Technology Credits and Fee Offsets Carrier Practices

Summary Report

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About the Research

In fall 2023, LIMRA surveyed carriers in the United States regarding their practices concerning the use of payouts to both benefits administrators and other technology vendors to help employer groups/policyholders offset technology fees incurred during onboarding and/or ongoing administration.

The survey covered all technology fees carriers cover regardless of who selects and pays for the platform. Topics included examining how fees/credits are paid, eligibility requirements, and payouts.

The results are based on 26 carriers that currently pay technology fees/credits to offset the expense incurred by policyholders.

The full report is available to participants only. For more information about the report, contact LIMRA.

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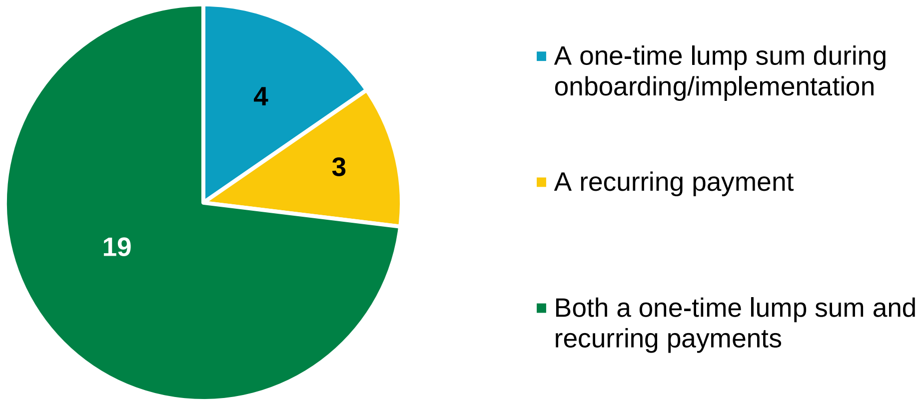
Paying Technology Fee/Credit Offsets

- When paying technology fees/credits to offset expenses incurred by policyholders, the majority of carriers typically use both one-time lump sum and recurring payments.
- Over half of the carriers also pay offsets for platform improvements and system compliance efforts.
- Of the carriers that provide payouts for platform improvements and system compliance efforts, approximately 1 in 3 do not allow payments to certain types of vendors, such as payments for decision support tools, payroll systems, and Human Capital Management (HCM) solutions.

Typical Payments Used to Help Offset Expenses Incurred
(Number of companies)



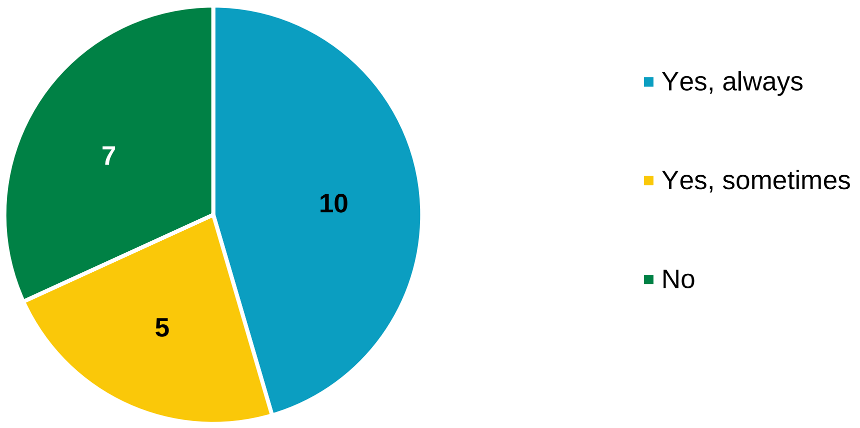
Based on 26 companies.

Paying Recurring/Ongoing Offsets

- The majority of the carriers require a minimum number of eligible lives when making recurring payments.
- The most often cited requirement being 100 – 999 eligible lives.

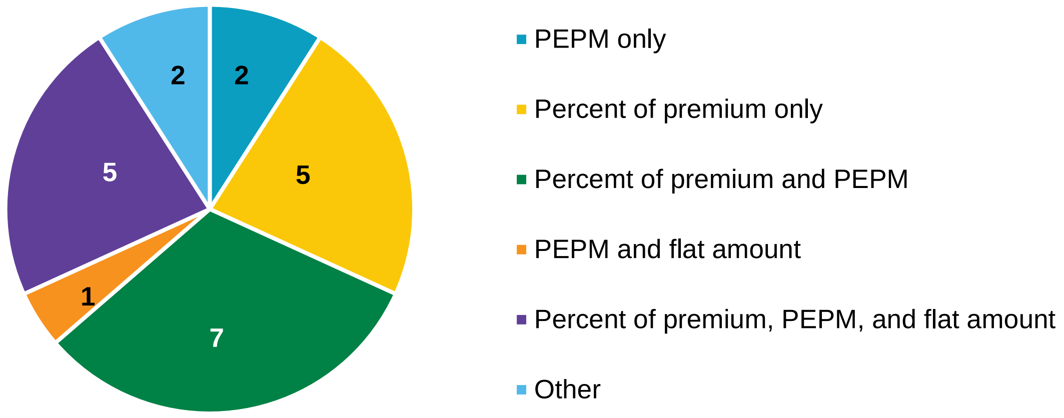
- Recurring payments are most often made to benefits administration/technology vendors and brokers.
- Seventeen of the carriers base recuring payments on percent of premium, followed by payouts based on per employee per month (PEPM), 16 carriers.

Carrier Requires a Minimum Number of Eligible Lives
(Number of companies)



Based on the 22 carriers that typically pay recurring offsets.

What Are Payouts Based On?
(Number of companies)



Based on the 22 carriers that typically pay recurring offsets.
Multiple responses allowed.

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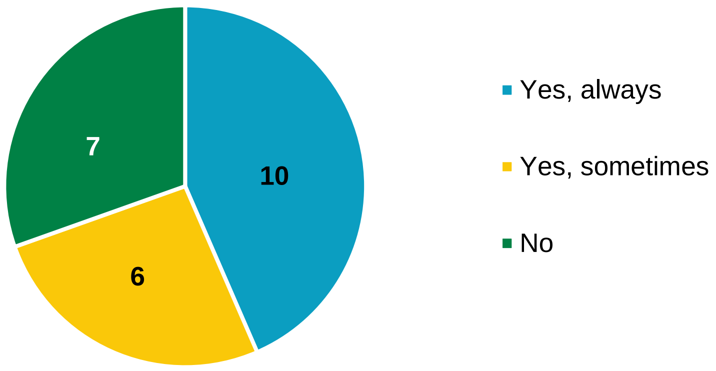
Paying One-Time Lump Sum Offsets

- The majority of the carriers require a minimum number of eligible lives when making one-time lump sum payments.
- The most often cited requirement being 100 – 999 eligible lives.

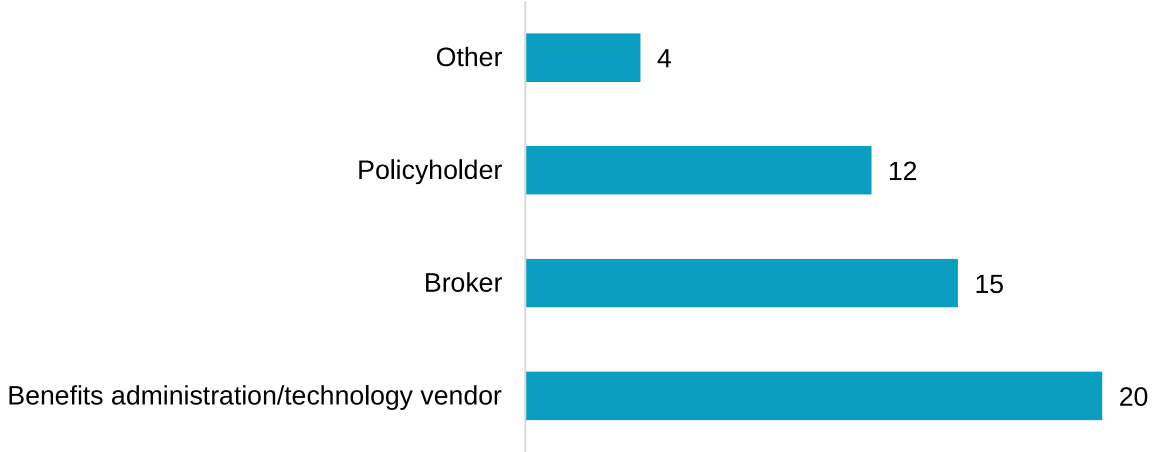
- Few companies remit payments for one-time lump sum offsets to entities other than policyholders, benefits administration/technology vendors, or brokers.

Carrier Requires a Minimum Number of Eligible Lives
(Number of companies)



Based on the 23 carriers that typically pay one-time lump sum offsets.

To Which Parties Do Carriers Remit Payments?
(Number of companies)

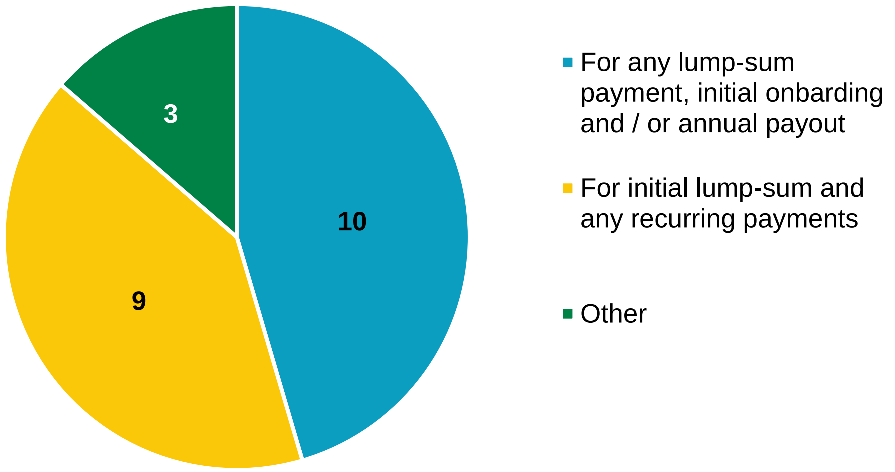


Based on the 23 carriers that typically pay one-time lump sum offsets,
Multiple responses allowed.

Requirements

- The vast majority of carriers require an invoice prior to making payments.
- Of the 14 carriers that always require an invoice, nine require it when making initial lump-sum and recurring payments.

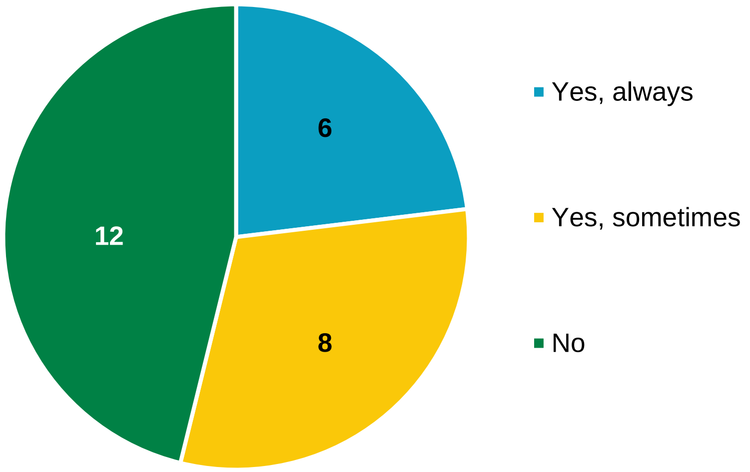
The Types of Technology Payments Carriers Require for Invoices
(Number of companies)



Based on 22 companies that require an invoice sometimes or always.

- Over half of the carriers require a signed agreement with policyholders.
- The frequency with which policyholders review their agreements varies.

Do Carriers Require a Signed Agreement With Policy Holders
(Number of companies)



Based on 26 companies.

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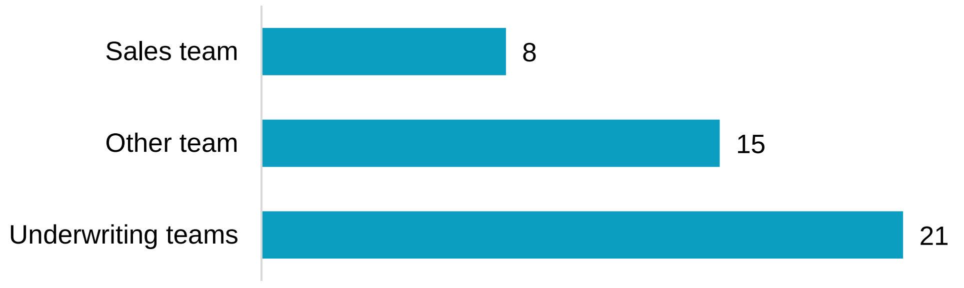
Requirements, continued

- Multiple teams have authorization to approve credits for half of the carriers.
- In addition to Sales and Underwriting, carriers also use other teams or departments for authorization, such as Actuarial, Finance, and Distribution.
- When only one team has approval authorization, it is most likely to be Underwriting.

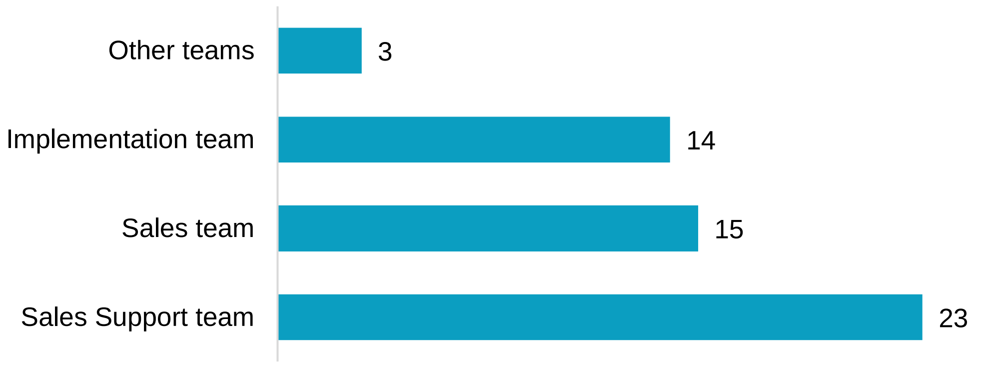
- Similarly, carriers tend to rely on multiple teams when it comes to responsibility for acquiring and submitting needed information for offsets to be set up for processing.
- When multiple teams are used, the two most common are Sales Support and Implementation as well as Sales and Sales Support.

Teams or Departments That Have Authorization to Approve Technology Offsets/Credits
(Number of companies)



Multiple responses allowed.

Staff Positions That Are Responsible for Acquiring and Submitting Needed Information for Offsets to be Set Up for Processing
(Number of companies)



Multiple responses allowed.

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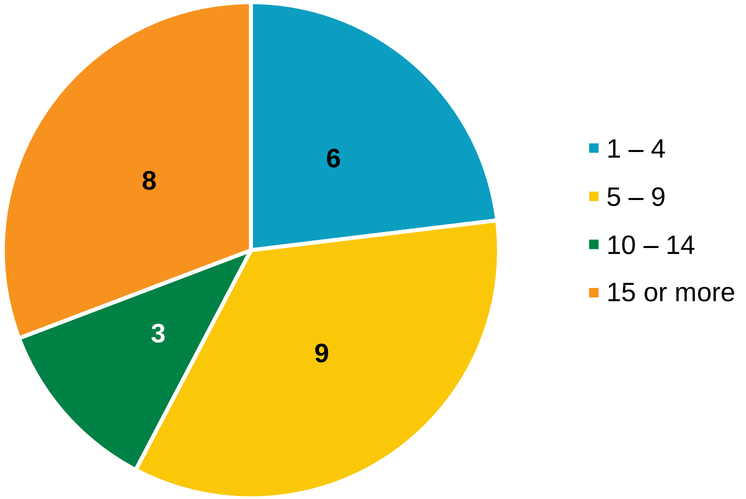
Partnerships

- The number of partnerships carriers have varies.
- Fifteen companies have fewer than 10, while 11 companies have 10 or more.
- The more partnerships carriers have, the more likely they are to pay offsets for platform improvements and system compliance efforts.
- Carriers with fewer partnerships are more likely to indicate they do not require a signed agreement with policyholders.
- The majority of carries indicated that their partnerships influence whether they pay offsets in addition to partnership contracted fees some of the time.

Number of Partnerships Carriers Have With Benefits Administrators/Technology Vendors
(Number of companies)



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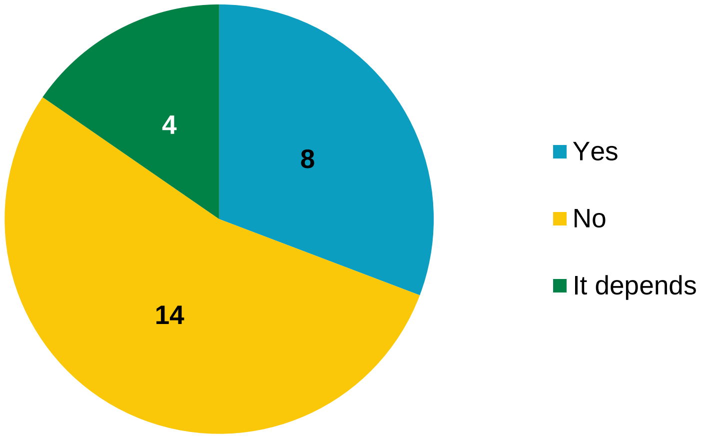
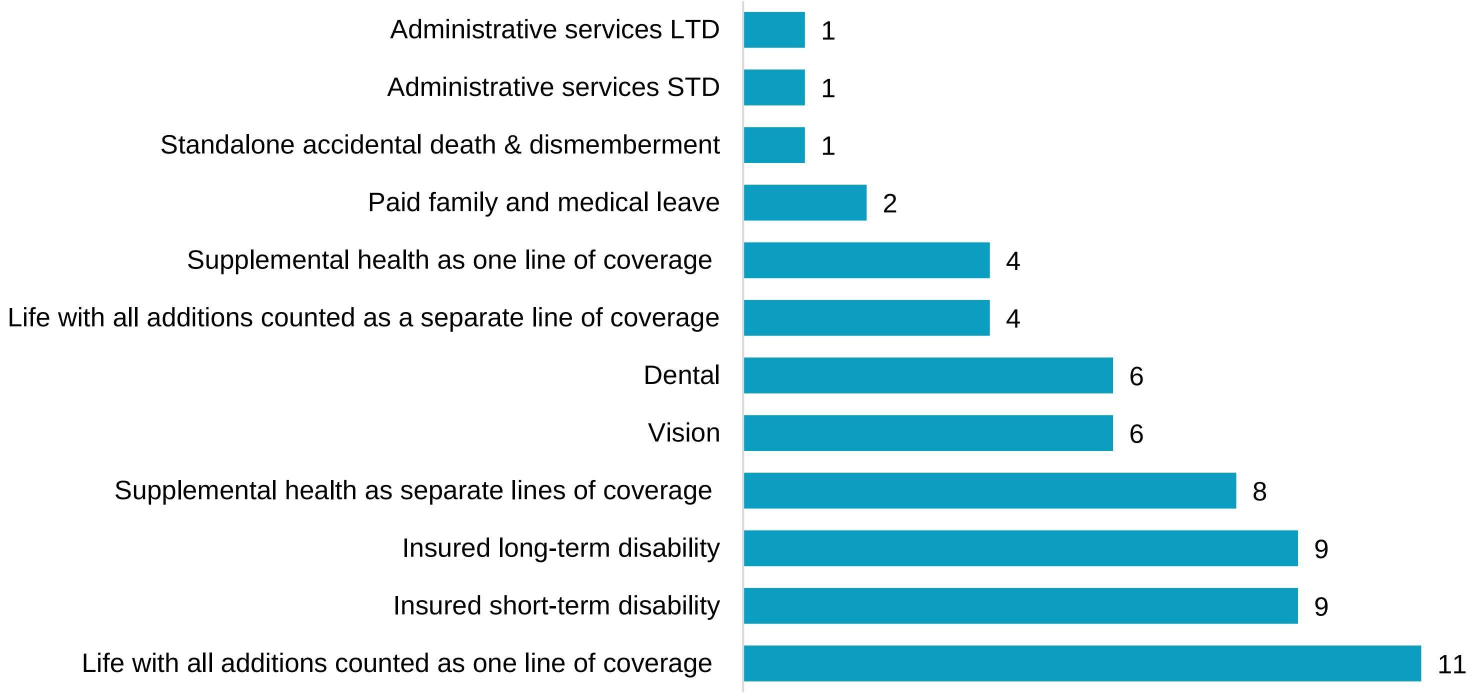
Cost/Payout

- Over half of the carriers do not require more than one line of coverage in order to be eligible for a credit.

Do Carriers Require Two or More Lines of Coverage to Be Eligible for a Credit?
(Number of companies)



What Do Carriers Consider a Line of Coverage?
(Number of companies)



Based on 12 carriers that require two or more lines of coverage to be eligible for a credit.

Participating Companies

Aetna/CVS Health
Aflac
Allstate Benefits
Assurity Life Insurance Company
Chubb/Combined
Cigna Healthcare
Dearborn Group
Guardian Life Insurance Company
Lincoln Financial Group
MassMutual
MetLife
Mutual of Omaha
OneAmerica
Principal Financial Group
Prudential of America
Securian Financial Group
Standard Insurance Company
Sun Life Financial
Transamerica
Trustmark Insurance
UnitedHealthcare
Unum
USAble Life
Voya Financial
Washington National
Wellfleet Insurance

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