Minimum capabilities should allow the employer to file claims online, securely transfer files from their desktop, view the current status of pending applications and claims, access forms, view pre-generated reports, find basic plan information, and contact information. Other important offerings include a flexible search function and being able to easily move around the web site while maintaining the ability to get back to important information with just one click.

Additionally, you'll want to check to see how well the carrier will integrate online processes. For example, can your client's benefits staff submit notice of a claim online, attach all supporting documents, track the status of the claim and eventually verify that all proceeds have been paid — all within the same online system?

## Technology helps employees help themselves Cutting through the clutter

*While benefits professionals seek technology tools to maximize productivity, they're also recognizing the power of self-service tools for employees to decrease costs and boost satisfaction. Today, employees are asked to absorb and manage significant amounts of benefits information, from evaluating medical providers to effectively choosing investment options for their 401(k) contributions. They need an easy way to sift through the clutter and find the information they need to make decisions.*

"If individual consumers are using the web to shop ...," says Paul Von Ebers, president of Iowa-based Von Ebers & Associates, "it would also make sense that employees in work situations would use either a company's intranet or the web for voluntary benefit shopping, reviewing benefit offerings and making choices"<sup>4</sup>.

### How things have changed

#### Traditional printed communications vs. online communication materials<sup>11</sup>

Print	Online
Top-down dissemination of information	Two-way communication
Company controls the communication	Reader controls the communication
One-dimensional	Multi-dimensional
May be restricted by geography	Not hampered by distance
General information	Customized or even personalized information
Driven by deadlines	Driven by events
Confined by space	Unlimited space for detail
Information is "pushed" to reader	Reader pulls information as needed
Feedback is limited	Feedback is immediate
Higher distribution costs	Lower distribution costs

Savvy benefit managers understand the growing need for education and service. In a survey of HR practitioners, nearly half of respondents said that using technology to communicate with employees — including self-service applications — was a high priority<sup>5</sup>. Self-service not only helps employees, but frees human resources staff to work on more strategic projects and high touch issues, including employee relations, training and development, performance feedback, and hiring and recruiting<sup>6</sup>.

#### Web-based benefits delivery: the payback

With a web-based solution for enrolling in and managing benefits, employees can initiate their own transactions online, any time and from anywhere. All the while, rules built in to the web site for eligibility and accuracy ensure guidelines established by human resources are being followed.

Employees appear to accept the shift from print to online benefits communication: only 3-10 percent requested printed materials when given the option, and their satisfaction with web enrollment stood at 91 percent.<sup>10</sup>

Online enrollment and delivery of benefit information has several advantages:

- **More convenient.** Employees don't have to hunt through books, memos and brochures for current information.
- **More relevant.** Employees choose the information they want, and attain it easily.
- **Easier to use.** As the general population becomes more comfortable navigating in cyberspace and web sites become more intuitive, little or no training is required for employees to use them.
- **Instant gratification.** Employees get information instantly, without waiting.
- **Accessibility.** Employees can view information from any computer that has internet access: at home, the office, a hotel or a kiosk. Additionally, when employees' spouses participate in benefits decision-making, they can research an issue or print a form from home.
- **Up-to-date information.** Web sites are more easily and inexpensively updated than print materials.
- **Accuracy.** Employees enter their own information, eliminating common transcription errors, and sequenced web pages keep employees from continuing until they have completed all steps of a transaction. Real-time transactions provide access to the most up-to-date information and allow employees to double check changes<sup>7</sup>.
- **Documentation:** Processing accuracy and information retention are more important than ever with the heightened regard for regulatory compliance<sup>8</sup>.

## How employers are doing it right, right now

### A multi-media approach

People want service and they want it now. In an age of instant messaging and real-time transactions — from buying a book or scheduling a flight, to checking on mutual fund performance or paying bills — it's hardly surprising that consumers expect the same immediacy in handling their benefits questions and requests.

Employers are responding with a multimedia approach to inform employees about their benefits and put them in the driver's seat when it comes to benefit management.

Thirty years ago, employees were passive recipients of their benefits. Whatever benefits an employer offered, employees pretty much accepted, with little choice or involvement. Employers used volumes of printed materials to enroll employees and keep them informed of their benefit choices.

Taking a more active role, today's workers have to act and think differently when it comes to their benefits. They have had to assume responsibility for prudently choosing among a range of benefit options, saving money for their retirement, and being astute consumers of health care services<sup>9</sup>. There has been a corresponding shift away from printed materials to interactive technology, allowing employees to access plan documents, find providers, track their claims, and fine-tune investment strategies online.

## Technology and print work hand in hand

### Make it better

*That's not to say print materials no longer play a role in benefits communication. Benefits packages today represent almost 40 percent of an employee's compensation. But employees don't always understand the value their benefits represent, nor do they seem to understand that their compensation goes well beyond take-home pay<sup>12</sup>. With so much at stake, benefits managers, and the intermediaries and providers who serve them, realize they must use many tools to get messages across.*

"Companies that successfully focus on plans throughout the year host annual benefit fairs, run regular columns in their newsletters and announcements on the corporate intranet," says Ann Black, manager of communication for the Virginia Retirement System and author of the book *Effective Benefits Communication: Trends, Techniques, Technology*. "They use every tool they have to keep benefits information in front of their people throughout their careers," says Black.

Print materials are the vehicle for directing employees to the web, and here's where personalization makes a real difference. Personalization of benefits materials prompts action and interest among employees. A survey by SmartMoney Custom Solutions, a leading provider of custom communications programs to the financial services industry, bears this out<sup>13</sup>:

- Personalized materials were judged 2.5 times more interesting than generic materials.
- Personalized materials were nearly twice as likely to engender positive feelings about the benefit program and its sponsor.
- Personalized communications are twice as effective at encouraging participants to increase their 401(k) contributions.

Using personalization encourages frequent online interaction and boosts awareness of other services. Messages can be tailored to an employee's age, life stage, eligibility and other attributes. Ultimately, personalized content tells an employee you know who they are and care about choices they make.

## What a web-based solution should do

### Online solutions not always a slam dunk

As in the old adage, “you can lead a horse to water but you can’t make him drink,” having the technology doesn’t guarantee employees will use it. That depends on how well organizations convey a system’s value. Without a clear communication program telling employees “what’s in it for them,” workers revert back to old habits and pick up the phone to call HR instead of checking the web site.

The basics of good communication apply, with a few twists specific to online education.

- **Understand the employer’s landscape.** The approach you use with people in their 20s is far different than the one you’d use with people in their 50s. The tools are different, too, and if you don’t offer them (web, voice response, print, face-to-face) you won’t get buy-in.
- **Use the employer brand.** Employees generally respond better to materials carrying the corporate brand.
- **Communicate, then educate.** Create interest in online benefits functions before open enrollment begins. Employees will accept the company’s benefits vision, even if the message is “cost reduction.”
- **Provide training support.** Employees are more apt to use a new system if they know where to go to get assistance if they get stuck. One way to avoid frustration is to provide an online contact center, where employees can get help, even while at home on a dial-up connection<sup>14</sup>.
- **Keep it simple.** A standard browser-based solution is recognizable to most people and the learning curve necessary to navigate the system is less steep. It reduces the chance users will become frustrated and encourages the use of online help tools<sup>15</sup>.
- **Is it logical?** Test the usability of a web site with real consumers to make sure information and activities are where employees expect to find them.

When it comes to shopping for insurance benefits, says Marian Salzman, EVP of Strategic Content at JWTi, “the challenges are more complex. Americans have long-term anxieties the insurance industry can help to address, provided the industry can figure out how to connect with people on today’s terms.”<sup>17</sup>

## Balance new with the familiar Not tech-savvy?

Employees may fear that “self-service” means “no service.” Active communications can prevent negative reaction to change. If they know new services, like 24-hour web access to plan information, include support from HR or call centers, employees will feel empowered rather than overpowered<sup>16</sup>.

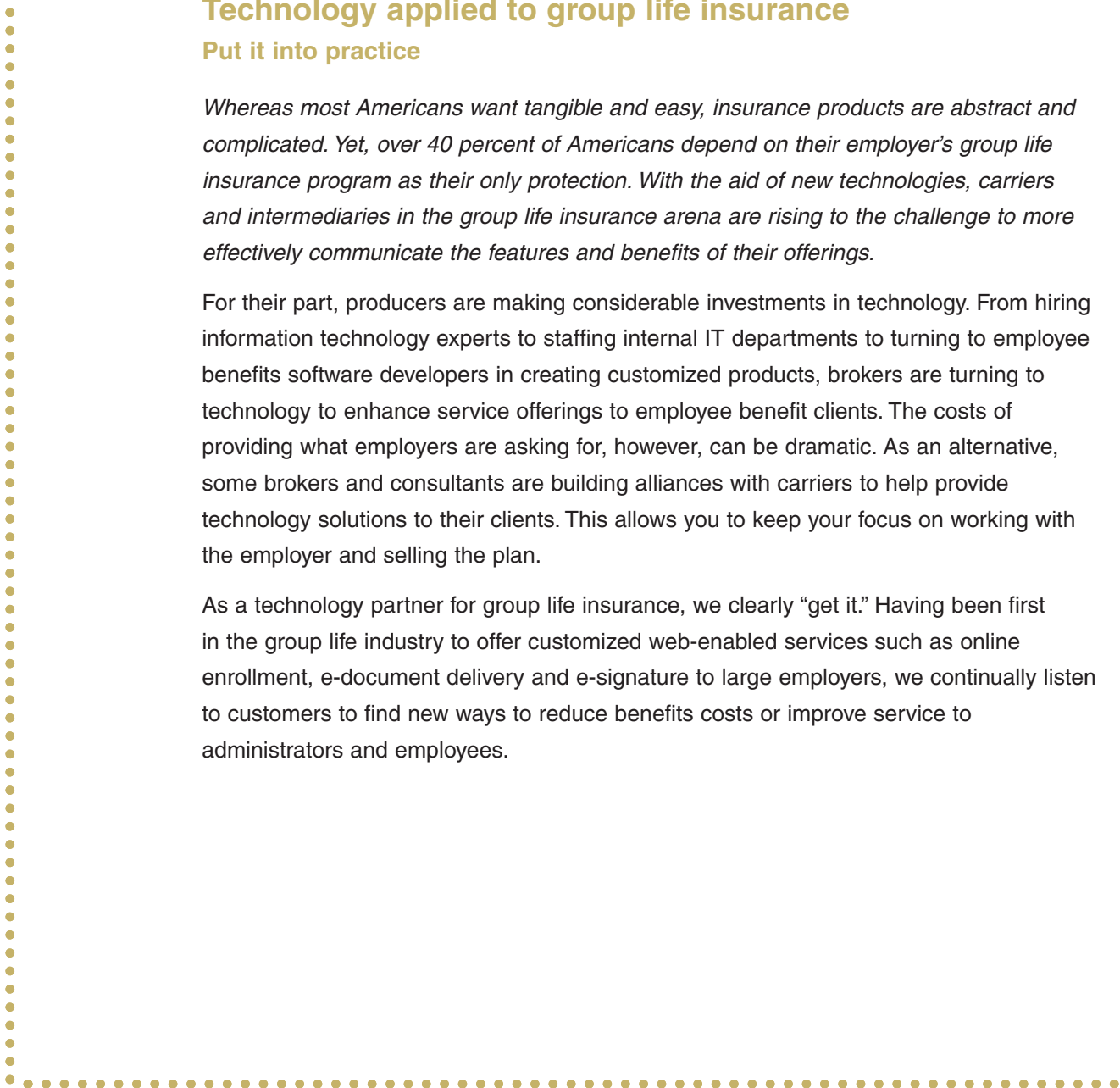
Keeping access simple is important. Too many passwords to remember can lower usage. Providers with leading-edge technology can establish a direct connection between the carrier’s site and the employer’s intranet.

## Technology applied to group life insurance Put it into practice

*Whereas most Americans want tangible and easy, insurance products are abstract and complicated. Yet, over 40 percent of Americans depend on their employer’s group life insurance program as their only protection. With the aid of new technologies, carriers and intermediaries in the group life insurance arena are rising to the challenge to more effectively communicate the features and benefits of their offerings.*

For their part, producers are making considerable investments in technology. From hiring information technology experts to staffing internal IT departments to turning to employee benefits software developers in creating customized products, brokers are turning to technology to enhance service offerings to employee benefit clients. The costs of providing what employers are asking for, however, can be dramatic. As an alternative, some brokers and consultants are building alliances with carriers to help provide technology solutions to their clients. This allows you to keep your focus on working with the employer and selling the plan.

As a technology partner for group life insurance, we clearly “get it.” Having been first in the group life industry to offer customized web-enabled services such as online enrollment, e-document delivery and e-signature to large employers, we continually listen to customers to find new ways to reduce benefits costs or improve service to administrators and employees.



## A technology leader

Leading the way in customer-inspired web enhancements for group life insurance, we were among the first to offer large employers:

- “Real-time” medical underwriting in 60 seconds or less
- Underwriting e-mail status updates
- e-Claims
- Online scheduling of paramedical exams
- Online beneficiary management
- Online financial reporting
- Online claims and underwriting status reporting
- Online quoting and transaction history for cash value accounts

## Your best ally — an insurer that can adapt to changing needs

### Get with the program

What kind of group life insurer do you want to recommend to your clients? Research provides the qualities that put companies in the forefront of the supplemental insurance market — and on your short list:

- **Efficiency.** Electronic applications and processing speed approvals and get programs up and running faster.
- **Best in class.** Large employers are looking for “category killers” — carriers that are the very best at delivering a specific insurance product.
- **Strong communication.** World-class providers work hand in hand with employers on all aspects of employee communication, including announcing added benefits, explaining enrollment and facilitating claims. Employers want simple, concise, personalized materials that communicate the benefits of the offering so employees can make an informed purchase decision<sup>18</sup>. They also have the ability to deliver consistent enrollment messages to every location of an employer’s operation.
- **Long-term relationships.** The best carriers provide creative, responsive service, year after year, as demonstrated by excellent client retention and satisfaction results.
- **Prompt claims resolution.** Look for providers with a strong history of prompt claims resolution, aided by toll-free service numbers, online and faxed claims submission capabilities, online claims forms and information available through the internet<sup>19</sup>.

**Online tools** make life insurance approachable and keep employees coming back for more. Here are a few of the services we make available to consumers on our group life insurance web site, [www.lifebenefits.com](http://www.lifebenefits.com).

- Insurance needs calculator. By plugging in a few numbers, employees can determine how much life insurance they need to provide adequate protection for their families.
- Online quotations. Employees can enter different contribution levels, interest rate expectations and time periods and see how their cash value group life insurance may grow with those assumptions.
- “MEC” calculator. We test every incoming group life premium to make sure it doesn’t run afoul of IRS rules (and will notify policyholders if their policy is likely to become a Modified Endowment contract). We also provide an online MEC calculator to help policyowners plan future contributions to cash value.

## Checklist of technology features that should be available with a group life insurance program

### Online transactions with e-signature (paperless process):

- Enroll for coverage
- Request coverage change
- Complete Evidence of Insurability, including:
  - Ability to electronically submit all information
  - Ability to provide real-time underwriting decision (either that the applicant has been approved, or additional underwriting is needed)
  - Ability to schedule para-medical exams online if needed
  - Ability to sign up for status updates via e-mail during underwriting process
- Change premium allocation if you are leaving employer and want to be billed directly
- Designate beneficiary
- Change beneficiary designation
- Change additional contribution amount
- Request partial withdrawal
- Request loan
- Request documents be sent electronically
- MEC limits and summary information
- Beneficiary designation
- Historical transaction information
- Frequently asked questions
- Tools to assist in the insurance decision, including:
  - MEC calculator
  - Cash accumulation quotations
  - Insurance Needs calculator
- PDF forms
- Instructions and forms for any transactions that do not accept e-signature (due to regulations, third party signature requirements or payment transactions)
- Electronic statements, prospectus, bills, etc.

### Customer service tools:

### Online information:

- Plan design
- Summary of insurance coverage amounts and premiums, including employee, spouse and child
- Summary of cash value amounts, loan balances, cost basis
- Online chat — allowing participant to “chat” live with Customer Service Representatives
- E-mail queuing — e-mails sent from the web are queued with phone calls with responses averaging a five minute wait time
- Recording and tracking of phone calls, allowing easy access to information
- Password assistance
- Single sign on available to allow participants to enter web site via employer’s benefit site without a second sign on process

## Up next:

As the group life insurance industry faces heightened regulatory scrutiny, companies that re-examine their values and improve their practices will be the companies with the best chance of gaining market share. Learn how the recent events and revelations of misconduct have made principled companies even stronger.

## For more information

To learn more, contact the group sales manager in your region or call our national sales office at 1-800-606-LIFE (5433) or visit [www.lifebenefits.com](http://www.lifebenefits.com).

## Sources:

- <sup>1</sup> Leary, Patrick, "Worksite Marketing of Voluntary Benefits: The Employer's Perspective," LIMRA International 2003, pages 14 and 15.
- <sup>2</sup> "Benefits Managers Will Rely on Technology to Deal With Expected Company Growth," *Managing Benefits Plans*, September 2004, page 1.
- <sup>3</sup> RewardsPlus, 2005 survey.
- <sup>4</sup> Steve Brown, "Windows on the World" *Employee Benefit Advisor*, July 1, 2004.
- <sup>5</sup> Bemthal, Paul and Richard Wellins, "'HR on the Edge' Future Trends You Need To Know Today," *The Human Resources Forum*, 2005.
- <sup>6</sup> Elswick, Jill, "Benefits 4-1-1: Technology Proves Successful for Benefits Communication, but...", *Employee Benefits News*, September 2003.
- <sup>7</sup> "Field Technology Review: The Carrier Perspective," LIMRA International, 2004.
- <sup>8</sup> Toth, Wendy, "A Matter of Respect," *Insurance & Technology*, October 2004.
- <sup>9</sup> Wojcik, Joanne, "Many Employers Opting for Multimedia Approach," *Business Insurance*, December 2004, page 10.
- <sup>10</sup> Elswick, Jill, "Benefits 4-1-1: Technology Proves Successful for Benefits Communication, but...", *Employee Benefits News*, September 2003.
- <sup>11</sup> Black, Ann, "Effective Benefits Communication," pages 24 and 25.
- <sup>12</sup> "Answers To Your Benefits Communication Questions," *AWARE Newsletter, Minnesota Life*, April 2005.
- <sup>13</sup> "Getting Personal: 401(k) Participation and Action," *SmartMoney Custom Solutions*, New York, December 2004.
- <sup>14</sup> Crosby, Amy, "Knowledge Leads Employees to Automated Benefits," *Employee Benefit Adviser*, May 2005, page 43.
- <sup>15</sup> Crosby, Amy, "Persuading Workers To Serve Themselves," *National Underwriter, Life & Health/Financial Services Edition*, August 2004, page 29.
- <sup>16</sup> Toth, Wendy, "Is One Password a Reality?," *Insurance & Technology*, January 2005.
- <sup>17</sup> *Insurance Newscast, JWT study*, May 24, 2005.
- <sup>18</sup> Leary, Patrick, "Worksite Marketing of Voluntary Benefits: The Employer's Perspective," LIMRA International 2003, pages 14 and 15.
- <sup>19</sup> "Selected Trends in the Supplemental Insurance Market," *Insurance Advisory Board*, 2004, page 3.

**Minnesota Life Insurance Company**

A Securian Company

**Securian Life Insurance Company**

A New York admitted insurer

400 Robert Street North, St. Paul, MN 55101-2098  
1.800.606.LIFE (5433) • 651.665.7898 Fax  
[www.lifebenefits.com](http://www.lifebenefits.com)

Variable Products are distributed by **Securian Financial Services, Inc.**  
Securities Dealer, Member FINRA/SIPC. • 1.888.237.1838

©2007 Securian Financial Group, Inc. All rights reserved.

F62382-12 Rev 2-2009  
A00654-0209