

The Group Solutions Sit-Down

Closing the Life Insurance Gap: Creating Financial Security for Families

SUMMARY KEYWORDS

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SPEAKERS

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Kristen 00:07

This is The Group Solutions Sit-Down... If there's one thing we've learned through the COVID-19 pandemic, it's that life changes quickly. The pandemic has heightened people's anxieties not only around their physical health, but also their financial security. In fact, according to Life Happens and their "2021 Life's New Appreciations Study," 2000 surveyed Americans said that financial security has become the number one milestone they're focused on achieving for 2021. On top of that, 55% also said that this past year was the first time they spoke with a loved one about life insurance. And yet, despite this heightened focus, according to the Life Insurance Marketing and Research Association, LIMRA, the life insurance coverage gap is still vast, with at least 102 million uninsured and underinsured Americans. I'm Kristen Osburn, a Marketing Strategist with New York Life Group Benefit Solutions. In this episode, I sit down with Kristina Welke, Head of Product for New York Life Group Benefit Solutions, and Kathryn Rider, U.S. Director of Employee Benefits for Cigna, to discuss how life insurance is a crucial piece of the puzzle in helping families become financially secure and protected. Kristina and Kathryn, welcome to The Group Solutions Sit-Down. It's such a pleasure to have you both on the show!

Kristina 01:37

Thanks for having us. Kristen. Glad to be here.

Kathryn 01:39

Yeah, thanks. We're so excited to talk to you all today

Kristen 01:43

Great. So, Kristina, we know that the COVID-19 pandemic has raised consumer awareness around life

insurance, which I imagine, with that then, has sparked additional questions - from what type of coverage is best to the amount of coverage one might need - Can you maybe just start by sharing with us some of the things that both employers and employees should really be considering when it comes to choosing a life insurance benefits package?

Kristina 02:10

That's a great question Kristen. And really, I would say the first consideration is what type of life insurance plans the employer will offer and what life insurance individuals should purchase to best align with their financial goals. There are many different types of life insurance policies that help protect an individual and their family. But they mainly fall into two big buckets. The first is Term Life Insurance, which guarantees payment of a death benefit to an insured's beneficiary if the insured person dies during a specified term. And Permanent Life Insurance, which you know, is often whole life or universal life, which provides lifelong coverage with the cash value component that can help with many other objectives like retirement savings. You know, in the past, we've seen most consumers get their life insurance through individual policies. But actually, in recent years, we've seen many more Americans being covered by group policies offered or purchased through the workplace as part of their broader employee benefits package. And, you know, this is likely due to the fact that, you know, buying it at work offers an amount of coverage that is guarantee issue, it helps consumers and employees take advantage of group rates, and offers convenience through payroll deduction so they don't have to pay another bill. Most Group Life Insurance is term but some companies actually also offer permanent coverage as a voluntary or employee-paid benefit. As a result of the shift. We're actually seeing many employers exploring additional options to provide a well-rounded benefits package in alignment with life insurance plans, and in support of broader financial protection. This might include adding an accidental death and dismemberment plan or even adding additional benefits to the life insurance policy. You know, we're also seeing after these plans being defined, employers getting creative. They're creating programs that truly support employees and their families through grief and loss, if the worst actually happens. And New York Life group benefits solutions is also just really committed to this focus by providing personalized support via our Survivor Support Specialist who provides personalized support to beneficiaries and their families after the loss of a loved one, providing bereavement resources like Kai's Journey, and even leveraging conceptual partnerships like Empathy, which is a platform that helps families navigate the logistical and emotional journeys that many face after losing a loved one. Once the plans and programs are decided, the second most important part is actually for the individual to decide what the right amount of life insurance is for themselves and their families to really feel financially secure.

Kristen 04:52

That's really helpful, thanks Kristina. I really appreciate you sharing with us some of the options available, and it really sounds like there's a lot to consider. You know, Kathryn, based on some of what Kristina just shared around those different options available to employers and employees, I'd really love to hear about what Cigna is doing specifically to support their employees and the life insurance process. And really not just from the initial benefit selection and enrollment standpoint, I know Kristina talked about some of the options that are available to choose, but especially through the entire claim and the grief process.

Kathryn 05:30

Great, yeah, so Cigna's focused on health, well-being, and peace of mind. And at Cigna, life insurance is really a core peace of mind benefit. And you know, if I'm being honest, I don't think it's something that many employees think about on a daily basis. But when they need it, or when their survivors are grieving, we really want to show up for them in a big way. A big focus, from a business perspective at Cigna when we think about customer experience, is not giving our members homework, right? And so we try to take that same philosophy and apply it to our programs and services. So we offer Company Paid Basic Life Insurance as one times eligible earnings with no cap and rounded up to the nearest thousand, if it's paid out. And then we also offer Company Paid Business Travel Accident, should a loss or major accident occur during business travel,

that's three times eligible earnings with a \$1 million dollar cap. And then we give employees the flexibility to purchase additional Supplemental Life Insurance and AD&D. A really cool new thing we added for 2021 was a 529 rider to Supplemental Life and we're really excited about that because, again, that's really giving more peace of mind to survivors and their children. So this has led to us partnering with our retirement team. We leverage Prudential to administer our 401K and we have a whole suite of financial wellness tools through Prudential. Prudential has a partner called Vault and what we're doing there is using Vault to have a convenient way for employees to set up direct deposit to a 529. So this way, we'll have more employees leveraging 529s, and then we have the rider on the Sup Life, should they ever need it. So again, I think those are just the plans we have in place, but what we're really focused on is the member experience. And so what we've been working on is just how do we improve the process for employees when they lose someone that they love, survivors when they lose their, their employee when one of our employees passes and could be a main breadwinner, and also supporting managers when they lose someone on their team. And so we started a pilot with our internal behavioral team, we have a really great team that's focused on caregiving. And they right now have been doing a lot of work around supporting employees who are caring for aged loved ones think about that, like Sandwich Generation. And so what we did was we created a whole pilot program to see if having our condolence process led by a behavioral clinician would actually improve outcomes and connect people with more behavioral support. So we added a personalized letter from our head of HR to the condolence process, just acknowledging when an employee passes, you know, their length of service with the company, you know, deepest sympathy from the whole organization but especially from the senior leadership team, and then we also added a donation to our Cigna Scholars Fund in memory of the employee, and we're doing that when a dependent passes away, too. So we're really trying to honor and celebrate folks through the process. And we've made it easier for both survivors and for managers. So we've made manager toolkits and easy checklists of things that managers need to do, because ultimately, when an employee passes, a manager is grieving too. And unfortunately, I went through this firsthand last November. And you know, it's a lot and the managers oftentimes, also liaising with the survivors and trying to help kind of fill the gap and support across the way, so the more we can do from an employer perspective to make things feel turnkey, the easier it is for everyone.

Kristen 09:21

Wow, thank you for sharing, Kathryn. I mean, it sounds like Cigna is doing a lot of fantastic things, again, focusing on that whole person, and really supporting their employees through the entire life insurance journey from beginning to that claim and the grief that they're going through. I know that you mentioned some of the things that you've started doing recently in the last year with COVID-19 and the way that that's shifted things, I'm curious, you know, how is Cigna really, as an employer, continuing to evolve their offerings? So being mindful of what's happening in the market, and, you know, changing employee needs, and then modifying or evolving offerings and enriching your benefits package to really meet that?

Kathryn 10:04

Yeah, thanks, I think that's a really great question and it's something that we've been spending a lot of time thinking a lot about. I think first, it's important to just share that, you know, we've been able to maintain the investments in our talent strategy through the pandemic. We've added ways to support people too with the unique circumstances like emergency time off, additional support for new homeschooling or childcare expenses, adding programs like tutor.com, things of those lines that can really just help working parents. Because we know, just based off of a lot of data, particularly from the American Psychological Association, 84% of adults are experiencing more stress, anxiety, sadness, and anger. 3 out of 4 parents, said they could have used more emotional support, than they received since the pandemic started. And people are lonelier, and they're less physically active, right? So when I think about kind of whole-person-health picture here, it's really causing my team to focus even more on building a more resilient workforce, it's always been a focus for us but we've also been really strategizing around our return to work in the physical sense, right? We have always had doors open during the pandemic, because of the nature of our business, but we've also learned that many more roles can function very well, virtually. And so, you know, it's making us think about like travel

accident, for example, if less people are traveling, is that still a valuable benefit to be offering? And do we want to think about, instead of offering that to all eligible employees, do we make that more of an executive benefit, and a benefit for maybe Sales teams that we know will continue traveling. But again, so it's just kind of thinking about with the new ways of working, how are we leveraging investments to make sure that they're really making sense and making a difference for the population because that's what it's all about at the end of the day, right? We want to make sure employees feel valued from their total benefits package, and then it's meeting their needs and making a difference in their life. And then I'd say, it's really not about making new investments for Cigna, it's about ensuring our employees can understand and maximize the programs we already have available. So we have benefit navigators at some of our larger, more complex office locations to help people with claims issues, complex things that come up in their life, just helping them to navigate the whole suite of programs we offer. So those are kind of the headlines from our perspective.

Kristen 12:36

Well, Kathryn, I really appreciate the preventative approach that Cigna is taking and a lot of the things you shared there, again, really looking at the whole person perspective and trying to solve not just for the employee's work life but really their whole life and then being what whole-person at work. You know, as we've been talking, really throughout our entire conversation, I've just kind of been thinking about how it's really such an automatic thing for us to ensure our houses, right, or our cars, our phones. You know, I even just had to purchase insurance for my kids' electronics at school and that was something that was mandatory, it was required. But so often, the last thing that people really think about insuring is their own lives. It kind of takes a back seat. And yet, really, life insurance is the only financial insurance that insures something that is definitely going to happen, right? We don't know if our phone's going to break but we insure it just in case. But we know that we're all going to need life insurance. We don't know when, but we will. You know, I'd really love, as we wrap up, if you could both share some of the key takeaways for employers to be considering as they really evaluate their offerings and educate their employees on life insurance.

Kristina 13:56

Yeah, Kristen, you know, two things come to mind for me. The first is the client really just continuing to focus on the employee and beneficiary experience and truly leveraging their carrier to bring some of these programs to life. The second thing I would share is just the importance of education to our employees. You know, it's such a top priority for both employers and carriers. And it's really critical for individuals to understand the benefits being offered to them so they can make the right decisions for themselves and their families. You know, depending on the demographics of the employee population, we've seen success with a variety of tools such as texting, which we've used for employees who are often not sitting in the office, or automated email campaigns to provide additional information regarding the benefit plans. You know, at the end of the day, I think this last 18 months has really showed us how to stay connected, how to communicate, how to educate in a different way because we have been not sitting in an office and being able to talk with our peers, you know, face to face. And so we've had to get creative. And so hopefully, you know, the opportunity to continue to leverage tools and technology helps with employee education of benefits as well

Kathryn 15:13

Yeah, those are really great points, Kristina, and I agree with them all. It used to be that you could have a desk drop campaign or have a resource kind of walk around and drum up excitement about things. But now that people are virtual, it's important to think about how to leverage technology and ways to reach people. And so one of the things that we're trying out this fall, in partnership with our benefits administrator, Alight, is to host virtual benefit fairs, leveraging some really slick technology and it almost makes you feel like you're in an in-person conference space. So there's avatars, you navigate through a lobby where you can really direct where you want to go, what you're interested in learning about. So you could attend a presentation on kind of headlines of what's changing for 2022, you could attend a special breakout session to learn about your life insurance options...well-being...we're going to have a whole suite of different booths set up. And this way

employees can go through navigate on their own time, from their work computer, personal computer, tablet, etc. to really try to understand what they have through Cigna. Because ultimately, to the point we were making earlier, you know, benefits are only as good as people's utilization of them, right. If people don't understand what they have to offer, they really can't maximize it and it will never help improve their health, well-being and peace of mind. And so at the end of the day, it's really about how to serve up the right information at the right time to people. So we're going to try out this new technology this fall and, hopefully, if it's successful, we'll host these campaigns throughout the year in 2022, bringing in live guest speakers and ways to make things feel exciting and engaging in a way that we really haven't been able to do in the past. You know, we used to travel to our largest locations in person and have virtual health fairs and do biometric screenings and have little Zumba classes and healthy cooking demos, and I look forward to the day that we can get back to doing that but in the meantime, we're going to leverage technology to make sure that we're helping our employees make the most of what they have to offer.

Kristen 17:18

Wonderful. Kristina and Kathryn, this was incredibly informative. And I really appreciate you, you know, bringing awareness to the life insurance coverage gap, and sharing some innovative solutions for clients to be thinking about, but ultimately also reminding us that life insurance plans should really do more than just provide value in the future, they should give employees value at every stage of life's journey, which really starts now. Listeners make sure you tune into our next episode of the group solution sit down, where we'll continue our conversation on the evolving group insurance landscape and really discover more ways that we can build better futures for those we love.

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For Term and Permanent Life insurance, all premiums must be paid; guarantees are based upon the claims paying ability of the issuer; and accessing cash value will reduce the available cash surrender value and death benefit.

The Survivor Assurance Program for beneficiaries is available to beneficiaries receiving coverage checks over \$5,000 from New York Life Group Benefit Solutions Life and Accidental Death and Dismemberment programs. Survivor Assurance accounts are not deposit account programs and are not insured by the Federal Deposit Insurance Corporation or any other federal agency. Account balances are the liability of the insurance company and the insurance company reserves the right to reduce account balances for any payment made in error. Counseling, legal or financial assistance and discount programs are not available for policies issued by New York Life Group Insurance Company of NY. Survivor Support Services are NOT health insurance or medical services, and this program does not provide either for health care services or for the reimbursement for financial losses of health care services.

The 529 contribution benefit rider helps provide additional insurance to support a child's college education if the employee (or spouse) passes away; it may not be available in all jurisdictions; is available for an additional cost; has different benefit level choices with coverage starting at \$5,000; and proceeds can be paid to each child's 529 plan. Please speak with plan administrator for specific details.

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