

5 Market Trends in Group Insurance



Once upon a time, a phone was once simply a phone and nothing more – and group insurance was also just that. But today's phones are pocket-sized computers that do more than we could have ever imagined. Likewise, today's group insurance offerings are increasingly complex and multi-faceted.

A significant driver of this change is the demand from employers who are struggling to attract top talent. The quality of the employer benefits package is often a huge part of someone's decision to accept a job offer, especially when their talent is in high demand with no shortage of job offers coming their way. An innovative insurance solution that is more than just basic insurance is very attractive – and still rare enough to differentiate a company in the marketplace.

Rising candidate expectations, along with regulatory changes, and technological advancements, are calling on leaders to leverage innovations within an ever-changing industry and setting the stage for five key trends we're seeing in group insurance.

Trend #1: Leveraging New Products and Services

With the understanding that consumers are viewing insurance with a big-picture perspective of their wealth, health, and career, several providers are now delivering a wide range of additional products and services to complement their core insurance offerings. These extra benefits are typically provided through strategic partnerships.

For example, [John Hancock recently partnered with Vitality Group](#), a wellness solution that helps consumers make healthier choices. Vitality offers a digital platform that integrates with wearable health and fitness devices and delivers customized behavioral-based action plans, tools, and resources.

"For centuries, the insurance model has primarily provided financial protection for families after death, without enhancing the very quality it hinges on: life. We fundamentally believe life insurers should care about how long and well their customers live."

-Marianne Harrison, John Hancock president and CEO.

Group insurers are also partnering with other simple but effective products and services, offering customized health and wellness packages that include perks like reduced-cost gym memberships or grocery discounts.



While traditional insurance product development executives understand how to drive the development

processes, often times they lack the experience necessary to identify new opportunities outside of traditional product offerings, such as the wellness benefits above. Building a relevant and market-ready ecosystem of these “flex” benefits will require the right kind of visionary leaders at the helm.

Trend #2: Broadening Market Focus

Traditionally, group insurance providers have chosen specific market segments as their core focus. Some target employers with over 3000 employees, while others concentrate on much smaller accounts. The offerings have looked different depending on the size of the account.

Today, group insurers are recognizing the need to service a broader range of accounts. However, the needs of smaller business versus enterprise organizations differ vastly, and the ability to service both simultaneously will require big changes to carriers’ business models, as well as their core capabilities, in order to make their solutions accessible and relevant to everyone.

In many cases, mergers and acquisitions are the answer to this challenge. Recently, [Lincoln Financial Group acquired Liberty Life Assurance Company](#), a significant acquisition that enables Lincoln Financial to serve more consumers with a wider range of offerings.

“Today, with our acquisition complete, we go to the market with bigger, better and broader capabilities to offer our customers. By combining the outstanding talent and knowledge of both organizations, we will deliver to all size employers an outstanding customer experience, a broad and competitive product suite, and a market leading disability and absence management competency.”

- Dick Mucci, president of Lincoln Financial's group benefits business

Once again, making this move to a broader customer base requires competent vision from a company's leaders. A comprehensive understanding of every market segment is key, and leaders must understand that a one-size-fits-all approach will fall flat. For example, distribution leadership in the small-group market will struggle if they are targeting complex national account clients. Moving into new market segments requires different skill sets and experiences. If companies want to come out on top, they'll need to have skilled leadership that understands how to seamlessly move into larger or smaller market segments.

Trend #3: Recognizing the Need for Absence Management

Chicago recently started enforcing its new [Paid Sick Leave Ordinance](#), providing employees with a minimum of five sick days per year. Many other cities and counties have also enacted significant paid family or parental leave programs, such as [San Francisco](#) and [New York](#).

These types of leave programs put significant burden on employers to manage eligible employees and their benefits in relation to each region's specific laws during their time of leave. As a result, many group insurance carriers are stepping



While traditional disability insurers are familiar with this concept, as other carriers broaden their scope of offerings, absence management will be a key value-add. Leaders in the space must be 100% competent and have the capacity to act according to the big picture.

Trend #4: Shaping the Future with M&A Activity and Insurtech Investment

Meeting employer and employee demands will not be possible without significant change in the group insurance sector. That change will be fueled by mergers and acquisitions as well as continued investment in Insurtech.

As illustrated in the examples above with John Hancock and Lincoln Financial, acquisitions are boosting carriers' capabilities, expanding their offerings to meet the changing expectations and demands of today's consumer base. This will be a continued trend and will allow insurers to stay relevant and agile as they seek to capture a broader market share.

The backbone of this evolution will be technology. As insurance products converge, insurers must meet the needs of their members by investing in robust technology solutions that are configurable to each unique offering, market segment, and region. Technology solutions that streamline underwriting, billing, marketing, and other back office needs are critical. Furthermore, consumers and employers alike demand user-friendly portals to manage enrollment, administration, claims, and more. Though many carriers have often tried to build these solutions in-house, the Insurtech sector is rapidly growing, likely making investments and acquisitions a more attractive option going forward.

Leaders in this space must be savvy and open to all options. Experience with mergers and acquisitions is a must, as is the capability to align technology solutions with business objectives.

Trend #5: Building Digital, Data, and Analytic Capabilities

The group insurance sector naturally has millions of points of data that, until recently, have remained largely raw and unstructured. Today's advances in big data and analytics change that. When carriers can use this data to gain greater insight into their customers and the way that they use and experience insurance products, there are countless opportunities to evolve and improve their solutions and internal workflows.

Furthermore, developments in artificial intelligence, machine learning, robotic process automation, and more open the door to serving customers with an innovative approach, predicting their needs and exceeding their expectations in ways that were never before possible. Automating processes will also allow carriers to cut costs where necessary and refocus efforts on more complex, data-driven initiatives.

Ensuring you have highly technical leaders on your team is essential for success in this area. The group insurance field has been one of the slowest to adapt to digital change, and leaders must be willing to pioneer their way forward. At Slayton, we are witnessing how direct-to-consumer trends are calling on our group insurance clients to look outside of the insurance industry for the digital, data, and marketing talent needed to propel their business.

Bottom Line

Group insurance is rapidly becoming more customer-centric, and carriers who fail to recognize this will quickly fall behind. A dynamic approach is necessary to navigate the evolving insurance industry, and organizations need leaders with broad expertise that often resides outside of the group, voluntary, and worksite insurance space. Working with

seasoned executive recruiters, like our teams here at Slayton, is a surefire way to ensure you have the highly competent C-suite and board you need come out on top.