



# Broker Services 2021 Survey

ZYWAVE

<https://www.zywave.com/>

INSURING GROWTH

# Introduction & Overview

The 2021 Broker Services Survey provides valuable insight into the constantly evolving broker-client relationship, as well as the challenges that employers are currently facing. Zywave has been producing the Broker Services Survey for over 10 years, and the most general trend that has emerged is the incremental increase in employer expectation for their insurance broker(s).

This survey is broken down by line of business (employee benefits and property & casualty). Each line of business will include an at-a-glance representation of the survey results and general highlights. A combined analysis regarding the C-suite will conclude the substantive portion of the survey. Demographics can be found on the final page, but it is important to note upfront that, while the survey yielded responses from all organizational sizes, the predominant respondent (employer) was under 100 employees.

Exhibit (A) represents how often employers are seeking information on certain insurance topics. While approximately 50% selected the catchall of monthly (which essentially means infrequently), the other 50% selected weekly (36%) or daily (14%). These results should receive extra attention given the results of the question represented in Exhibit (B). When selecting a broker, employers identified “provides prompt and effective service/answers questions in a timely manner” as the No. 1 selection criteria. This is certainly positive news for brokers who offer self-service tools like a client portal or HR hotlines. This also underscores the importance of active engagement on trending developments. Exhibit (B) affirms what most already know: Employers are looking for a holistic partner when it comes to insurance. Relationship, value adds, negotiation skills and brand all play a significant role in broker selection.

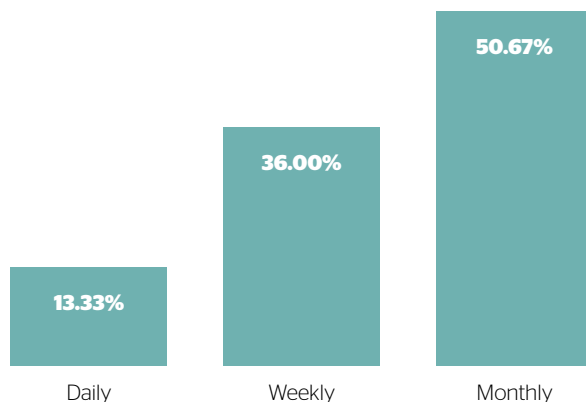
Ninety percent of respondents indicated they are either satisfied or very satisfied with their insurance broker’s service. While these numbers are positive, brokers should continue to evolve to match employer’s needs. Over 50% of organizations indicated 2021 performance will be the same or worse as 2020’s performance.

## What criteria do you use when selecting a broker?

Provides prompt and effective service/answers questions in a timely manner	<b>1</b>
Has a good overall relationship with you or your organization	<b>2</b>
Is a trusted advisor rather than an insurance salesperson	<b>3</b>
Has the ability to compare plans/coverages to benchmark data	<b>4</b>
Has the ability to challenge/negotiate your renewal	<b>5</b>
Offers competitive pricing	<b>6</b>
Regularly communicates with your organization	<b>7</b>
Offers resources to help keep you in compliance with laws and regulations	<b>8</b>
Offers products and services that are tailored to meet your organization’s needs	<b>9</b>
Has a good reputation and brand	<b>10</b>
Has expertise in servicing your organization’s industry/business	<b>11</b>
Offers a wide range of services to meet your HR, employee benefits, and employee health and wellness needs	<b>12</b>
Offers a wide range of services to meet your organization’s risk management needs	<b>13</b>

(Exhibit B)

## How often are you seeking information related to any or all of these topics: HR, Compliance, Risk Management, Commercial Insurance, Employee Benefits, Wellness or Safety?



(Exhibit A)



# At-a-Glance - Employee Benefits

## Please rank your organization's top challenges as they relate to employee benefits and HR

Mitigating health care costs	<b>1</b>
Staying informed and up to date on compliance (e.g., FFCRA, CARES, ACA, COBRA, FMLA, and wage and hour)	<b>2</b>
Attracting and retaining employees	<b>3</b>
Employee communications (e.g., decision support, Benefits 101, consumerism, COVID-19 protocols)	<b>4</b>
Benefits administration	<b>5</b>
Employee well-being (e.g., mental health, physical health and social health)	<b>6</b>
Company culture	<b>7</b>
Employee PTO and leave issues	<b>8</b>
Helping employees prepare for retirement	<b>9</b>
Remote work and its impact on all challenges	<b>10</b>

## Please rank your organization's challenges as they relate to mitigating health care costs

Unsure whether current plan design is providing the best value	<b>2.56</b>	
Proper utilization of primary care	<b>2.71</b>	
Costs related to pharmaceuticals	<b>2.94</b>	
Options related to group size	<b>3.27</b>	
Getting employees to be better consumers of health care (e.g., telehealth, choosing ER versus urgent care, and shop procedures)	<b>3.52</b>	



# At-a-Glance - Employee Benefits

**Please rank your organization's challenges as they relate to remote work**



- Loss of collaboration and communication: **3.46**
- Remaining compliant (e.g., wage and hour, leave and privacy laws): **2.46**
- Employee well-being (e.g., burnout, loneliness and stress): **2.91**
- Technology: **2.84**
- Employee productivity: **3.34**

**Please rank your organization's challenges as they relate to well-being**



- Employee mental health: **3.49**
- Employee physical health: **3.22**
- Ergonomics: **2.08**
- Positive employee engagement with each other and the company mission: **3.63**
- Employee economic hardship: **2.59**

## What COVID-19 issue concerns you most in 2021?

Employee health and safety	<b>1</b>
The effects of COVID-19 on the economy	<b>2</b>
Continued and future lost revenues due to COVID-19	<b>3</b>
The impact of COVID-19-related rules and regulations	<b>4</b>
Employee productivity and engagement	<b>5</b>
Increased costs related to insurance (Benefits and/or Commercial)	<b>6</b>
Unsure	<b>7</b>

### C-suite Insights

The C-suite views attraction/retention and employee communication as greater issues than they do compliance—unlike the rest of respondents, who cited compliance as a greater issue.

### C-suite Insights

Forty-three percent of C-suite respondents identified “getting employees to be better consumers of health care” as their No. 1 health care cost mitigation challenge.

# Highlights and Analysis

## Employee Benefits

### **Health Care Cost Mitigation**

Keeping with the trend of recent years, mitigating health care costs remains the No. 1 employee benefits challenge that employers are struggling with. This should not surprise anyone, as costs continue to outpace the consumer price index, population health has not seen drastic improvement and regulatory relief has lagged. Exploration of different funding mechanisms, adoption of technology and transparency represent the greatest opportunities for this trend to shift in future years.

### **Compliance and Attraction/Retention**

In recent years, compliance and attraction/retention have been in competition for the second-most-pressing employer challenge. For 2021, compliance falls into slot No. 2 by a slim margin. This is likely due to the pressures COVID-19 brought to employers in the form of the FFCRA, CARES Act, CAA and more. It is highly likely that compliance remains a top challenge, especially with the expectation that the Biden administration will have a stronger regulatory footprint than the Trump administration.

Attracting and retaining employees has been an emerging challenge in recent years, actually becoming the No. 2 employer challenge the last time this survey was conducted (mid-2019). In 2021, this challenge falls just behind compliance at No. 3. The ascent of the challenge makes sense given the growing strength of the U.S. economy coming out of the 2008 recession. Before COVID-19, many localities were experiencing record-low unemployment numbers. What is surprising is the fact that the challenge remains even after COVID-19 disrupted the tight labor market. These survey results are likely reflective of the average employer/respondent size and how COVID-19 affected industries unevenly. Salary analysis is a critical HR function moving forward, and organizations of all sizes can benefit when it comes to attraction and retention.

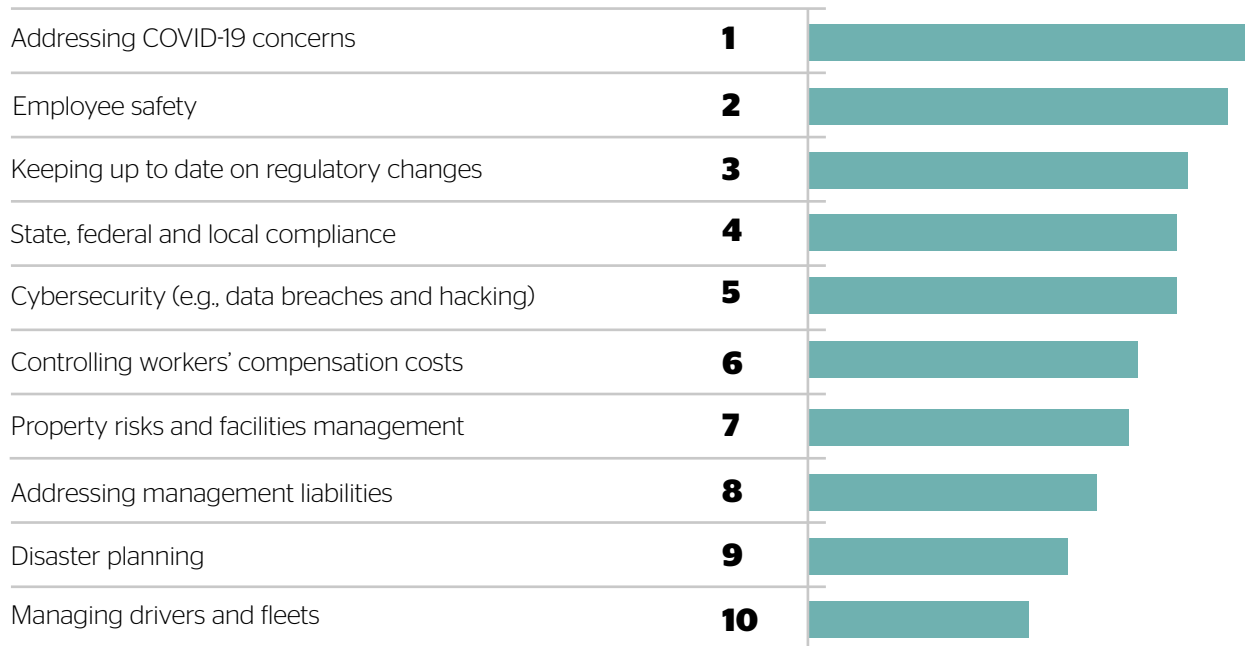
### **Other Challenges**

These survey results seem to indicate that COVID-19 may not have created its own unique benefits and HR challenges—rather, it worsened challenges employers have been facing for years. In other words, given employers' 2021 outlook, COVID-19 may have instead affected the magnitude of top historical challenges. The newly introduced challenge of remote work came in last place for surveyed organizations. When further segmenting remote work, productivity and loss of collaboration/communication were the top challenges. This is striking when compared to the No. 1 well-being challenge, which was “positive employee engagement with the company and the company mission.” Respondents seem to be very concerned as to what is lost by interfacing in a virtual manner. However, employee health and safety is the No. 1 COVID-19 concern. Like many organizations in 2021 and beyond, respondents of the 2021 Broker Services Survey will likely benefit from properly articulated hybrid work models.



# At-a-Glance - Property and Casualty

**Please rank your organization's risk management challenges**



# At-a-Glance - Property and Casualty

## Please rank your organization's biggest commercial insurance challenge



- Increasing insurance costs: **5.55**
- Availability of coverage: **3.28**
- Understanding insurance terminology: **3.19**
- Understanding what is and is not covered by our policies: **4.58**
- Understanding the level of coverage that our organization needs: **4.33**
- Implementing loss control strategies, policies and procedures: **3.97**
- Receiving the level of customer support and guidance our organization needs: **3.3**

## What COVID-19 issue concerns you most in 2021?

Employee health and safety	<b>1</b>
The effects of COVID-19 on the economy	<b>2</b>
Continued and future lost revenues due to COVID-19	<b>3</b>
The impact of COVID-19-related rules and regulations	<b>4</b>
Employee productivity and engagement	<b>5</b>
Increased costs related to insurance (Benefits and/or Commercial)	<b>6</b>
Unsure	<b>7</b>

### C-suite Insights

The C-suite views cybersecurity as a greater issue than they do compliance—unlike the rest of respondents, who cited compliance as a greater issue.

### C-suite Insights

Similar to other respondents, C-suite members are concerned about the rising cost of commercial insurance. Nearly half of C-suite members indicated that rising insurance costs are their No. 1 insurance challenge.

### C-suite Insights

Relative to other survey respondents, C-suite members are concerned with identifying the appropriate limits for their insurance policies. In fact, nearly 1 in 4 C-suite members indicated that understanding the level of insurance coverage their organization needs was their greatest insurance-related challenge.

# Highlights and Analysis

## Property and Casualty

### **Risk Management Challenges**

More than a year after COVID-19 was first discovered in the United States, the ongoing pandemic remains employers' most pressing risk management challenge. This is hardly surprising as COVID-19 has profoundly impacted businesses across all industries. Whether it is protecting employees from the virus itself, shoring up cybersecurity measures to account for remote employees or accounting for supply chain disruptions, there are thousands of variables businesses must consider when it comes to the COVID-19 pandemic from a risk management perspective. While the availability of COVID-19 vaccines is a welcome sign and an indicator that the economy may reopen to a greater extent in the second half of 2021, it is clear to employers that the pandemic will need to be accounted for moving forward.

Extreme weather events—like hurricanes, tornadoes, hailstorms and wildfires—continue to make headlines as they become increasingly devastating and costly. Making matters worse, these events aren't limited to one geographic area or weather event, impacting businesses and residents across the United States.

In 2020, wildfires once again plagued the West Coast, recording a year-end total of more than 58,000 wildfires. Widespread drought and several heat waves in the western and central United States contributed to approximately \$4.5 billion in damages. Hundreds of tornadoes wreaked havoc across over 15 southeastern and northeastern states, while hailstorms, strong winds and heavy snow totaled over \$5 billion in damages throughout the Midwest. On the East Coast, the 2020 hurricane season resulted in a record-breaking number of storms, causing over \$40 billion in damages and affecting multiple states along the Atlantic Ocean.

With this backdrop in mind, it is easy to understand why employers included both property risks/facilities management (#7) and disaster planning (#9) in their top 10 risk management challenges for 2021.

### **Insurance Challenges**

The commercial insurance space is in the midst of the most challenging market conditions since the turn of the century. The year 2020 brought an acceleration of a hardening insurance marketplace—one that is less friendly to insurance buyers—which is now nearly two years old. Capacity has left the market, reinsurance has become more expensive, underwriting has gotten stricter and, most importantly, premiums are on the rise for nearly every line of insurance. These market conditions are top of mind for insureds—a fact that was reflected in the survey results. A majority of respondents indicated that their No. 1 insurance challenge was rising insurance costs.

Beyond pricing, insurance literacy remains a challenge for many businesses. At a fundamental level, a high percentage of businesses indicated that, at times, they struggle to understand what events and losses are covered by their commercial insurance policies. This speaks to ongoing challenges in the insurance space and the opportunity for insurance professionals to provide detailed policy guidance to their clients and prospects. By having basic conversations with clients around the terms and conditions of their commercial insurance and potential claims scenarios, brokers can develop a deeper connection to their book of business.



# Highlights and Analysis

## Property and Casualty

Businesses also face challenges when it comes to policy design, selecting appropriate limits, and navigating umbrella and excess layers of coverage. In fact, understanding appropriate levels of coverage was the third-most-common insurance challenge among respondents. This challenge was brought into greater focus as capacity leaves certain primary and umbrella/excess markets. Insurance professionals need to be prepared to guide their clients toward the correct limits of liability based on industry benchmarks and risk profiles. Having a solid understanding of pricing trends in the primary and excess markets is always essential for insurance professionals, but is especially important in the current hard market.



# C-suite Insights

The C-suite has more in common with the overall population when it comes to perceived challenges. That said, they do have a unique perspective, and that perspective should be accounted for when working with that population.

The C-suite is actually seeking out information more often (6%) than the general population. This should be of concern, as previous iterations of this survey (that focused more on services provided by brokers) indicated the C-suite is less likely to have an awareness of what services brokers provide. This makes a strong case for proper stewardship meetings and reports, and a robust online presence (e.g., email, social media, website and webinars).

C-suite satisfaction with their brokers was about the same as the overall response rate. However, if they do decide to select a new broker, they do differ slightly from the other respondents. They are first looking for a trusted advisor. Next, they are looking for someone who has a good relationship with the organization. This differs from the overall respondent group, which values prompt and effective service the most. This makes sense, as the average member of the C-suite is less likely to be triaging issues related to employee leave, COBRA or enrollment issues, for example. This is also a likely reason why compliance (employee benefits responses) is less top of mind for the C-suite, as mentioned earlier in the At-a-Glance section.

When it comes to their views on risk management and the exposures impacting their businesses, cyber risks are top of mind for members of the C-suite. In fact, cybersecurity ranked as the No. 3 risk management concern for C-suite members, behind only COVID-19 and employee safety. These responses reflect growing concern amongst business leaders regarding their ability to respond to a cyber incident. While cyber threats are ever-present across the country, cybersecurity conversations are now the norm in the boardroom.

Finally, when thinking about the 2021 outlook, the C-suite is more pessimistic, with 60% indicating the year will be the same as or worse than 2020.

# C-suite Insights

## Please rank your organization's top challenges as they relate to employee benefits and HR+

Mitigating health care costs	<b>1</b>
Attracting and retaining employees	<b>2</b>
Employee communications (e.g., decision support, Benefits 101, consumerism and COVID-19 protocols)	<b>3</b>
Staying informed and up to date on compliance (e.g., FFCRA, CARES, ACA, COBRA, FMLA, and wage and hour)	<b>4</b>
Employee well-being (e.g., mental health, physical health and social health)	<b>5</b>
Benefits administration	<b>6</b>
Company culture	<b>7</b>
Employee PTO and leave issues	<b>8</b>
Remote work and its impact on all challenges	<b>9</b>
Helping employees prepare for retirement	<b>10</b>

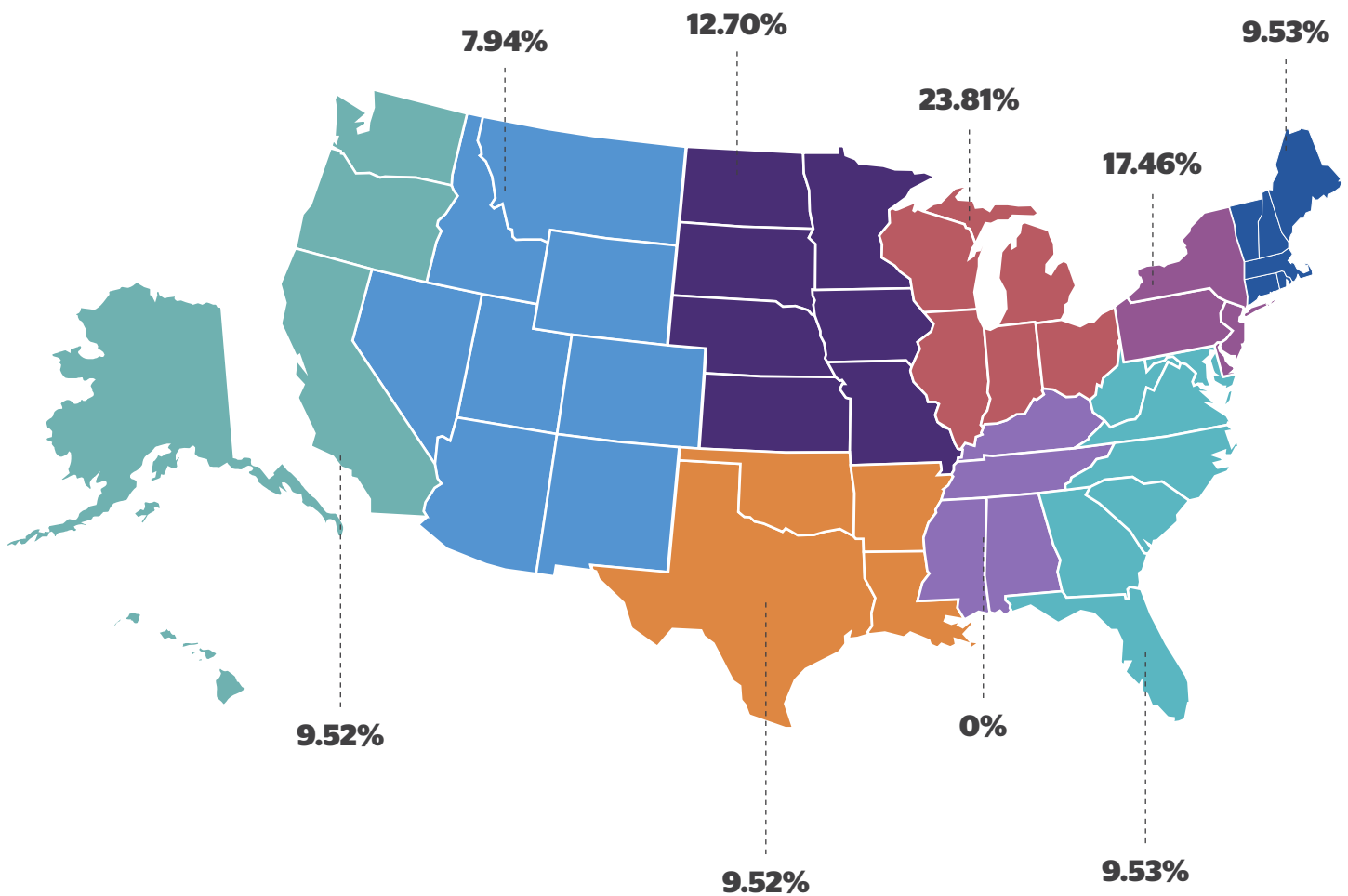
## Please rank your organization's risk management challenges

Addressing COVID-19 concerns	<b>1</b>
Employee safety	<b>2</b>
Cybersecurity (e.g., data breaches and hacking)	<b>3</b>
Keeping up to date on regulatory changes	<b>4</b>
State, federal and local compliance	<b>5</b>
Controlling workers' compensation costs	<b>6</b>
Property risks and facilities management	<b>7</b>
Addressing management liabilities	<b>8</b>
Disaster planning	<b>9</b>
Managing drivers and fleets	<b>10</b>



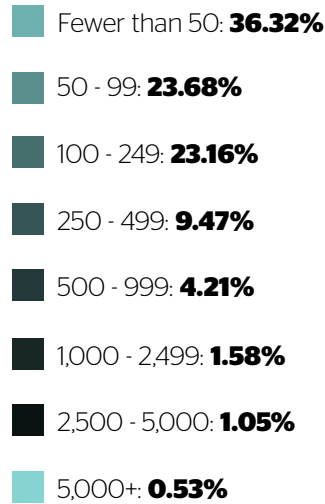
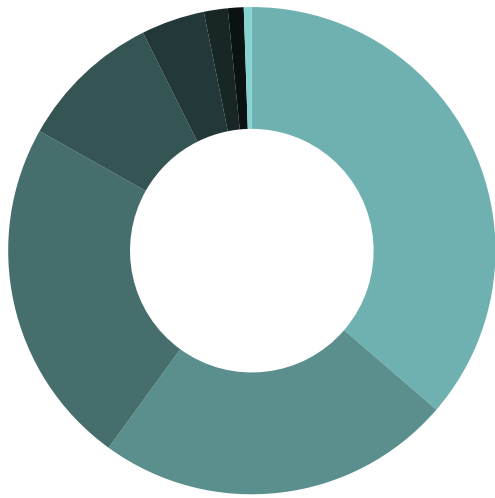
# Demographics

The 2021 Broker Services survey consisted of 300 respondents with a known relationship to an insurance broker. The survey was conducted from Feb. 1-10, 2021. Previous iterations of the survey that are cited can be located in Zywave's Broker Briefcase and Content Cloud Products.



# Demographics

## How many employees does your organization employ?



## In which industry sector does your organization operate?

Other (please specify)	<b>23.16%</b>
Manufacturing	<b>21.05%</b>
Construction	<b>10.00%</b>
Finance, Insurance and Real Estate	<b>9.47%</b>
Health Care	<b>7.37%</b>
Retail & Wholesale Trade	<b>6.84%</b>
Nonprofit	<b>6.84%</b>
Education	<b>3.16%</b>
Legal	<b>3.16%</b>
Transportation, Communications, Electric, Gas and Sanitary Services	<b>2.63%</b>
Public Administration	<b>2.11%</b>
Agriculture, Forestry, and Fishing	<b>1.58%</b>
Hotels/Hospitality	<b>1.58%</b>
Social Services	<b>1.05%</b>





Rankings are generated through weighted averages (one to five scale). The first-place selection gets more points, then second and so forth. Sometimes we show the weighted value (with decimals), and other times we use a placed rank. Nevertheless, how questions are scored is all the same for ranking questions.

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

For more information about the Broker Services Survey, please reach out to Zywave Partner Support, who will be able to connect you to the authors in Content Development.