



2023

Broker Services Survey

ZYWAVE

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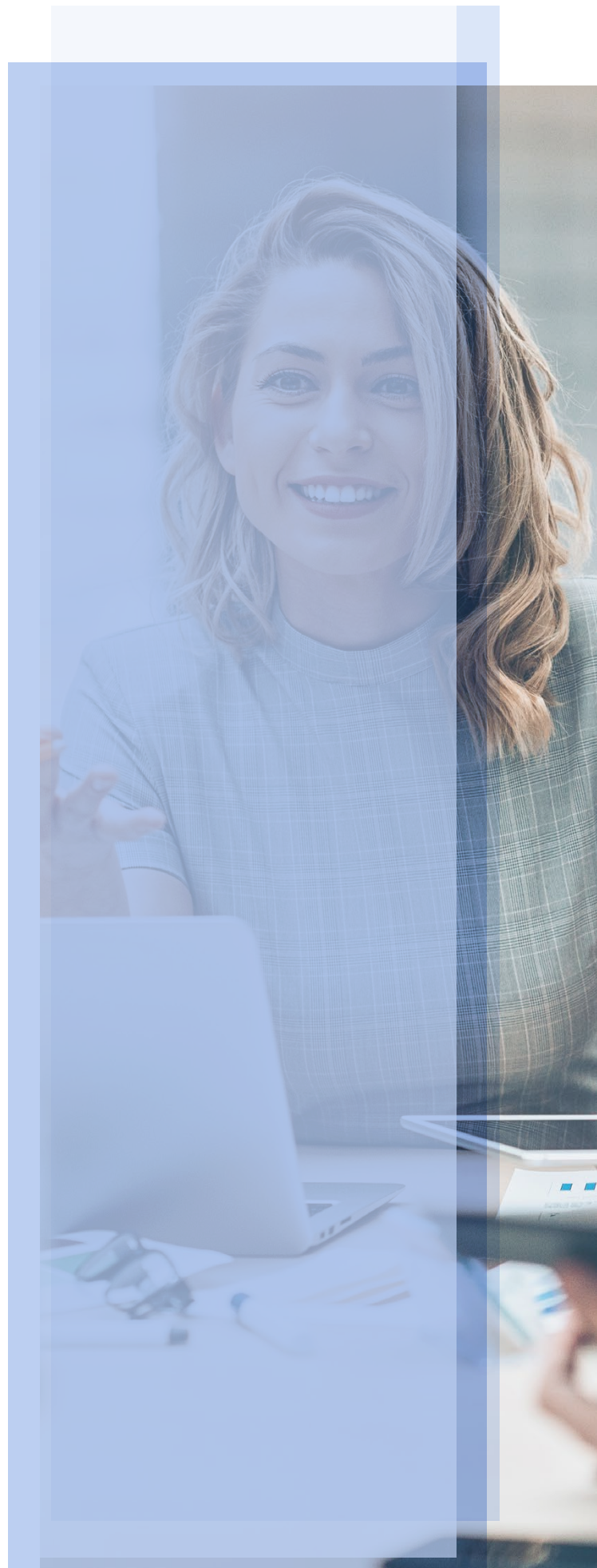
INSURING GROWTH

Introduction

The 2023 Broker Services Survey provides valuable insights into the constantly evolving broker-client relationship and allows brokers to see what employers across the United States are asking and wanting from their brokers as well as the challenges that employers are currently facing. Zywave has been producing the Broker Services Survey for over 10 years.

The key findings from the 2023 survey remain fairly consistent with previous years' results, with employee attraction and retention, compliance and technology playing important roles in the industry. One of the most noteworthy trends that have emerged from this year's survey results is the increase in employer expectations for their insurance broker.

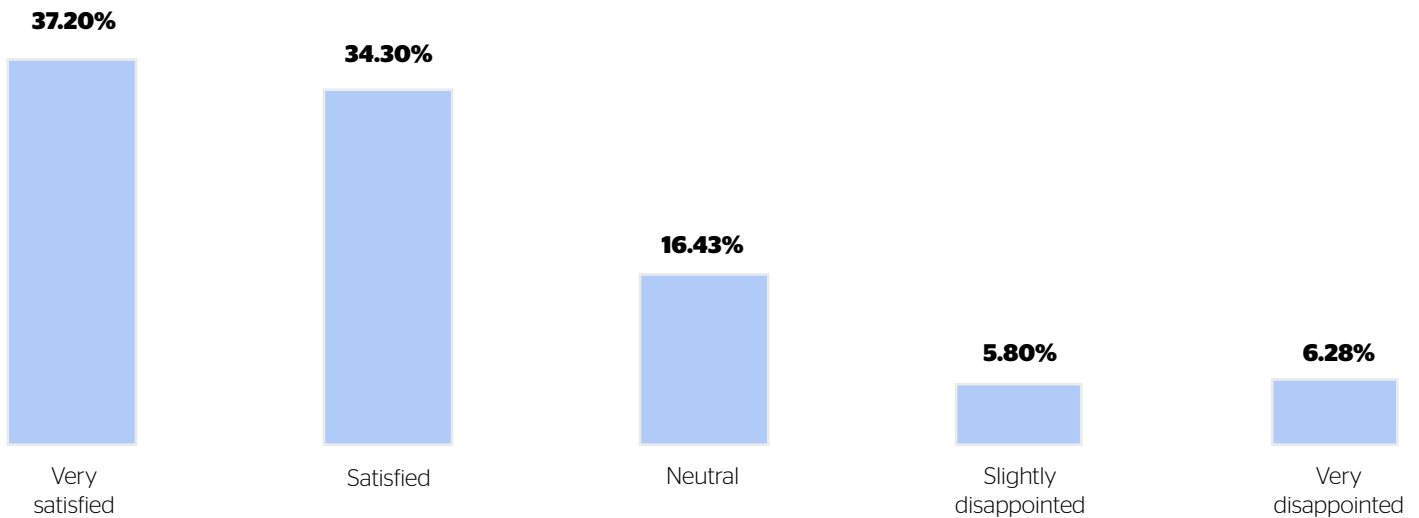
The 2023 Broker Services Survey was completed by over 225 respondents across both employee benefits and property and casualty lines of business from organizations of all sizes across the United States. In this report, the survey results are broken down by the broker-client relationship, line of business (employee benefits and property and casualty), each of which includes an at-a-glance summary of the survey results, highlights and an analysis, and remote work challenges. The results also include a combined analysis regarding the C-suite. Demographic information can be found at the end of the document detailing respondents' organizational size, location and industry.



The Broker-client Relationship

Nearly **72%** of respondents indicated they are either satisfied or very satisfied with their insurance broker's services.

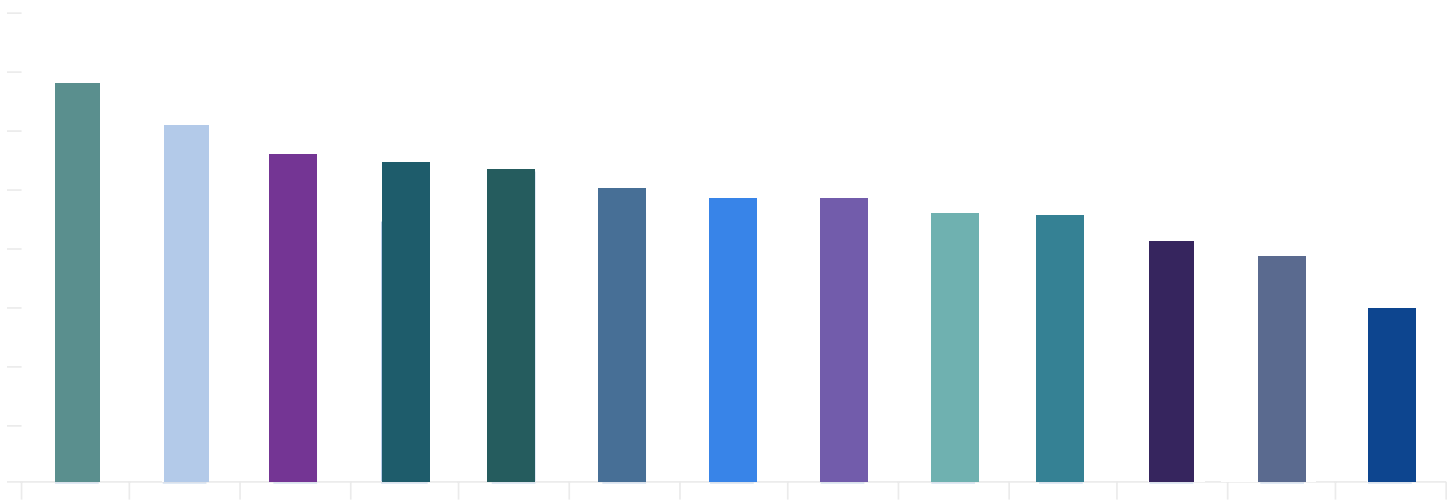
How satisfied are you with the services your insurance broker provides?



While these numbers are encouraging, it's crucial that brokers continue to grow and adapt to meet employers' evolving needs and desires. Brokers should keep in mind that survey respondents' satisfaction is likely a strong indication that resources—such as Zywave's content library, HR hotline and more—are helping them feel confident in their brokers' services. The survey results also show that nearly one-third of respondents were either neutral or disappointed with their broker's services. This suggests that active and savvy brokers have a lot of opportunities to win new clients and expand their business.

When selecting a broker, looking for someone who provides prompt, effective service and timely answers to questions (68%) are the most important criteria for employers. This is consistent with previous years' survey results.

What criteria do you use when selecting a broker?



- Provides prompt and effective service/answers questions in a timely manner: **68%**
- Offers products and services tailored to meet your organization's needs: **61.14%**
- Is a trusted advisor rather than an insurance salesperson: **56%**
- Has a good overall reputation with you or your organization: **54.86%**
- Regularly communicates with your organization: **53.14%**
- Offers competitive pricing: **49.71%**
- Has the ability to compare plans/coverages to benchmark data: **48.57%**
- Offers resources to help keep you in compliance with laws and regulations: **48%**
- Has the ability to challenge/negotiate your renewal: **46.29%**
- Has a good reputation and brand: **45.14%**
- Offers a wide range of services to meet your HR, employee benefits, and employee health and wellness needs: **44.57%**
- Offers a wide range of services to meet your organization's risk management needs: **41.14%**
- Has expertise in servicing your organization's industry/business: **38.86%**

Employers valued brokers who offer products and services tailored to meet organizational needs (61.14%) as the second most important selection criterion. This is a significant change from previous survey results when offering tailored products and services barely cracked the top 10 selection criteria; it was the ninth most important selection criterion in 2021 and the 10th in 2019. The dramatic rise of tailoring insurance products and services as employers' second most important selection criterion demonstrates the importance of personalized offerings in today's market.

This trend also suggests that brokers who provide greater customization tend to attract a higher volume of business. Other broker criteria highly valued by employers included being a trusted advisor (56%), having a good overall reputation (54.86%) and communicating regularly (53.14%).

Over 70% of survey respondents wanted to hear from their brokers daily (31.51%) or weekly (39.73%) for information on certain insurance topics, according to the survey. Only 28.77% of respondents indicated they seek information from brokers monthly—which essentially means infrequently since “monthly” is a catchall category.

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?



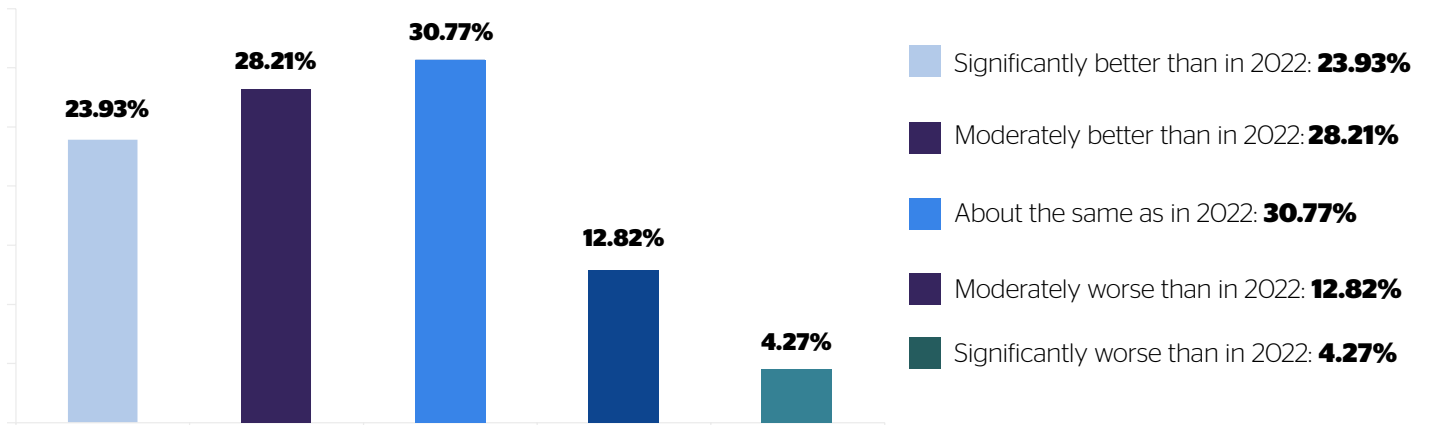
In 2021, only 13.33% of employers indicated they were seeking information from their brokers daily. In the last two years, there’s been a 136.38% increase in employers wanting information from their brokers daily as opposed to weekly or monthly, leading to a 43% decrease in employers only wanting to hear from their brokers on a monthly basis. This significant increase is something brokers should take note of, especially when taken together with employers’ most important criterion for selecting brokers: “provides prompt and effective service/answers questions in a timely manner.” In the current economic climate, brokers who aren’t communicating with their clients on a daily or, at a minimum, weekly basis are at risk of being replaced by more proactive competitors.

While there’s no one reason employers are seeking information more frequently from their brokers, a likely factor includes the COVID-19 pandemic, which forced employers to respond quickly to seemingly endless challenges to keep their employees safe and businesses afloat. It may also be the result of how quickly the market is changing in response to numerous difficulties, including record-high inflation, talent shortages, retention issues, an economic downturn and wide-ranging regulatory changes. The survey results also indicate employers are consuming more content than they were in 2019. This is reassuring for brokers who regularly provide their clients with content and resources, as well as self-service tools such as HR hotlines and client portals.

These results also underscore that employers are looking to brokers more frequently on wide-ranging topics. This indicates that employers expect more proactive and dynamic engagement from their brokers to better address their current challenges and implement effective strategies on issues like controlling rising health care costs, strengthening attraction and retention efforts, and ensuring employee health and well-being. It’s important that brokers take steps now to ensure that they’re communicating frequently with employers and providing valuable content. Brokers who do this can showcase themselves as comprehensive insurance partners employers need and can rely on.

Moreover, nearly 83% of employers believed their performance outlook in 2023 was either about the same or better as 2022's performance. There may be some short-term economic hurdles for employers in 2023, but employers' economic outlook, on the whole, remains overwhelmingly positive. While potential economic issues and problems may arise in 2023, brokers can be optimistic given the survey results, especially since the insurance market tends to be more stable than most industries.

What is your organization's outlook for its performance in 2023?



Highlights and Analysis—

Employee Benefits

The 2023 Broker Services Survey asked employers their views on their organizations' most pressing challenges related to employee benefits and HR. This section compiles these responses and provides general insights regarding the employee benefits market in 2023.

Employee Benefits Challenges for Employers in 2023

Survey respondents reported that their top challenges in 2023 include offering a competitive benefits package, attracting and retaining employees, and mitigating health care costs. Other top concerns include employee communications, staying informed and up to date on compliance, and benefits administration.

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

Offering a competitive benefits package	1
Attracting and retaining employees	2
Mitigating health care costs	3
Employee communications (e.g., decision support, Benefits 101, consumerism)	4
Staying informed and up to date on compliance (e.g., ACA, COBRA, FMLA, wage and hour)	5
Managing benefits administration	6
Supporting employee well-being (e.g., mental health, physical health and social health)	7
Navigating employee paid time off and leave issues	8
Implementing or managing remote/hybrid work	9
Helping employees prepare for retirement	10

Competitive Benefits Packages

According to survey respondents, offering competitive benefits packages is the top employee benefits challenge for employers. Offering competitive employee benefits has always been important for attracting and retaining top talent, but the fact it's now employers' top challenge likely has a lot to do with employers' recent labor challenges. Over the last year, employers have had to contend with talent shortages and retention issues. To remain attractive to key talent and current employees, employers have focused on providing compelling offerings since they send a powerful message to employees that employers value their contributions and care about their quality of life; this can lead to more loyal and engaged workers.

Health Care Cost Mitigation

For the first time in recent years, employers identified offering competitive benefits packages as their most pressing employee benefits challenge, displacing health care cost mitigation as the top challenge. While managing health care costs continues to be a top-three employee benefits challenge for organizations, employers may be frustrated with the limited options to address their rising health care costs. Some employers may feel they've exhausted traditional approaches to mitigate health care costs, such as guiding employees to cost-effective care, improving health care literacy and leveraging technology. Therefore, unless employers are willing to take more drastic measures, such as modifying health plan designs or altering funding approaches, they may feel there's little they can do to mitigate such costs. However, if a recession arrives this year, mitigating health care costs could again become employers' top employee benefits challenge.



Compliance

Compliance has generally held the second or third spot as employers' most pressing benefits challenge. In 2023, employers ranked compliance as their fifth most-pressing employer challenge, marking a notable drop. While employers' compliance obligations and challenges persist, they may view compliance as less urgent in 2023 compared to other areas because the constant changing of complex pandemic-related laws and regulations is no longer a concern like it once was. Other reasons employers no longer view compliance as a top challenge may include increased access to personalized resources and tools to assist with compliance management efforts and the implementation of proactive measures to ensure compliance, such as regular audits and robust training programs.

Health Care Cost Mitigation Challenges for Employers in 2023

Employers' top organizational challenges related to mitigating health care costs in 2023 include uncertainty of whether their plan design provides the best value, education for employees to become better health care consumers and options related to group size.

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

Uncertainty of whether the current plan design is providing the best value.	1
Educating employees to be better consumers of health care (e.g., telehealth, choosing urgent care versus emergency room).	2
Options related to group size.	3
Proper utilization of primary care.	4
Costs related to pharmaceuticals.	5

Employers identified "uncertainty of whether the current plan design is providing the best value" as their top challenge in mitigating health care costs. In 2021, employers ranked this the lowest of their challenges. However, brokers should note that there's little difference between respondents' ranking of their health care cost mitigation challenges. Employers ranking uncertainty in plan design as their most-pressing challenge likely stems from employers feeling they have limited options when it comes to mitigating rising health care costs, especially since established mechanisms that have helped reduce health care costs seem less effective. As a result, employers may need to implement significant changes, such as altering health plan funding or design, to mitigate rising health care costs; however, many organizations will likely find this course of action unpalatable because of the substantial risk of making mistakes and uncertainty. In 2021,

employers ranked “educating employees to better consumers of health care” as their top challenge related to mitigating health care costs. For 2023, this fell into the second spot by a slim margin, indicating it’s still a significant challenge for many organizations.

Employee Well-being Challenges for Employers in 2023

Employers consider employee mental health, positive employee engagement and employee physical health as their biggest challenges related to employee well-being in 2023.

Please rank your organization’s challenges as they relate to well-being.

Employee mental health	1
Positive employee engagement with each other and the organizational mission	2
Employee physical health	3
Employee economic hardship	4
Ergonomics	5

There was little overall change in terms of ranking organizational challenges related to employee well-being in 2023, according to respondents. In fact, the only change was employee mental health ousting positive employee engagement for the top slot by a narrow margin. This is likely in response to higher instances of reported employee burnout compounded by the pandemic and wide-ranging recognition of the global mental health crisis. Additionally, employers have been forced to respond to recent trends like “quiet quitting” and movements such as the Great Resignation and Great Reshuffle, which has caused many organizations to prioritize workplace mental health. Surprisingly, employers continued to rank employee economic hardship relatively low even though employees have had to deal with record-high inflation over the last year and an increasing number of workers are struggling with significant medical debt.

Key Takeaways

The responses to the 2023 Broker Services Survey seem to suggest that employers continue to deal with many of the same challenges as they have for the last few years. Since many employee benefits challenges are the same year over year, it’s becoming more difficult for brokers to separate themselves from the competition and demonstrate the value they add. Therefore, successful brokers will need to establish effective strategies to respond to these challenges and position themselves for long-term success.

Highlights and Analysis—

Property and Casualty Insurance

The 2023 Broker Services Survey also asked employers their views on the most pressing challenges related to commercial insurance and risk. This section compiles these responses and provides general insights regarding the property and casualty market in 2023.

Commercial Insurance Challenges for Employers in 2023

Employers' top organizational challenges related to commercial insurance in 2023 include concerns over the rising cost of commercial insurance, available capacity in the market, difficulty understanding insurance terms and understanding what is and is not covered by commercial insurance policies. Of secondary concern for employers are understanding appropriate limits for their policies, trouble implementing risk management and employee safety programs, and the need for more support and guidance related to commercial insurance.

Please rank your organization's challenges as they relate to commercial insurance.

Rising cost of commercial insurance premiums	1
Finding available commercial insurance coverage	2
Understanding insurance terminology	3
Understanding what is and is not covered by our commercial insurance policies	4
Understanding the level of coverage that our organization needs	5
Implementing risk management and employee safety strategies, policies and procedures	6
Receiving the level of customer support and guidance our organization needs:	7

Commercial Pricing and the Hard Market

The rising cost of premiums is the top concern when it comes to commercial insurance in 2023, according to survey respondents. This comes as no surprise; over the past few years, the commercial insurance sector has been grappling with a hard marketplace. In this market, commercial insurance prices for nearly all lines are rising. Increasingly, businesses are having to budget more dollars for insurance coverage that is similar or less favorable to the coverage in past years. Pricing for commercial auto, commercial property, cyber liability, and umbrella and excess liability is especially challenging in the current environment.

While this environment is challenging for organizations across the country, insurance brokers can help their clients navigate the hard market in a number of ways. By focusing on educating clients on market conditions, starting renewals early, supporting risk management efforts, strategically taking accounts to market and maintaining good relationships with underwriters, brokers can help soften the impact of the hard market on their clients.

The Struggle to Find Capacity

More often, insurance carriers are looking to improve their underwriting results by increasing premiums and becoming more selective about the risks they are willing to write. Underwriters are looking for best-in-class risk and are more discerning about how to deploy capacity, while insurers are less willing to allocate the same capacity to a single risk as they have in the past. This has forced brokers to utilize layered programs using multiple insurers. Risks that were traditionally written in the standard market are not being pushed to the excess and surplus markets. What's more, in many cases, insurance carriers have exited unprofitable or risky markets altogether.

Organizations have taken note of these changes, and more organizations are concerned about their ability to find markets for insurance programs. In fact, finding available coverage is the number two insurance challenge for survey respondents, up two places from the last edition of the survey. Brokers who have the ability to help their clients find sufficient capacity will stand out in these challenging market conditions.

Insurance Literacy

Beyond pricing and capacity concerns, insurance literacy remains a challenge for many organizations. At a fundamental level, a high percentage of survey respondents 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 about the terms and conditions of their commercial insurance and potential claims scenarios, brokers can develop a deeper connection to their book of business.

Risk Management Challenges for Employers in 2023

Employers' top organizational challenges related to risk management in 2023 include staying in compliance with laws and regulations, addressing cybersecurity concerns, and managing workplace health and safety.

Please rank your organization's top challenges as they relate to risk management.

Staying in compliance with federal, state and local laws and regulations	1
Addressing cybersecurity concerns in the workplace	2
Keeping employees safe in the workplace and on job sites	3
Addressing management liability concerns	4
Navigating strategic risks and opportunities	5
Dealing with financial risks (e.g., market, credit, price or liquidity risks)	6
Managing properties and facilities	7
Addressing supply chain issues and disruptions	8
Preparing for natural disasters and other business interruptions	9
Managing drivers and fleets of vehicles	10

Survey respondents identified “staying in compliance with federal, state and local laws and regulations” as their top challenge related to risk. In 2021, employers ranked this as their number four risk management challenge. The position in the 2023 survey may reflect employers' concerns about complying with rules in states and

localities that have taken a proactive approach to regulating the workplace. Additionally, recent announcements by the Biden administration signaling stepped-up enforcement of certain federal rules may have employers concerned about their current compliance efforts.

Cybersecurity concerns are also top of mind for employers. In fact, “addressing cybersecurity concerns in the workplace” rose three spots since the 2021 survey and now comes in as the second most-pressing risk management issue for employers. Several factors could be driving this concern. The proliferation of remote work since the beginning of the COVID-19 pandemic has created a new set of IT and cybersecurity challenges for employers to navigate. Recent years have seen a marked increase in the frequency and severity of cyberattacks. What's more, cybercriminals have begun leveraging artificial intelligence technology to seek out their targets more easily, launch attacks at greater speeds and in larger volumes, and wreak further havoc.

Key Takeaways

The responses to the 2023 Broker Services Survey suggest that employers continue to deal with many of the same challenges as they have for the last few years. However, challenges within the insurance market have brought these challenges into sharper focus. Therefore, successful brokers will need to establish effective strategies to respond to these challenges and position themselves for long-term success. Brokers who can deliver practical guidance, help clients navigate the hard insurance market, and assist clients through operational and risk management challenges will be able to further distinguish themselves from their competitors moving forward.

Remote Work Challenges for Employers in 2023

The most pressing challenges related to remote work for employers in 2023 include employee productivity, loss of collaboration and communication, and compliance.

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

Employee productivity	1
Loss of collaboration and communication	2
Compliance (e.g., wage and hour, leave and privacy laws)	3
Employee well-being (e.g., burnout, loneliness and stress)	4
Technology	5

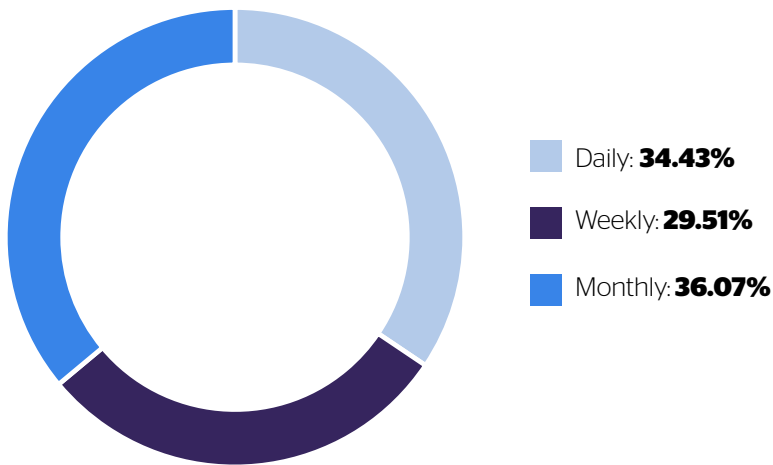
Employers ranked employee productivity as the most pressing organizational challenge related to remote work. In 2021, employee productivity was employers' second most-pressing challenge. Many employers embraced remote work out of necessity at the start of the COVID-19 pandemic. However, as remote work has normalized in recent years, it appears that employers' concerns have shifted from enabling workers and focusing on their well-being to ensuring that employees remain productive and connected in remote environments—causing employee well-being to slip from the third most-pressing challenge in 2021 to the fourth in 2023. Currently, employers are most concerned about whether employees can remain productive while working remotely. Because of this, many employers are shifting from fully remote work to hybrid arrangements, and some are trying to bring workers back into the office full-time. It's noteworthy that compliance has ascended from the lowest-ranked remote work challenge in 2021 to now being the third. This change is likely reflective of remote work transitioning from largely an emergency measure in response to a global crisis to standard and even conventional work arrangements.

C-suite Insights

The C-suite has much in common with the overall population when it comes to perceived challenges. While the C-suite represents a small sample size of survey respondents, it has a unique perspective that can provide valuable insights into the employee benefits and property and casualty markets.

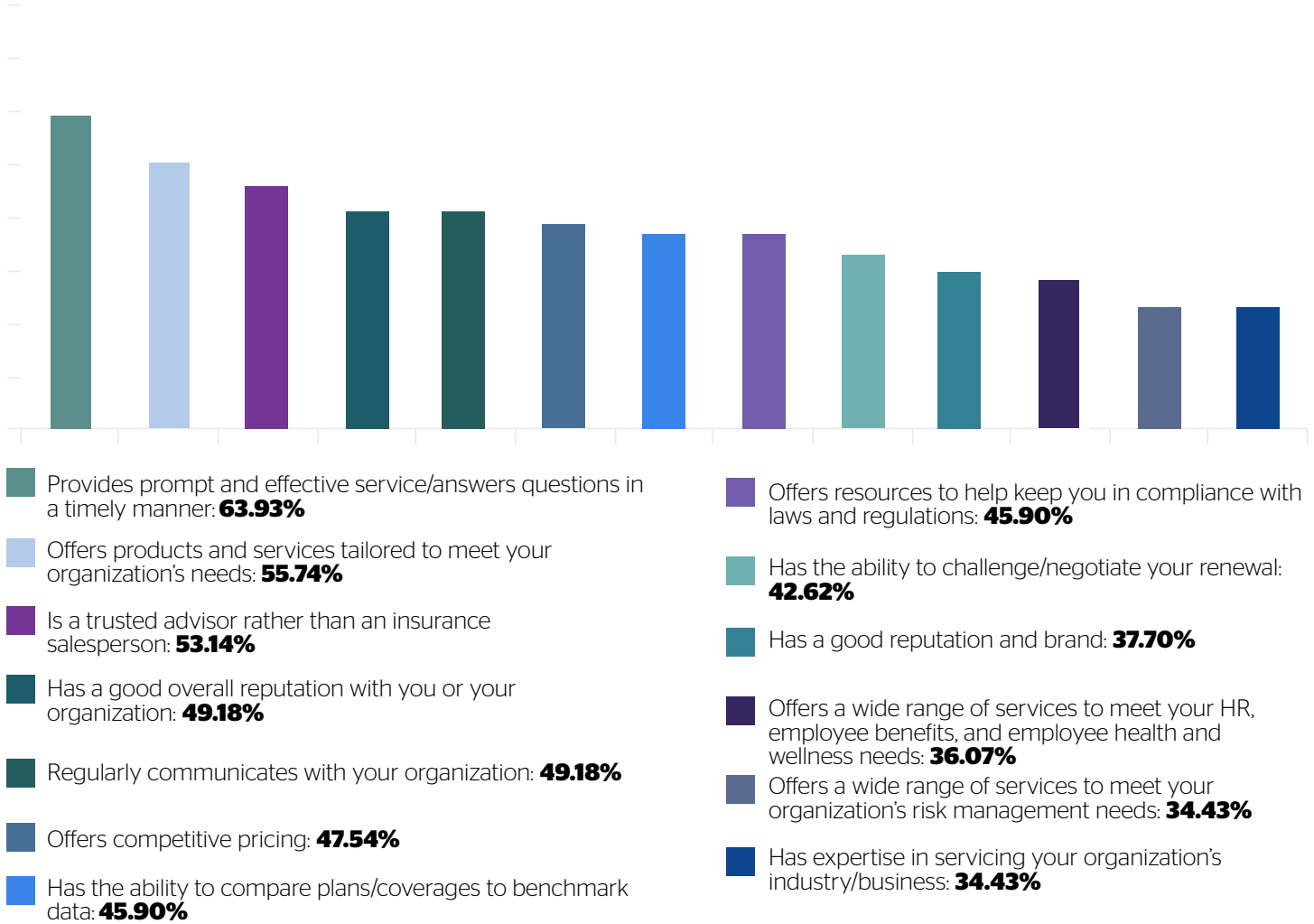
Regarding the frequency of seeking information from brokers, the C-Suite simultaneously does so more frequently (34.43% versus 31.51% for daily communication) and less frequently (36.07% versus 28.77% for monthly communication) than the general population.

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?



The C-Suite prioritized the same three criteria as nonmanagement employees when choosing a broker: they provide prompt and effective service and answers questions in a timely manner (63.93%), offer products and services tailored to meet an organization's needs (55.74%), and are a trusted advisor rather than an insurance salesperson (49.18%).

What criteria do you use when selecting a broker?



C-suite views regarding the top employee benefits challenges in 2023 generally mirrored that of other respondents, with offering competitive benefits packages as the top challenge. However, the C-suite ranked mitigating health care costs as the second most-pressing employee benefits challenge (nonmanagement employees ranked it third) and staying informed and up to date on compliance as the third most-pressing challenge (nonmanagement ranked it fifth). This can likely be attributed to the fact the C-suite tends to be more cost-conscious and concerned about compliance than nonmanagement employees since ensuring the overall financial health and organizational compliance are among their primary responsibilities.

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

Offering a competitive benefits package	1
Mitigating health care costs	2
Staying informed and up to date on compliance (e.g., ACA, COBRA, FMLA, wage and hour)	3
Employee communications (e.g., decision support, Benefits 101, consumerism)	4
Attracting and retaining employees	5
Managing benefits administration	6
Supporting employee well-being (e.g., mental health, physical health and social health)	7
Implementing or managing remote/hybrid work	8
Navigating employee paid time off and leave issues	9
Helping employees prepare for retirement	10

Further, the C-suite viewed educating employees to be better consumers of health care as the top-ranking challenge related to mitigating health care costs; nonmanagement employees ranked it second. Perhaps unsurprisingly, the C-suite ranked costs related to pharmaceuticals higher than nonmanagement employees (third versus fifth). This is likely because the high costs associated with pharmaceuticals are one of the top drivers of employers' overall health care costs.

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

Educating employees to be better consumers of health care (e.g., telehealth, choosing urgent care versus emergency room)	1
Uncertainty of whether the current plan design is providing the best value	2
Costs related to pharmaceuticals	3
Proper utilization of primary care	4
Options related to group size	5

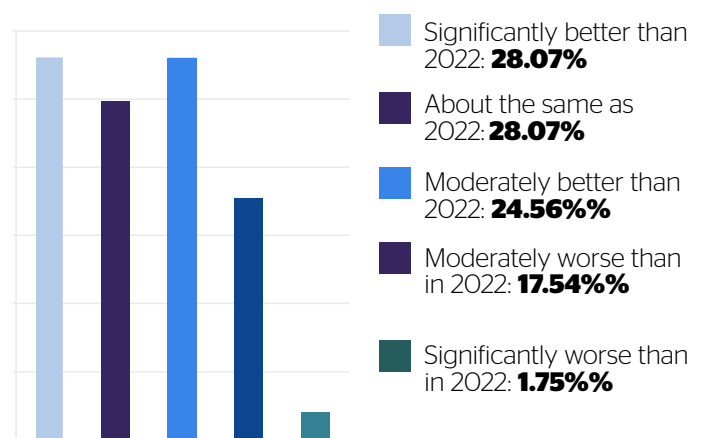
When it comes to challenges related to remote work, the C-suite viewed compliance as a greater challenge than nonmanagement employees, ranking it second rather than third.

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

Employee productivity	1
Compliance (e.g., wage and hour, leave and privacy laws)	2
Loss of collaboration and communication	3
Employee well-being (e.g., burnout, loneliness and stress)	4
Technology	5

Finally, when thinking about organizational performance in 2023, the C-suite is more optimistic, with 28.07% believing their organization's outlook is significantly better than 2022 compared to 23.93% for nonmanagement employees.

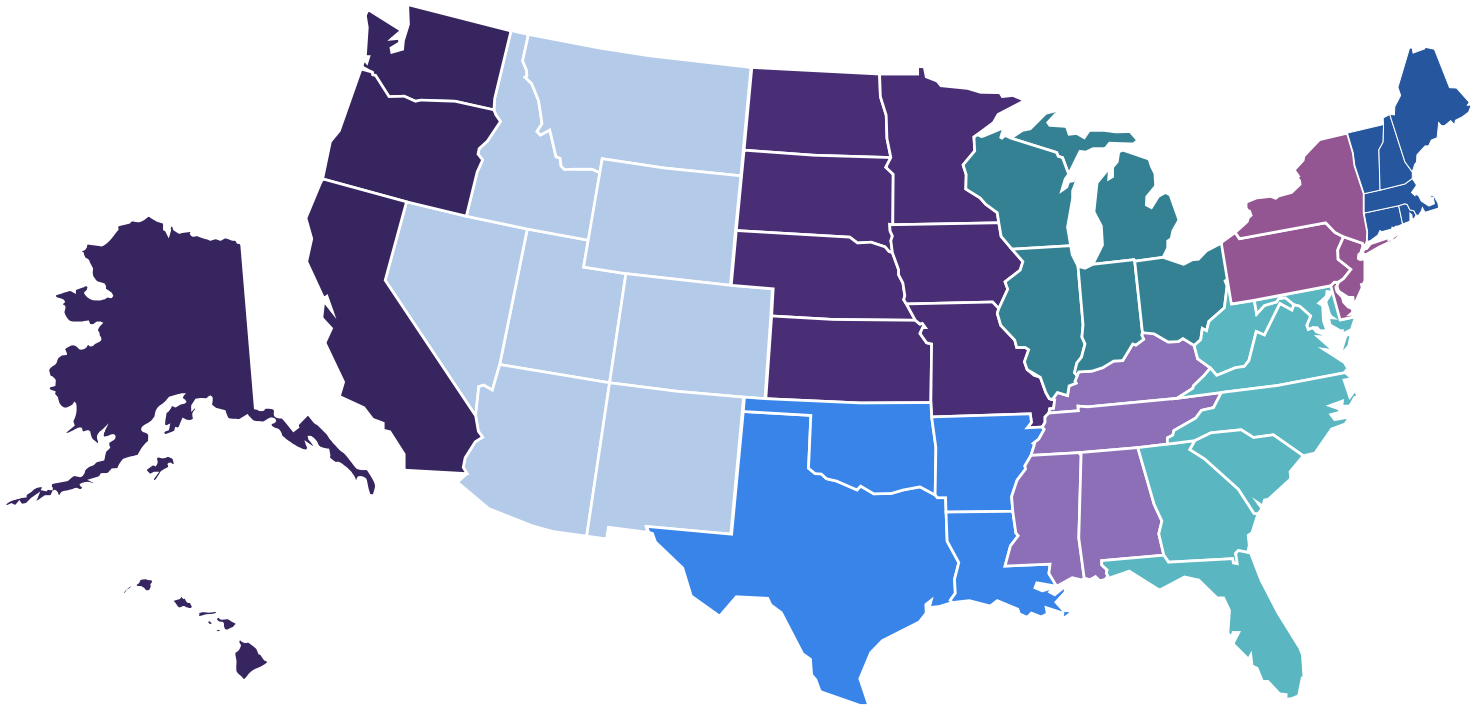
What is your organization's outlook for its performance in 2023?



Demographics

This survey was completed by over 225 employers in all regions of the United States. The overwhelming majority of survey respondents were from organizations employing fewer than 500 employees.

In what state is your organization (with the most employees) based?



New England: 5.80%
(Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont)

Mid-Atlantic: 15.00%
(New Jersey, New York and Pennsylvania)

East North Central: 18.30%
(Illinois, Indiana, Michigan, Ohio and Wisconsin)

West North Central: 4.10%
(Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota and South Dakota)

Mountain: 6.60%
(Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah and Wyoming)

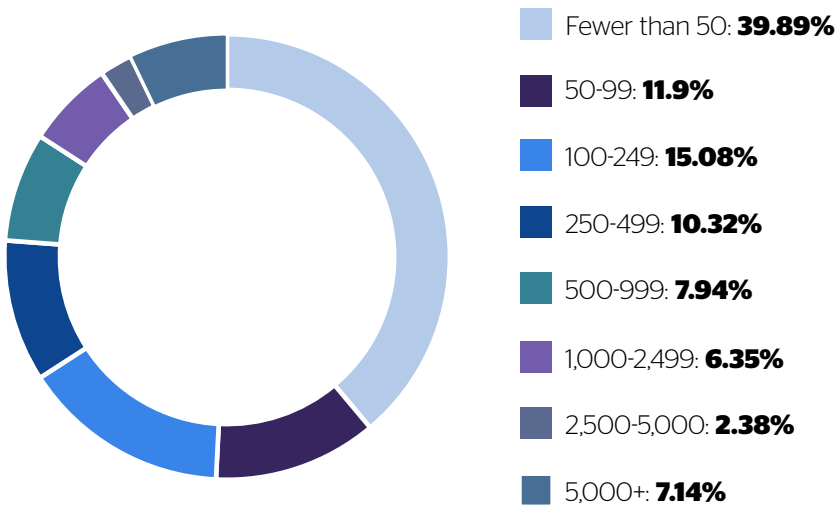
Pacific: 23.80%
(Alaska, California, Hawaii, Oregon and Washington)

West South Central: 9.10%
(Arkansas, Louisiana, Oklahoma and Texas)

East South Central: 3.30%
(Alabama, Kentucky, Mississippi and Tennessee)

South Atlantic: 14.20%
(Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia and West Virginia)

How many employees does your organization employ?




In which industry sector does your organization operate?

Finance, insurance and real estate	15.70%
Manufacturing	13.22%
Other (please specify)	13.22%
Construction	11.57%
Health care	11.57%
Nonprofit	6.61%
Retail and wholesale trade	5.79%
Transportation, communications, electric, gas and sanitary services	4.96%
Education	4.96%
Social services	3.31%
Public administration	3.31%
Agriculture, forestry and fishing	2.48%
Hotels/Hospitality	2.48%
Legal	0.83%

Are you the owner of your business or a member of the C-suite or leadership team (e.g., president, CFO, COO or CIO)?





Rankings are generated through weighted averages (one-to-five scale). The first-place selection gets more points, then second and so forth. Sometimes the weighted value (with decimals) is shown, and other times a placed rank is used. 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.

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