

The beneficiary experience

Part 2: Tailored communication and support can improve the claims experience for everyone

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Executive summary

This is the second of a two-part series focused on the importance of the beneficiary claims experience – based on Securian Financial’s research of the life insurance beneficiary journey. Here, we’ll discuss the opportunities employers have to tailor communication and support their employees, beneficiaries and their advocates – which can improve the overall claims experience for all stakeholders, including benefits administrators.

Employers can help employees (the policyholders) prepare for the unexpected by encouraging them to have conversations with their beneficiaries – and providing helpful “next steps” once the employee purchases a policy. When employers are more aware of the challenges beneficiaries face, they can better support employees.

In the past, discussions about the family inheritance tended to be taboo – which made navigating the beneficiary process more challenging. It was especially challenging when beneficiaries were not informed of their loved one’s financial situation or intentions for the life insurance policy.

Now, younger generations have a different mindset. They’re more open to talking about finances more transparent about money and knowledge sharing. They’re accustomed to companies anticipating their wants and needs – and they expect automation.

This also translates into their experience as a beneficiary. They welcome, or even expect, to be notified if they’re designated as a beneficiary. They want to know what they need to do or what information they need to provide to make a claim.

Industry implications

The industry needs to shift its thinking, especially as the “Great Wealth Transfer” begins – when Baby Boomers shift wealth to their children and grandchildren over the next three decades.

According to PwC, “It’s going to be anything but business-as-usual over the next 30 years. The demographic inheriting this windfall loves technology and embraces change and disruption.”¹

This means insurers will need to embrace technology and implement enhancements within the beneficiary process. This could include introducing automated emails in the policyholder’s control, so they can notify their own beneficiary. Additionally, using automated emails for updates throughout the claims process, especially when there are multiple beneficiaries involved. This can help ease some anxiety.

Opportunities by audience

Policyholders

Help employees understand that buying life insurance coverage is only part of the process.

- Some beneficiaries lamented a lack of transparency from policyholders.
- It would be helpful for beneficiaries to find out prior to the policyholders' passing that a life insurance policy was purchased and they're named as a beneficiary.
- Beneficiaries want to learn about the policy during an open conversation with family members, so they know the amount of the policy and if there are other beneficiaries earlier on.

"Get rid of the old culture where you don't tell anybody about your money. In a way his parents were secretive." – Beneficiary advocate

- Some beneficiaries would like to have known the policyholders' motivations for the life insurance purchase.
 - It would be useful for the policyholder to communicate to beneficiaries that a \$50,000 (or less) policy may be intended for funeral expenses, while the goal of a larger policy may be to take care of the family.
- Some beneficiaries would find it helpful to know details about policy updates, to ensure the policy does not lapse or the beneficiary information is current.
- While some policyholders are organized and make the process easy for beneficiaries, others are less organized or are poor recordkeepers – making it more difficult for beneficiaries to even find policy information.

"He died in June and [we] probably found [the paperwork] it in September, and it was just some chicken scratch notes which caused us to dig deeper into some other boxes and finally find something that looked like a policy number." – Beneficiary

Provide tools or resources to help employees organize financial documents. Knowledge sharing among families can help beneficiaries and pave the way for a smoother filing process.

- Consider providing a checklist of topics to cover during a conversation between the policyholder and beneficiary.
- Encourage policyholders to keep beneficiary contact information up to date and facilitate an annual review.
- Offer an option for policy information to be automatically shared with a beneficiary (with the policyholders' consent).

Beneficiaries

Provide education and demonstrate empathy

- Once beneficiaries are notified of their status, consider sending them information and tools to help them understand their role.
- Providing easily accessible, online content about the steps, required documents and where to find them (e.g., death certificate, downloadable forms.) and other FAQs can aid beneficiary understanding and accelerate progress.

Beneficiaries exhibited a range of knowledge about life insurance – virtually all respondents were first-time beneficiaries.

- It would be helpful for employers or insurers to share basic information about how life insurance works.
- Providing materials that give guidance on expectations for their beneficiary role (potentially including testimonials or tips and tricks from previous beneficiaries) would likely be appreciated.
- Beneficiary advocates could also benefit from this guidance, so they can better support beneficiaries.
- Beneficiaries expect employers and insurers to provide advice on end-of-life planning and activities.

Improve ability to handle the complex dynamics inherent to claims with multiple beneficiaries

- To help alleviate additional stress resulting from complicated family relationships, employers and advocates have an opportunity to encourage coordination with beneficiaries.
- Acting as a neutral third party can streamline the process and generate goodwill.
- Establishing clear protocol and a call center script can ensure all beneficiaries are treated the same and improve the ability to handle estranged beneficiaries.
- Sharing guidelines so all beneficiaries are aligned about expectations helps beneficiaries located locally and abroad.

“They said they talked to my brother; I said, well, I don’t.” – Beneficiary

- Beneficiaries also expressed interest in using digital tools throughout the journey.
 - Opportunities exist to help manage relationships among multiple beneficiaries through automated reminders and status updates.

Advocates

Many beneficiaries lean on friends or family to help them through this difficult time

- Most advocates feel their biggest role in the beneficiary claims journey is being a provider of emotional support.
- Advocates also actively assist the beneficiary in locating policy documents. They act as a “second set of eyes” on documentation, ensuring forms are completed and submitted accurately.
- In addition, advocates may work with the human resources liaison administering the group life policy.

Investigate ways to engage advocates

In an ideal situation, beneficiaries look to advocates not only for emotional support, but also to assist in their dealings with insurers. However, most advocates have not been effective in that role because of rules and regulations.

- Consider investigating ways to bring advocates more actively into the journey.
- Start by inquiring if a beneficiary has an advocate. If so, share tips or resources (such as grief support guidance) to help make advocates feel more included and useful in their role.

All stakeholders

Improve communication with every stakeholder

A steady and knowledgeable presence can ensure the process goes smoothly. This includes both the methods and channel by which messages are communicated to stakeholders – and the clarity and simplicity of communications.

- Make communications easy to understand and even easier to respond to.
- Consider improving the communications flow during the processing stage, where many seek regular status updates for assurance their claim is being processed without issue.

Employers can play an important role in delivering a more “ideal” life insurance claims experience.

- Targeted education, support and resources delivered to employees/policyholders (pre-death) and beneficiaries and their advocates when they become aware of their role(s) can minimize disruptions and create a smoother experience.

Employer point of view

Benefits administrators take pride in helping families at a difficult time

Securian Financial established an employer advisory board in 2018 to glean regular feedback from benefits professionals.

- In terms of the beneficiary process, most members recognize the important and meaningful role benefits administrators play in the lives of survivors.
- Filing employee life claims can be emotionally fatiguing, but advisory board members also speak to the pride benefits administrators feel in being able to help families during a difficult time.

“There is a certain joy that comes from knowing that I’ve truly made a difference in another person’s life, and I am always grateful that I am in a position to help people who are going through very serious life issues in regard to illness, death, grieving, dying.” – Benefits administrator, 100,000+ lives

Some life claims have a more personal impact on administrators than others

- The hardest situations are when they knew the deceased, the employee’s death was unexpected or when they meet with an employee’s survivors.
- It’s also difficult on benefits administrators if they’ve formed relationships with employees and their family, especially during long-term disability situations.
- Suicides are particularly difficult cases and potentially more complicated life insurance claims – benefits administrators often need to engage with close family members when emotions are raw and refer them to Employee Assistance Programs (EAP).

“The deaths after an employee is out on FMLA and then long-term disability are also hard because you’ve worked with that person for a while as their illness progresses, forming a relationship with them and their family.”

– Benefits administrator, under 5,000 lives

“We had a family come in to seek information and report the death of our employee. The wife and children came in. It was an unexpected death and they didn’t know what to do. I spoke with the family members and was giving them the benefits information when the daughter began to wail. It was so emotional.”

– Benefits administrator, 20,000-49,999 lives

Ensure beneficiary information is current

While in most cases the process is considered straightforward by both benefits administrators and beneficiaries, any disruption adds to the level of anxiety at what is already a stressful time.

- Missing or outdated beneficiary information can exasperate these feelings.
- It's also more complicated for benefits administrators to identify the intended beneficiary, especially if employees experience a life event, such as divorce or marriage, and don't update their beneficiary information.

About Securian Financial's employer advisory board

Comprised of benefits professionals from across the telecommunication, education, energy and food sectors, advisory board members provide feedback, and share benefit trends and challenges with each other.

The board is representative of Securian Financial's client portfolio, including employers with less than or greater than 10,000 lives and those working with Third Party Administrators (TPAs). In 2019, there were more than 55 active members.

Conclusion

Understanding the beneficiary's experience throughout their claim journey offers insights into how that process can be optimized. This knowledge has the potential to improve the overall experience for the beneficiary, but also make that process easier to navigate for benefits administrators and insurers.

According to Securian Financial's research, there are indeed opportunities employers have to tailor communication and support their employees (pre-death), beneficiaries and their advocates. This can lead to an improved experience for all stakeholders. Everyone benefits from a smoother process.

More transparency with the policyholder about their finances, ability to locate documents and awareness of the life insurance policy also leads to better outcomes for beneficiaries. And technology can play a key role in implementing enhancements to the beneficiary process.

Securian Financial's first report about its beneficiary research discusses how carriers can mitigate beneficiary anxiety from the start by anticipating the "top-of-mind" questions and setting clear expectations. This also helps set the tone for a more positive and less stressful journey moving forward.

Read the first report: "[The beneficiary experience: Anticipating 'top-of-mind' questions and setting clear expectations curb anxiety from the start](#)"

Methodology

In order to gain insights and better understand the life insurance claims experience, Securian Financial collaborated with Ipsos UU to conduct 22 in-home interviews with policy beneficiaries and advocates October 14-21, 2019, in Los Angeles, Minneapolis and Buffalo, New York.

Four of the 22 interviews were conducted in a dyad format, where a beneficiary and their advocate were interviewed together. Five remote interviews with financial professionals were also conducted October 21-22, to capture their perspective on the claims process journey.

1. "[Managing millennial money](#)," PricewaterhouseCoopers (PwC), 2020.

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