We recently talked with Mike Concannon, Executive Vice President of Group Benefits with The Hartford. Here, he shares his perspective on today's employee benefits landscape, what the industry must do to stay relevant, and how The Hartford is taking action.

Q. We really appreciate you joining us, Mike! Can you tell us a bit about your role at The Hartford, in terms of both your strategic and day-to-day responsibilities?

A. The Hartford’s Group Benefits business primarily consists of short-term disability, long-term disability, life, standalone AD&D, and an expanding suite of voluntary products and services that build on our traditional strengths.

Essentially, I am responsible for establishing the vision for the business, driving the strategies that are behind that vision, and making sure we are executing on our priorities day to day. I work to ensure that we have the alignment across our organization to drive the business forward and that we have the talent, focus, and accountability to make that happen. At the end of the day, my role is making sure we are “walking the walk” behind the course that we have charted for the business.

Q. What words or terms would you use to describe today’s group and voluntary environment?

A. One word that immediately comes to mind is “changing.” It is an environment in a state of change. As we move through the next few years, things are going to look different than they traditionally have in the group marketplace. Like any sustainable, meaningful change, it is truly being driven by the customer — the customer being both employers and employees. That’s an important element to what we are experiencing. Evolving distribution, products, and service capabilities are all areas being driven by changing needs of our customers. That’s why the change we’re in the midst of has long-term implications or “staying power.”

The other word I would use, which probably goes without saying, is “competitive.” It is a competitive environment with a much more consumer-centric tilt on the business. Employees are increasingly facing choices with regard to which products to purchase, given personal circumstances and affordability.

It’s been pretty well documented that Health Care Reform has had a lot to do with that, although things were moving in this direction even prior to the Affordable Care Act (ACA). Rising medical care costs created the impetus for employers to actively manage their overall benefits plans while balancing their commitment to providing a comprehensive suite of benefits to their employees. Employers want to bring quality benefits to their employees because it’s essential to attracting and retaining talent — while at the same time managing the cost of these benefits. That is not a new challenge; it has existed for a prolonged period of time.

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The ACA has been an accelerant. It also has had great implications in the non-health benefits space, where The Hartford competes. It’s playing its way out in the group benefits space in that the employee — in other words, the end consumer — has a more significant role in how our business gets done, both in terms of what products and services we offer to meet their needs and how we communicate and engage with them.

Q. Do you have additional thoughts to share on how the Affordable Care Act has affected the marketplace?

A. It has certainly put a spotlight on “gap-filler” or ancillary products. It has brought greater attention to the potential for these products, such as critical illness, accident, and hospital indemnity insurance, and how they complement medical coverage. Private exchanges and the role that brokers play are additional areas where the ACA is impacting how we make our products available to customers. We have seen movement on private exchanges. There has been interest from employers in terms of understanding the potential for private exchanges and how they could meet their needs. The adoption of these platforms is certainly worth paying attention to as we move forward.

Also on the horizon is the Cadillac tax coming in January 2018. Employers will need help anticipating the impact of the tax on what they do with their benefit offerings. This includes health plan offerings primarily, but again there will likely be related impacts on non-health plan offerings, as you think about it from a portfolio offering standpoint around how employees meet their individual needs. For example, with the increase of more consumer-driven structured health plans, and consideration of how other benefit products fit in a portfolio view, individuals will be left to make choices. It varies based on people’s needs, and those of their family, and how they choose to meet them. This conversation includes the degree of risk they want to take on themselves and the degree of risk they might want to cover through “gap-filler” products.

Q. The overall group benefits market has been relatively flat in terms of growth. Where do you see opportunities to move the needle?

A. Broadly speaking, that’s true. When you take apart the overall market, we have seen growth in the voluntary space, and it is still poised for additional growth. The opportunity there is in a few different places. Some of it is directly in the offering of ancillary products, and there’s also opportunity in how we educate employees about the products and services that the benefits industry offers. The opportunity through education, if we do a better job informing people, is potential growth through increased participation.

I lead with the educating and understanding piece first. Participation would be an outcome of that. A number of our products, including disability and life insurance, are underpenetrated and misunderstood. The Hartford has done work over the past several years surveying employees to gauge their understanding of our products, both in terms of what they cover and their cost. And we have learned, probably to no surprise, that there is an education gap that poses an opportunity. These gaps exist broadly as well as during enrollment and as customers face life-changing events. With better understanding will come growth.

Then, of course, from a macro standpoint, a healthy, growing economy is in direct alignment with growth in our business.

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As we know, on average, the group sales force and employee benefits brokers are aging. How do you feel the industry can attract younger professionals to the insurance sales career?

This is a great question. It’s an industry challenge, quite frankly. In my opinion, there are two keys. One involves really understanding the people who are going to make up the workforce going forward, and the other is our role in marketing our industry.

How we engage, understand, recruit, and retain Millennials is going to be critical. It’s been a space where The Hartford has done some fun and interesting things. We have partnered with Millennial workplace expert and author Lindsey Pollak, who has been very active in promoting an understanding of this generation and what it means to effectively engage them. Since 2012 she has been the spokesperson for our My Tomorrow campaign, which is designed to help Millennials understand their benefits and also help employers and brokers understand this generation.

I often think about this demographic — this workforce of the future — in three groups. Number one, Millennials are going to be many of our customers. Number two, Millennials are going to be many of our employees. And on a personal note, number three, every day the workforce of the future includes more of my children! It really is a significant strategic question. The data will tell you that by 2020, Millennials are going to make up more than 50 percent of the U.S. workforce.

With all that said, it’s going to be important that the group benefits industry, and insurance industry at large, continues to work to understand Gen Y — how they learn, how they want to work, and how they want to be rewarded and recognized. They’ve grown up with things coming second nature to them that, to the rest of us, are examples of a changing world. Also, the role that career plays in their overall life goals is an interesting topic that we’ll need to understand.

The other side to this conversation, which I think is equally important, is the opportunity and the need to do a better job marketing our industry. We all have an opportunity here. I’d love to see us come together in some way on this. In my opinion, our industry is incredibly interesting. It’s at the heart of our economy, it’s at the heart of insuring independent lifestyles for people, and it’s a noble industry. It is stimulating and challenging, working with so many different people from so many walks of life. The industry undermarkets itself, and we allow it to be labeled as boring, as uninteresting. That’s a mischaracterization that we have to take some responsibility for changing.

With so much disruption in group business over the past few years (such as the growth of voluntary, new product initiatives, the ACA, consumerism, private exchanges, and so on), what should carriers focus on to succeed?

The one thing we as an industry should all focus on is the customer, really keeping at the forefront what we are attempting to accomplish for both employers and employees. Customers’ expectations and needs in our space are changing. They have to continue to be at the heart of how we think about things. That’s obviously the 50,000-foot answer.

One area of focus is the ease of which benefits products and services are made available and provided. This includes how we communicate and educate about our products, as well as the enrollment experience — how people actually get access to and choose our products. And then it’s how the benefits industry services the products once they are purchased, in areas like access to claims and providing user-friendly options for service or claim inquiries. The Hartford recently launched a mobile claim app, which we are pretty excited about. The whole topic of ease, of moving our products and services forward in terms of how we make them accessible to customers, is really critical.

Flexibility and the ability to adapt is another important area of focus for us all. This applies to regulatory changes, new technology, new partners to work with in how we create solutions, and so on. Also, part and parcel to success is how we provide expertise. We use the term “thought leader” here a lot, which I like, meaning thought leadership is an industry responsibility we are committed to at The Hartford. It includes bringing our expertise and our passion to employers and our brokers, helping them think about creative options and approaches to meet employee needs.

One example is that The Hartford is a Founding Partner of U.S. Paralympics, supporting individual U.S. Paralympic athletes and events for more than 20 years. In 2003 we became the official Disability Insurance Sponsor of U.S. Paralympics. We use that as a platform to demonstrate our commitment to what we call our Ability Philosophy, which is helping people return to what is
possible with an independent lifestyle when we focus on what they can do, rather than what people perceive they can’t do. We believe there is an important role for things like that, for leaders in the industry to take these opportunities to both do good and share our message.

Q. Can you talk about The Hartford’s business model and how it is shifting to adapt to these factors?

A. Adding to what we’ve talked about, The Hartford is leveraging our traditional strengths, which over many years have been largely as a leader in employer-paid benefits, and then building on them to expand into voluntary. The Hartford’s vision is to be an overall, comprehensive solution provider across both employer-paid and employee-paid products and services, so that’s how we’re thinking about it.

Underneath that, in The Hartford’s business model we’re doing a number of things around the alignment and “walking the walk” I mentioned before. We are making sure we’re expanding our product set to meet current and future needs. We are investing in education, the enrollment process, and the service experience. We’ve also done a number of things within our model in terms of resources. For example, in voluntary when our core group benefits representatives engage with brokers and employers, we augment them with a team of voluntary experts. These experts work in conjunction with our core reps so that we bring a single point of contact with the right expertise to provide consultative support around voluntary.

We also don’t think about the market using one broad brush. We recognize that the needs of large employers are different than the needs of smaller ones. We know how they choose to interact both with brokers and carriers can be different. We’ve designed our model — in terms of how we engage, provide account management, and provide ongoing service — to be targeted toward each of our market segments.

Q. This issue of the magazine has a focus on brand. How would you articulate The Hartford’s brand in the employee benefits arena, and what impact does that have on its success?

A. This is my favorite question because brand is something we take incredibly seriously at The Hartford. We have great pride in our brand. We view it as absolutely one of our greatest strengths and assets. I’d like to share with you The Hartford’s vision statement, which is, “To be an exceptional company celebrated for financial performance, character, and customer value.” It speaks volumes that character is part of the vision. It’s not just about putting up results, about acquiring and serving more customers, but that our commitment to character should be reflected in everything we do.

And that’s not new. It’s part of The Hartford’s reputation, one of integrity and trust. It’s no accident that we are recognized year in and year out as one of the world’s most ethical companies. The brand piece is very special and important in how we view our place in the industry.

From a business standpoint, we think about what we do in the spirit of helping our customers prepare, protect, and prevail. We help them think ahead and be prepared. We work with them to be sure they are protected when they face circumstances that put them in a position of need. Then we help them prevail with their lifestyle going forward. That shapes the way we think about how we meet customer needs, and it will continue to inform our approach to group benefits.

We’re a company that has the benefit of 205 years of reputation and proven performance, but we’re also very cognizant that it’s not enough. It’s a good place to come from, but we need to be contemporary and forward-looking. The Hartford is a company that looks to set future trends backed by our reputation. So, we have the benefit of a solid reputation, but we are also committed to working with our customers and our brokers to help them thrive going forward.

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