



THE ROI OF CUSTOMER-CENTRICITY

Demonstrating Business Value Beyond Premiums and Claims

As employers look to 2024, they're expecting the cost of doing business to rise. While inflation isn't expected to increase at the rate seen in 2022 and 2023, according to a report by Forbes, the Federal Open Market Committee's long term economic projections anticipate core PCE inflation of 2.4% in 2024.

The cost of employee benefits is no exception, especially when it comes to health insurance. Reports indicate that most employers are expecting a rise in health care costs as high as 6% to 8.5% this year, the largest increase in more than a decade. That increase in cost is going to necessitate many employers rethinking their benefits strategy, which could include choosing to find less expensive providers or alternative plan options to maximize the value.

For employee benefits insurers, proving value is going to be more important than ever. But value goes well beyond just the coverage an insurer provides. A positive customer experience can be just as essential to employers as bottom-line cost. But often, insurers push customer overall experience aside to focus on claims and premium rates.

It's time for employee benefits insurers to rethink the customer experience. And not just the experience that is offered to the individual insureds, but the experience of employers and their management teams who are responsible for overseeing health care programs. There's ROI in a customer-centric operating model - if you're willing to make the right investment.

Health Care Costs in 2024

An increase in the cost of employee benefits coverage every year isn't surprising. Employers have come to expect it. But the expected rise of over 8% in 2024 is more than employers have had to face the past few years, and employer sponsored health care plans could cost as much as \$15,000 per employee putting a strain on already stressed budgets.

Employers are going to investigate several options when it comes to cost mitigation. While often a common approach, shifting additional costs to employees isn't ideal. Due to the tight labor market, keeping benefits packages competitive is key to employee retention and attraction. The same goes for plan design. Less comprehensive coverage may be a more cost-effective alternative but decreases the overall benefits value to employees.

What's leading to the cost of increased healthcare?

A variety of factors are leading to higher medical costs. A few of the leading factors:

Mental Health

Employee's mental health needs rose during the pandemic and continue to linger.



Pharmaceutical Costs

Specialty and expensive prescription drugs, especially for diabetes, obesity and cell and gene therapies (CGTs), are leading to a rise in the median price of pharmaceuticals.

Cancer Treatment

Preventative screenings were disrupted during the pandemic, and as a result employers are expecting more late-stage cancers to be diagnosed among workers, thus resulting in an increase in the cost of care.

So why does this matter to insurers?

If pushing costs to employees or switching to more cost-effective plan designs aren't viable options for employers, the next option is switching to a more cost-effective insurance provider. If an employer sees their insurance provider as nothing more than a single-solution provider, they won't hesitate to find a more cost-effective alternative.

But, if an insurer is seen as an indispensable and value-added business partner, employers are going to be less willing to look to other providers.

Moving to a Customer-Centric Approach

The premiums insurers charge are essential to maintaining a profitable bottom line, as is effective claims management. That's why insurers often put their focus on those two essential business factors. But premiums and claims management don't matter if you aren't able to maintain a positive retention rate.

The age-old Pareto Rule, also known as the 80/20 rule, suggests that 80% of outcomes come from 20% of causes. For insurers, that means that top, low-risk employee groups are driving the most revenue towards the bottom line and providing profitable premium.

Conversely, it also means that significant resources are being allocated to address the needs of low-profit, high-claim employers. This disproportionate allocation of resources leads to inadvertently neglecting the most profitable employers who have healthy employee groups and are filing fewer benefits claims.

If the 80/20 rule holds true, are insurers spending enough time and resources on their more profitable employee customers? Probably not. And that's a claims-centric approach.

But switching to a customer-centric approach means focusing on the customer holistically. Not just on their premium and their claims, but their overall needs when it comes to their benefits coverage.

Investing in Engagement

Building a customer-centric organization starts with investing in engagement. Employers are used to hearing from their insurer partners when a policy is issued, responding to a claim, or when it's time to renew. Employers may reach out when they need to update employee information for new hires or life events. But the rest of the year – silence.

But what if instead of silence, insurers put in place a proactive engagement program that continually helps employers invest in their own success? Instead of leaving employers out in the cold, the right engagement program can help promote employee health and wellness, employer education, all of which directly contribute to an employer bottom line. After all, if employers are more engaged and consider their insurers to be business partners who provide essential business services and provable ROI, the more difficult it will be to look to alternative providers, even when faced with rising premiums and tightening budgets.



You're Ready. Now what?

You get the value of engagement – but how do you build an engagement program that will meet the needs of your employer customers? **Start by asking yourself a few questions:**

- What feedback have we gotten from our customers recently?
- What are our customers' expectations of us? Are we meeting those expectations on a regular basis?
- What differentiators do we offer? Are our clients aware of those benefits?
- Are there customer support services that our competition is offering that we aren't?
- Where are our clients' biggest financial struggles when it comes to the coverage we offer? Are we doing anything to help mitigate those struggles?
- Is there insurance-adjacent support that our customers need?
- Are we responding to our clients in a timely manner, even outside of questions related to claims?

These questions should help you think about your strengths and weaknesses. Where are you already meeting the needs of your customers - and where can you improve? The next step is thinking about the technology that will help you fill the gaps in your engagement efforts.

The Zywave Difference

Building an effective employer engagement program isn't easy – that's why Zywave has done the legwork for you. The Client Engagement Suite was designed to help insurers quickly and effectively stand up a new employer engagement program with tools designed specifically for the insurance industry.

What's in the Client Engagement Suite?

Content: Over 10,000 pieces of content, written for your customers and their employees.

Apps: A variety of apps to help with HR, employee wellness, compliance, and more.



Education: More than 150 training courses on topics including human resources, safety and risk management, sexual harassment, and more.

Portal: The easy-to-use employer portal can be customized, branded, and integrated directly into your existing ecosystem.

Deployment Support: Get personalized client outreach from Zywave's relationship managers to ensure a successful launch and long-term utilization.

By leveraging the Client Engagement Suite, insurers are able to build an always-on engagement program that will allow customers to access the tools and information they need to succeed on their own schedule. With customizable options, the suite acts as a brand extension, and can even be augmented with your own education classes and content.

The Client Engagement Suite provides all the tools that employers need to easily engage with their employer groups and better inform and educate key stakeholders. And by the time renewal season comes around, the suite will help you ensure that your organization is a must-have, instead of just a necessary expense.

But don't just take our word for it. Here's what Client Engagement Suite customers and their customers, have had to say:



What Our Customers Say

"With mostly customizable content, broad 50 State and state specific resources where applicable, and resources targeted towards every level of employee from C-Suite through front line employee, there is **something there for almost every situation.**"

- Insurer

"It's a rare occasion when we don't receive **positive feedback** about the information or services provided using our Zywave tools."

- Insurer

"Our customers need **help at a moment's notice.** And that's the difference between an insurer like us and someone who may not have the solutions available."

- Insurer

"We're proud that you have a **strong presence in the industry.** Independent agents know who you are. We let them know that we offer your tools."

- Insurer

"We are based in Florida, but the company that oversees the state laws for us is in Maryland. I really like all the **state laws, recruitment and hiring, and the forms and documents** that are here. This way being we are in Florida, I can keep my eye on what we need to be compliant as well. This is a really neat tool to have."

- Insured

"Wow! This is really included in our policy, and **we don't have to pay extra for it?** I LIKE it! We don't have to pay for the Compliance posters, they are included too? We will definitely be using the **Content Library, LMS and the handbook.** Thank you so much!"

- Insured

CLIENT ENGAGEMENT IS WORTH THE INVESTMENT

70%

Almost 70% of clients said the suite saved them more than 10 hours of time annually

3 in 4

3 in 4 clients said the suite saved them more than \$5k annually.

50%

On average, the Client Engagement Suite provides insurers a 50% boost in client engagement.

65%

Client Engagement Suite customers have an average usage rate of over 65%, compared to 3-5% with standard value-added services and tools.

Ready to Get ROI on Customer-Centricity?

For insurers ready to build a customer-centric organization, Zywave is ready to help. Premiums aren't going to slow down, and in 2024 employers are going to be looking for ways to protect their bottom line. Ensure that your organization doesn't get lost in the shuffle by shifting your focus and investing in your customers with a year-round engagement program. If you're ready, Zywave is ready to help.



To learn more about Client Engagement Suite
and Zywave's solutions for insurers,
visit www.zywave.com/insurer.

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