



Canadian Group Benefits

2021/22 Insights Partner Report

February 2022



Study overview

- NMG's Canadian Group Benefits study has been running on an annual basis since 2014
- Feedback received from 121 intermediary respondents across consultants, brokers, TPAs, and MGAs



Objectives of this report

Sharing results back with Insights Partners:

- Top industry challenges
- Trends shaping the Group Benefits industry
- Insurer competitive positioning



Notable performers

NMG's Business Capability Index (BCI):

- **Sun Life** (1st in Canada)

Top best-in-class provider by product/offering:

- **RBC Insurance** (Group LTD)
- **Green Shield Canada** (Group Extended Health)
- **Sun Life** (Voluntary Benefits)
- **Sun Life** (Virtual Health Platform)
- **Homewood** (Mental Health)
- **Manulife** (Wellness Program)

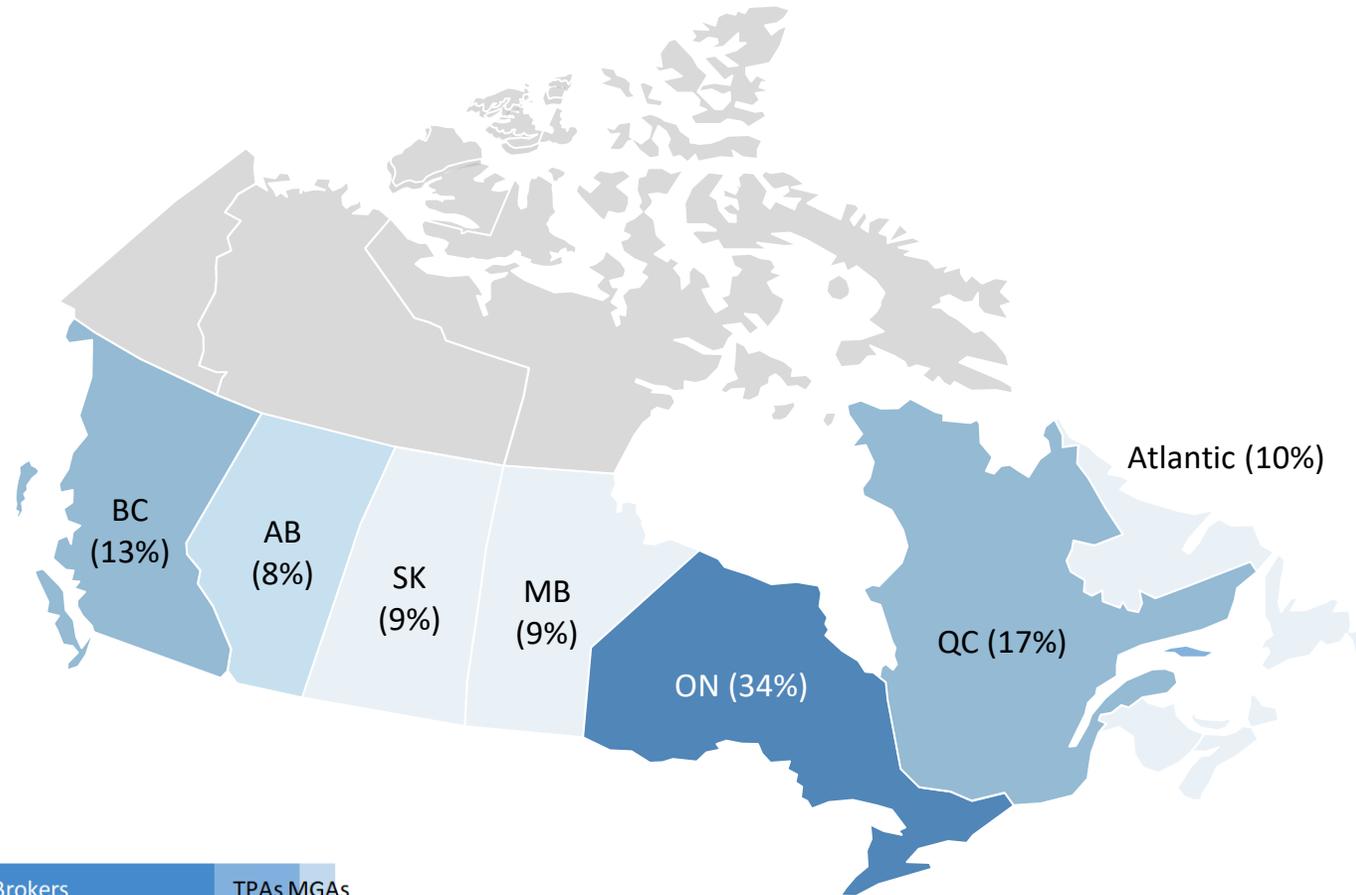


Market observations

- **High drug costs** remain a long-lasting challenge identified by intermediaries, rooted in expensive medications and uncertainties around National Pharmacare. Short-term concerns about Covid-19 start to fade yet challenges around **increased disability pricing** linger as an aftermath. Perceptions of over-priced Group LTD products have grown, as many believe the increasing mental health/short-term disability claims are underlying drivers
- **Telemedicine** remains the trendiest topic when it comes to new market development, highly associated with the demand for virtual care since the onset of Covid-19. Dialogue continues to attract the most attention as a leading insurtech focusing on telemedicine, while awareness for TELUS Health grows
- Looming **mental health issues** lead to growing initiatives in the health & wellness space. While the market shows adequate demands for insurer-backed platforms, Inkblot shows early awareness post the Green Shield Canada acquisition
- Sun Life continues to be recognized as a long-standing leader in **innovation** supported by formidable strength in mobile application, and initiatives such as Lumino Health
- **Sun Life** surpassed Medavie Blue Cross to lead the Canada Business Capability Index (BCI) given robust brand, technology, and product & proposition. **Green Shield** advanced to 2nd, differentiating through its 'innovation' associated brand, high 'value of offer', and strong back-end capabilities. **Medavie Blue Cross** comes 3rd with competitive pricing and strong relationship management

NMG's Canadian Group Benefits study covers approximately half of the business placed across the country

Regional breakdown



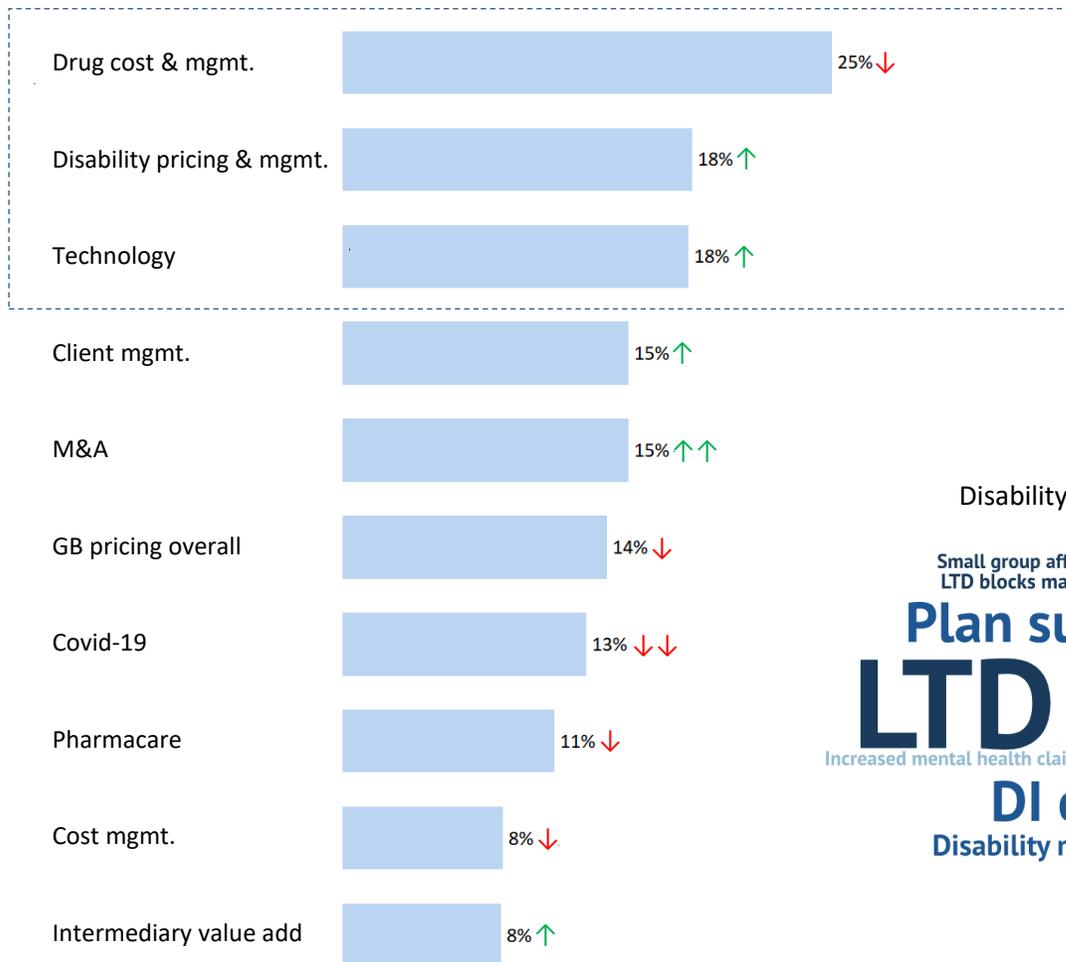
Respondents by segment:



- ▶ The NMG Canadian Group Benefits study respondent sample consistently represents a large proportion of the Canadian Benefits market. It is estimated that, in aggregate, the study respondent base represents approximately half of the group benefits business placed across the country
- ▶ **121 interviews** were conducted across Canada with key consultants, brokers, MGAs and TPAs focused on Group Benefits market

Drug costs remain a key challenge; pandemic aftermath increases concern of disability pricing along with continued focus on technology

Top 10 challenges facing the group insurance industry (1 – 3 years)
(% of respondents cited each theme)



Top 3 challenges breakdown for intermediaries



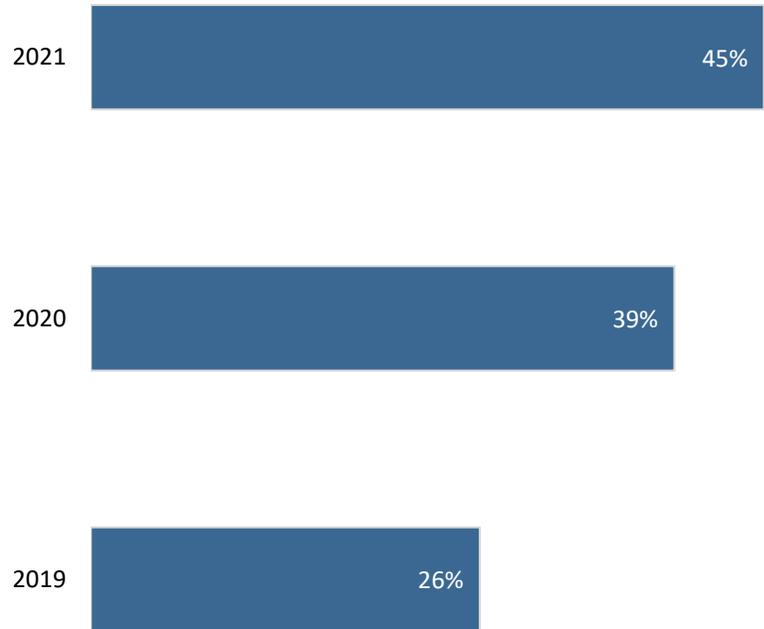
- ▶ Drug costs continue to be considered as one of the top challenges by the intermediary community, influenced by expensive medications and uncertainties around National Pharmacare
- ▶ Disability pricing is among the top 3 challenges, amid rate hikes at certain insurers
- ▶ Technology challenges are often cited around how to keep pace with new insurtech entrants and ever-changing technological developments

Note: Figures represent % of respondents cited each theme

Arrows present YoY change in % of respondents (single arrow presents single digit % increase/decrease, double arrows represent double digit % increase/decrease)

Perceptions of over-priced Group LTD products have grown, which is believed to be largely influenced by increasing mental health/short-term disability claims

% of intermediaries who perceive Group LTD pricing is too high
(2019 – 2021)

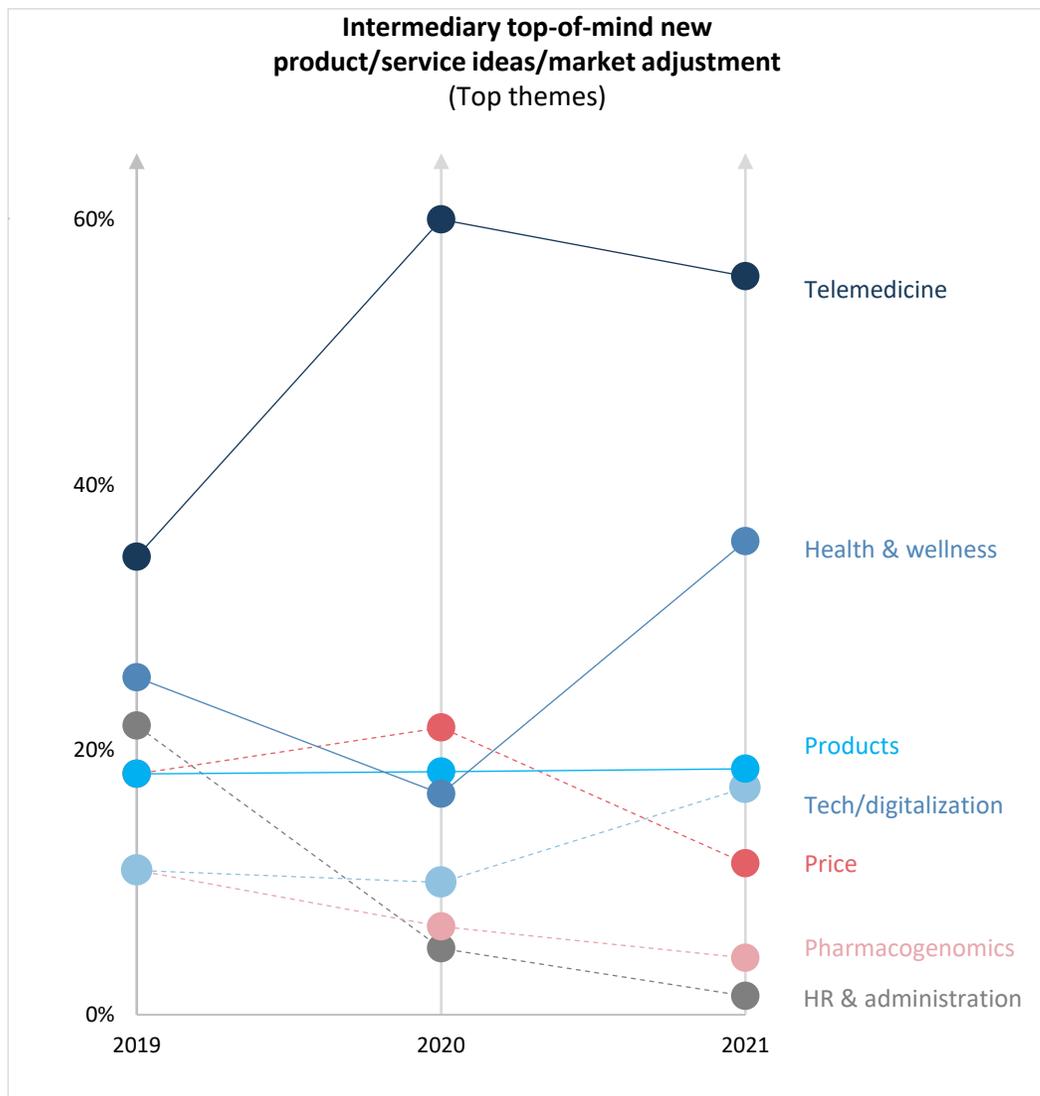


Observation when there is deterioration of disability
experience due to pandemic

Doctor appointment issue
Increased mental health claims
Increased claims
ST disability deterioration

- ▶ The intermediary community enters 2021 with a more pessimistic view on LTD pricing, with close to half of the respondents perceive the pricing is too high and the rate increases are believed to be above rises in claims experience
- ▶ ~40% of respondents have reported they have observed a deterioration of experience on disability due to the pandemic, mainly influenced by increased mental health/short-term disability claims

Concerns around mental health drives up market developments for health & wellness, yet telemedicine remains the single dominant theme



- ▶ Telemedicine remains the trendiest topic when it comes to new market development, highly associated with the demand for virtual care since the onset of Covid-19
- ▶ Over the past year, there has also been an evident lift in the health & wellness category, particularly driven by new initiatives in the mental health space
- ▶ Consistent with prior years, one in five intermediaries have identified new product developments, featuring gender affirmation coverage in 2021

Insurtech nominations concentrated on benefits administration and facilitation platforms while Dialogue continues to lead with a focus on telemedicine

Top insurtech nominations by category & key reasons for nomination

Health & Wellness

1

- EAP integration
- Leadership in virtual care & mental health
- Easy to use

2

- EAP integration

3

- Green Shield acquisition
- Interested to see post-acquisition development

42% of Insurtech nominations fell under Health & Wellness with 3 clear winners

52% of nominations fell under Tools & Administration, leading by 5 firms

► Under Health & Wellness, Dialogue continues to dominate as a leading telemedicine provider, recognized for further enhanced offerings spanning from physical & mental health to EAP programs. TELUS Health and Inkblot have seen uptick in nomination

Tools & Admin

1

- Good service & proposition
- Service is excellent for small HR platforms
- Easy to onboard clients

2

- Stand out for technology and more for large groups

3

- Flexible and easy to use
- Well priced
- A company that does one thing really well

4

- User friendly and a complete platform
- Locally designed, matches intermediary needs

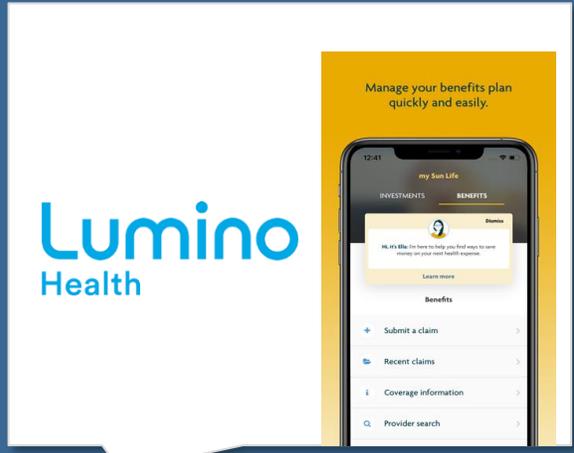
5

- Advanced technology for claim breakdowns and renewal reporting
- Great understanding of the business

► With regards to admin focused insurtech, Collage surpassed League given strongly resonant value proposition, while myHSA has also seen increased awareness

Sun Life continues to be recognized as a long-standing leader in innovation, while Canada Life retains momentum surpassing Manulife to become 2nd

Most Innovative Provider



Mobile app
Communication
Telemedicine
Leadership
Product innovation
Technology
Lumino Innovative
Online presence

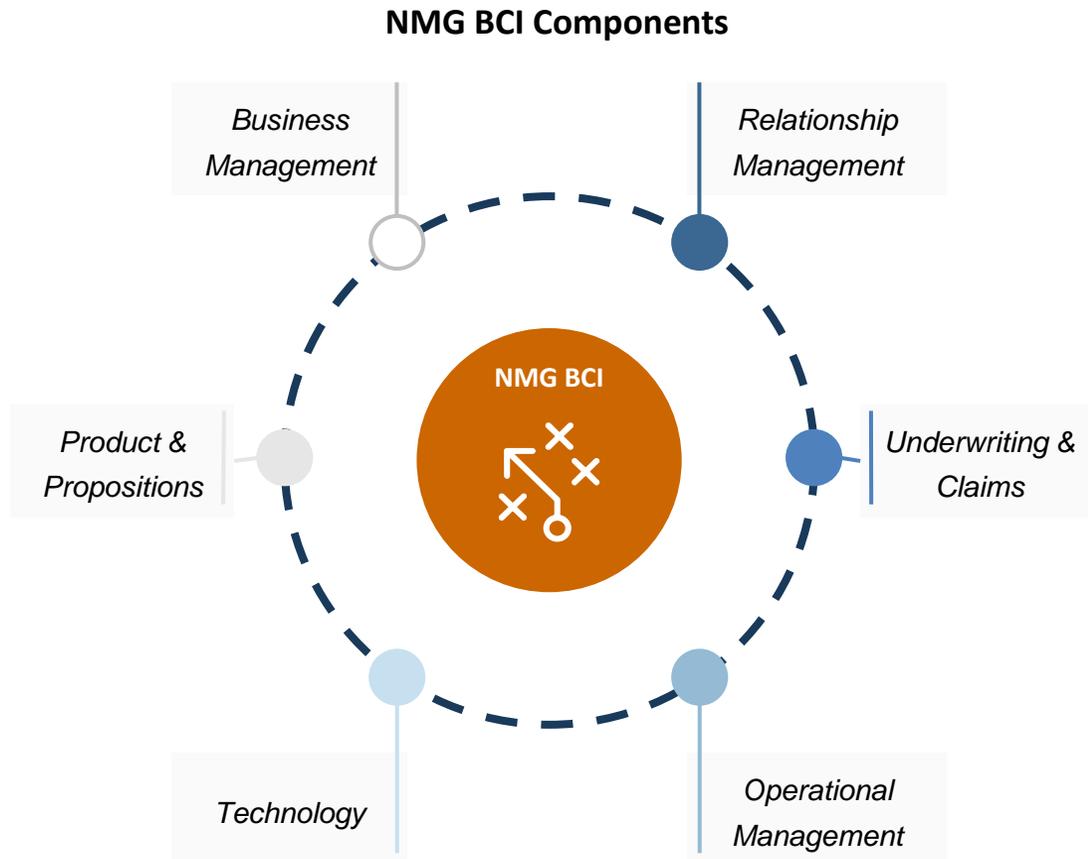


Note 1: Figures in () represent the number of nominations
 Note 2: Word cloud features comments with two or more citations only

11 citations for other providers

NMG Business Capability Index (BCI)

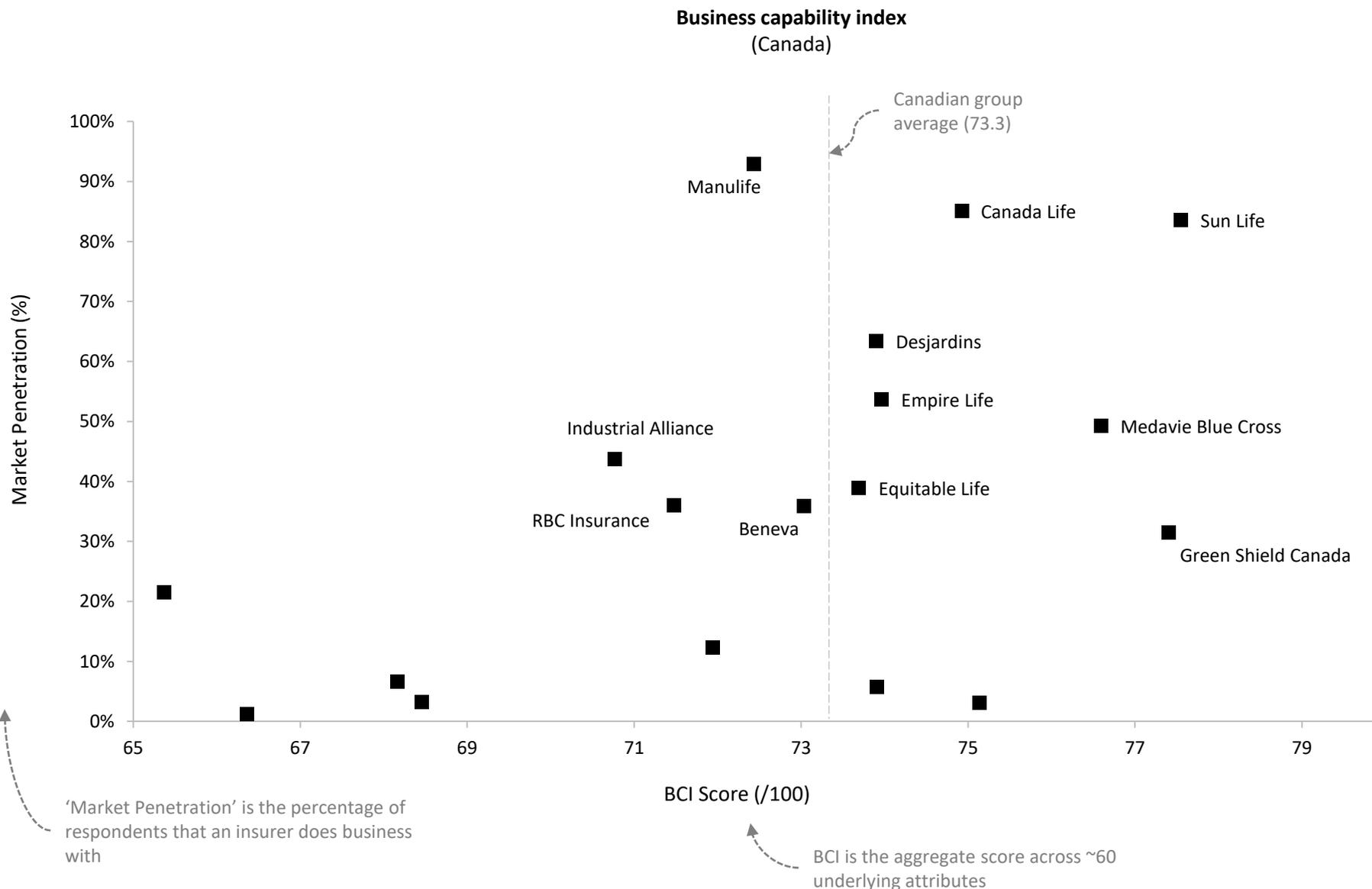
NMG's Business Capability Index (BCI), an extensive metric that allows for insurer benchmarking across key capabilities



NMG Business Capability Index (BCI)

- The NMG Business Capability Index (BCI) is a single composite score that **compares provider effectiveness** by aggregating intermediary feedback across **60 key capabilities**
- The NMG BCI provides an assessment of which providers are **delivering the best propositions to intermediaries, and consequently which providers are likely to strengthen their market position over the next 12-24 months**

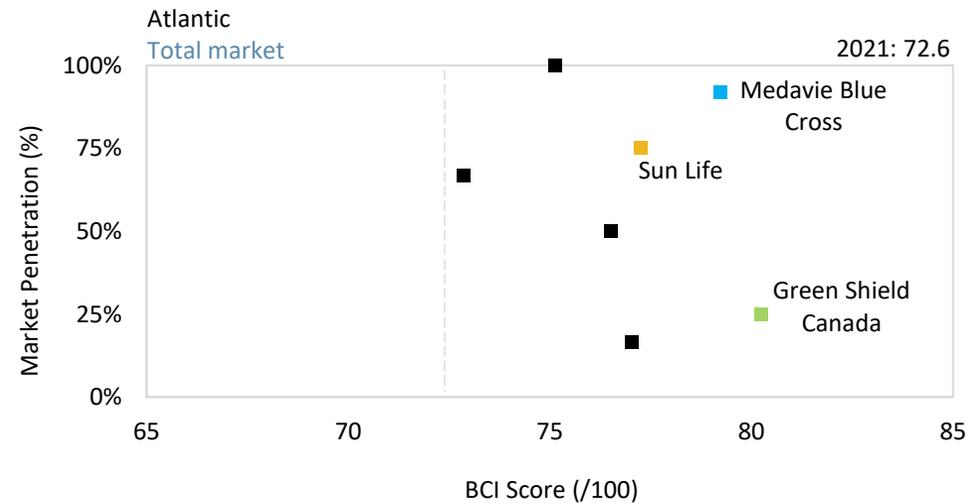
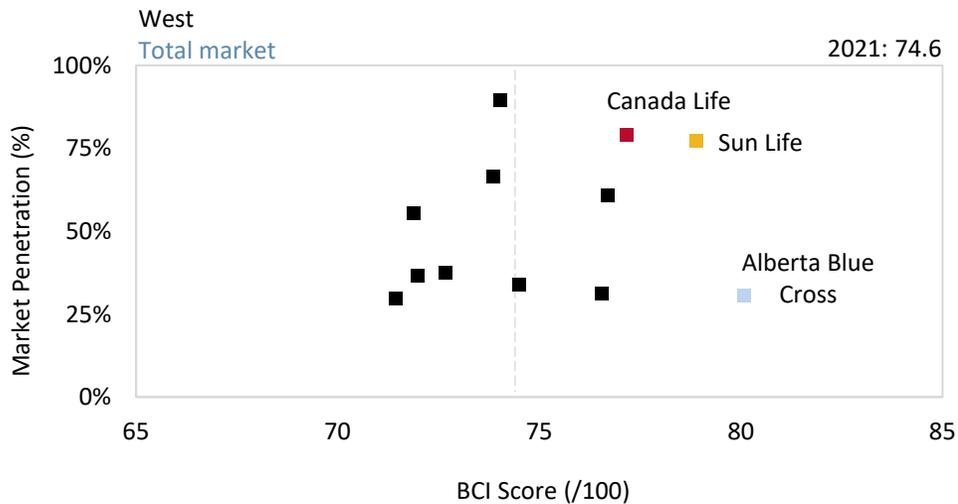
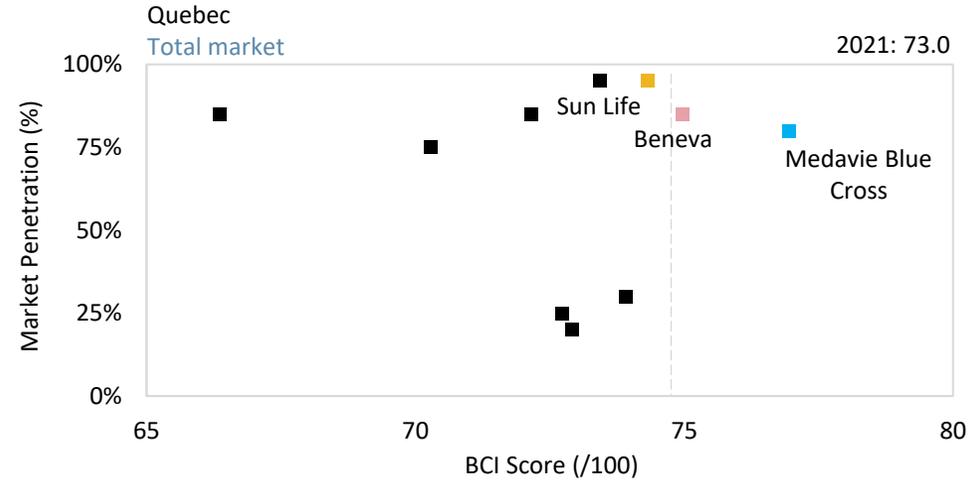
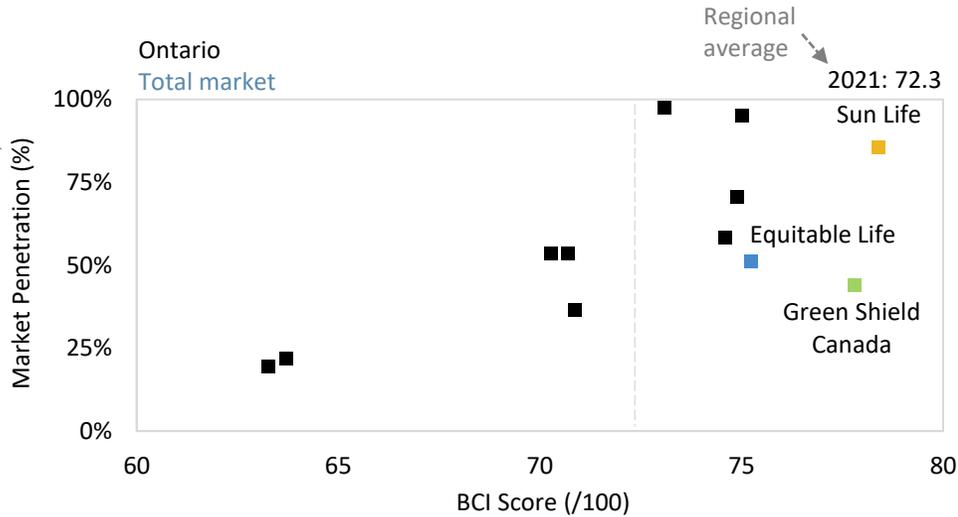
Sun Life surpassed Medavie Blue Cross to lead the Canadian market, followed closely by Green Shield Canada



- ▶ Sun Life retains market leading BCI, from Medavie Blue Cross, by sustaining top position in brand, technology, and product & proposition
- ▶ Green Shield Canada advanced to second place in total market BCI, continuing to differentiate through its ‘innovation’ associated brand, market leading ‘value of offer’, and robust back-end capabilities
- ▶ Medavie Blue Cross remains differentiated, perceived as competitively priced with high value, and continued to be BCI leader in Quebec supported by outstanding service and relationship management

Each region is led by a different BCI leader as competition intensifies

Business capability index
(By region)



- ▶ Sun Life regained its leading position driven by improved relationship and service
- ▶ In Quebec, Medavie Blue Cross remains in lead. Beneva advances into top 3, supported by strengthened relationship mgmt. and technology post-merger
- ▶ Alberta Blue Cross leads the Western Canada BCI with a low footprint, differentiating the most in product & proposition as a provincial carrier
- ▶ BCIs remain strong in Atlantic, as competition intensifies

2nd tier carriers outperform in relationship management; Sun Life dominates brand and technology while Canada Life shows several upticks

Select BCI factors

Top-3 ranked providers across key BCI attributes

	1 st	2 nd	3 rd	
Relationship mgmt.	Work in genuine partnership	Green Shield Canada ▲	Medavie Blue Cross	Empire Life
	Ease of doing business	Empire Life	Equitable Life ▲	Green Shield Canada ▲
	Account executive capability	Green Shield Canada	Equitable Life ▲	Empire Life ▲
Technology & back-end service	Mobile application	Sun Life	Desjardins ▲	Canada Life ▲
	Member experience	Sun Life	Equitable Life ▲	Canada Life ▲
	Operational management ¹	Green Shield Canada	Equitable Life	Empire Life ▲
Other capabilities	Brand strength	Sun Life	Canada Life ▲	Manulife
	Fraud management	Sun Life ▲	Green Shield Canada	Canada Life ▲
	Overall service to intermediaries	Equitable Life ▲	Medavie Blue Cross ▲	Green Shield Canada ▲
	Plan implementation	Empire Life ▲	Green Shield Canada ³ ▲	Sun Life ▲
	Large group handling	Canada Life ▲	Manulife ▲	Green Shield Canada ▲
	Small group handling	Empire Life	Medavie Blue Cross ▲	Sun Life
	Intermediary incentive program	Medavie Blue Cross	Desjardins ▲	Beneva ▲

► This table highlights those that are investing in capabilities. The top ranked provider, by intermediaries, had the highest BCI score for that factor

► Green Shield, Equitable Life, and Empire Life continue to strengthen relationship management as well as service capabilities

► The Big-3 continue to dominate brand strength, while Canada Life has seen broadly lifted performance. Sun Life sustained its long-standing leadership in mobile application and further advances in fraud mgmt., and plan implementation

Notes: 1. Operational mgmt. includes 8 factors cross new quote & renewal process, information shared at renewal, accuracy & timeliness, admin quality, responsiveness, taking ownership, and reporting.

2. Triangles besides insurer names denote those who have improved ranking at the respective factor by at least one rank (from 2020 to 2021)

3. Green Shield Canada and Empire Life tied at Plan implementation in 2021

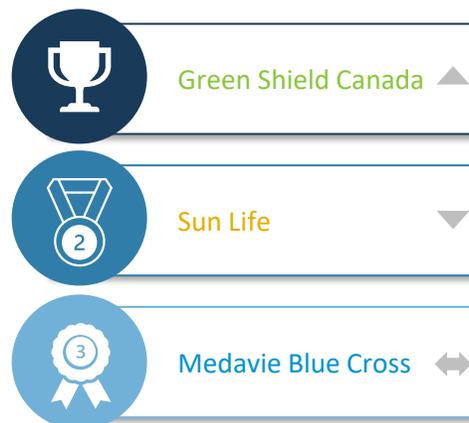
Sun Life demonstrates great product breadth, while RBC Insurance and Manulife show the most differentiation in Group LTD and Wellness Program respectively

Insurer capability differentiation 'Best in class' insurer - Canada

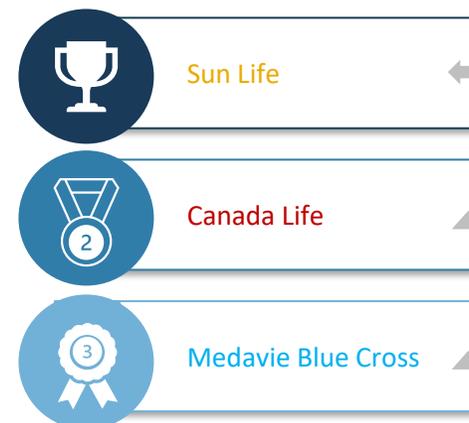
Group Long-Term Disability



Group Extended Health



Voluntary Benefits



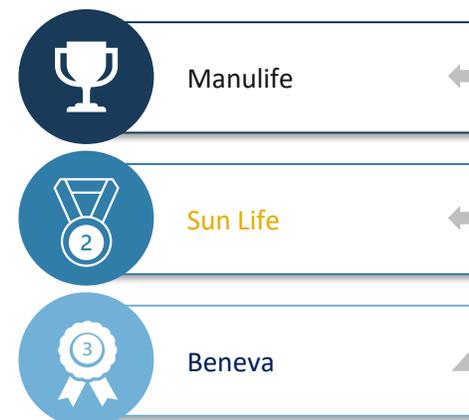
Virtual Health Platform



Mental Health



Wellness Program



- ▶ RBC Insurance sustained 1st ranking in best-in-class LTD, supported by their differentiated Guarantee Standard Issue Program and sophisticated claims adjudication
- ▶ Sun Life leads in voluntary benefits given their integrated and easy-to-apply benefits, while ranked 1st in virtual health platforms rooted in strong recognition for Lumino Health
- ▶ Green Shield took a lead in extended health, ahead of Sun Life by a small margin
- ▶ Manulife stands out in wellness programs largely driven by Vitality
- ▶ Non-insurer providers are more visible in mental health, leading by Homewood given their EAP offering

Notes: 1. ▲ Increased rank YoY ▼ Decreased rank YoY ↔ Equally ranked YoY

2. Virtual Health Platform and Mental Health are new factors in 2021

Contact us for more information

About NMG Consulting

NMG Consulting is a leading global consultancy focused on the insurance, reinsurance, retirement/wealth, asset management markets. We bring a unique approach to integrating consulting, insights and analytics.

NMG's evidence-based consulting programs involve interviews with industry leading experts, top clients and intermediaries as a basis to analyse industry trends, competitive positioning and capabilities. NMG develops and manages several leading global programs across key elements of the insurance and investment industries: Life & Health Reinsurance, P&C Reinsurance, and Asset Management.

Established programs also exist in the underlying insurance and wealth markets in Canada: Canadian Group Benefits, Canadian Group Retirement, and Canadian Individual Life Insurance. Our insights are rebuilt on an annual basis.



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Thank you

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