

2025

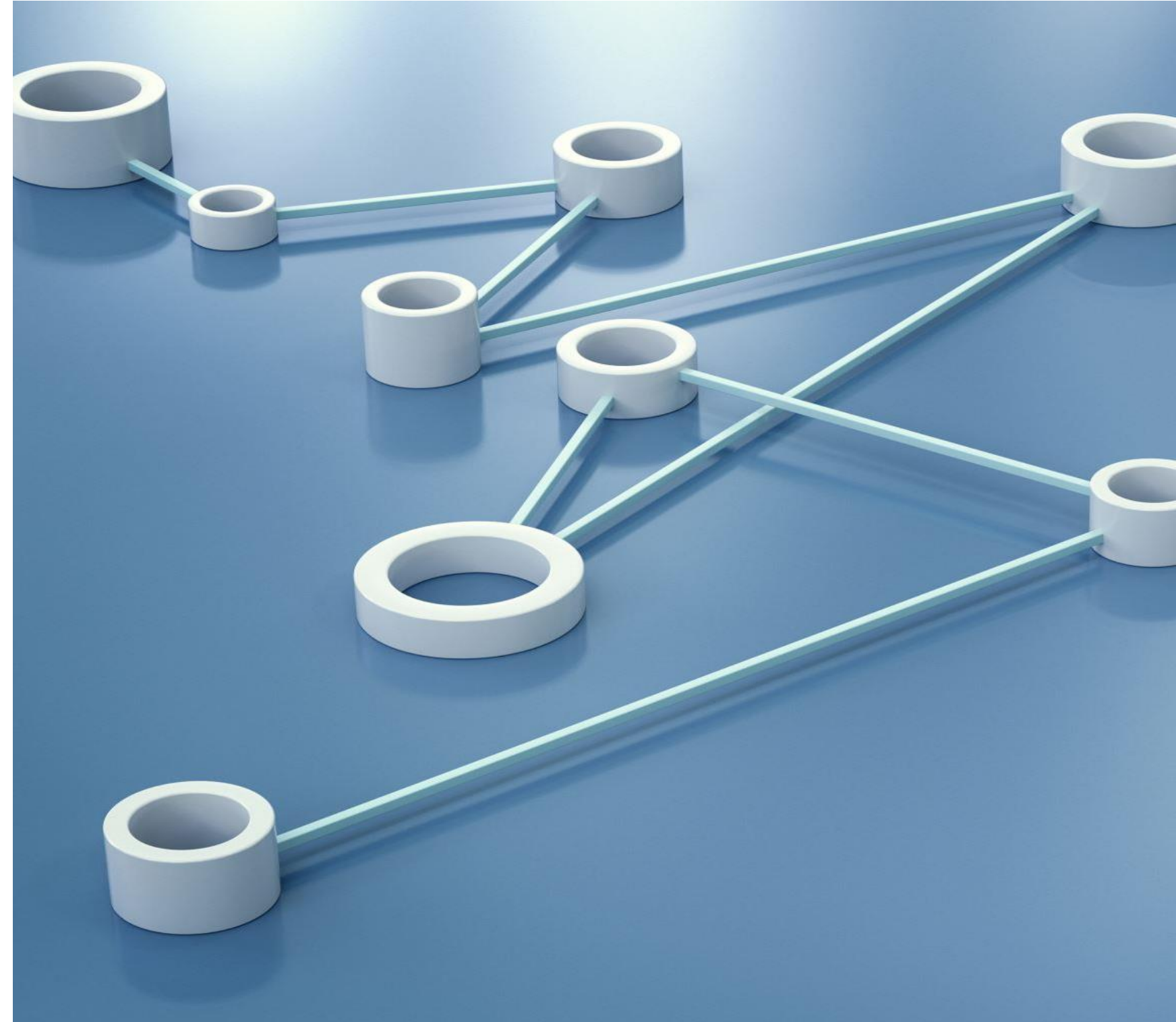
Enrollment
Technology Strategy
Seminar

The Power of Now

Sean F. O'Donnell
SVP, Head of Workplace Benefits

Key Themes For Today

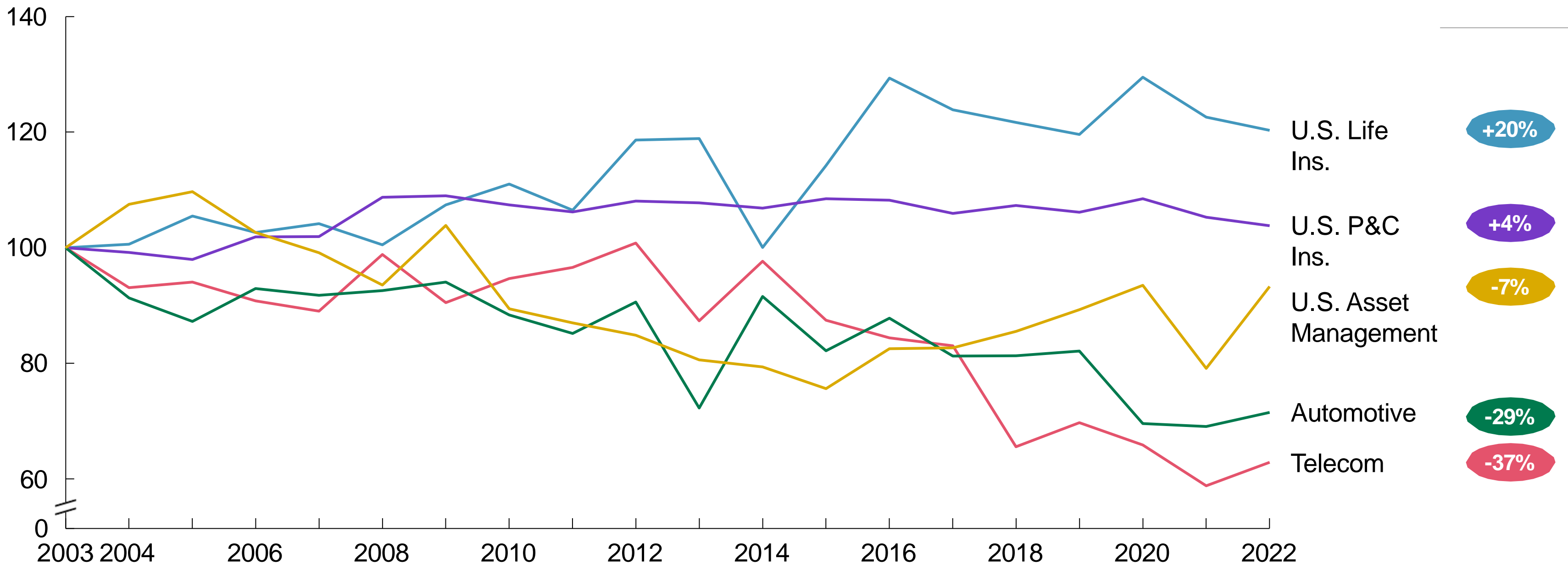
- Economic Factors Are Driving The Need for Change
- Perceived Value Is More Important Than Ever
- Digital Transformation Continues To Accelerate
- The Industry Is Embracing AI
- Total Wellness Is Gaining Traction



U.S. Insurance Industry Continues to Lag on Cost Efficiency

Cost efficiency evolution by industry (2003-2022)¹

Delta
2003–2022



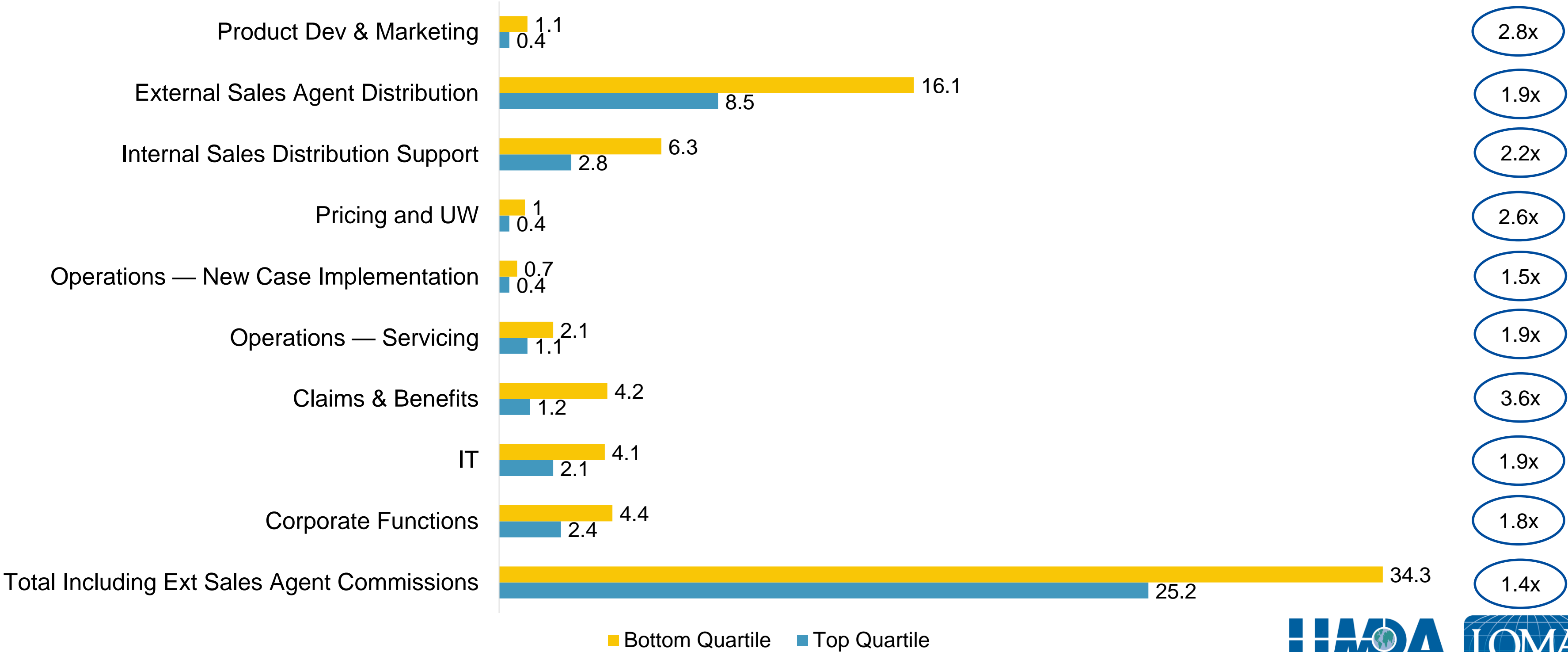
% Total SG&A Expenses over total Revenues (Statutory reporting), normalized at 100% in 2003.

¹Indexed; Expressed as "SG&A expenses as % of Revenue."
Source: S&P Capital IQ, Team analysis.



The Challenge: Increasing Growth While Decreasing Costs

2022, Expenses as a % of GWP + Fees; Categorized by Function



Source: McKinsey & LIMRA Workplace Benefits Insurance 360 Benchmark, 2023.



Influence of Different Factors on Benefits Strategies

Percent of **E**mployers



Survey Question: On a scale of 1 to 7, how much influence do each of the following have as you think about your company's employee benefits strategy. Data represents the percent of companies rating item 6 or 7 on the 7-point scale.

Source: The Future Is Now: Workplace Benefits Distribution Amid a Changing Landscape. LIMRA, 2025

Employers Demand Economic Value

71% of employers cite benefits costs as having a significant impact on their benefits strategies.

55%

Negotiated with providers for better terms, lower premiums, fees, etc.

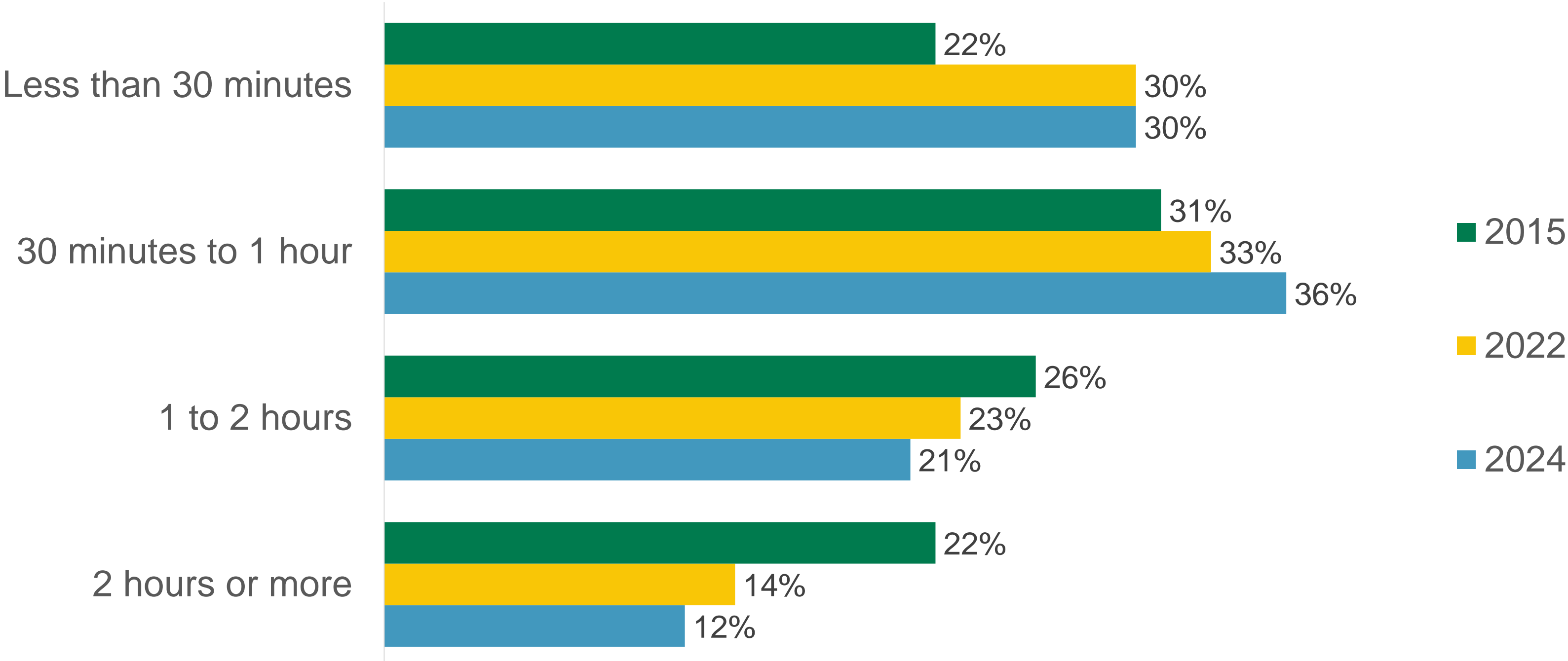
43%

Made changes to plan design to manage costs

30%

Eliminated underutilized or ineffective benefits

Time Spent Making Benefit Decisions

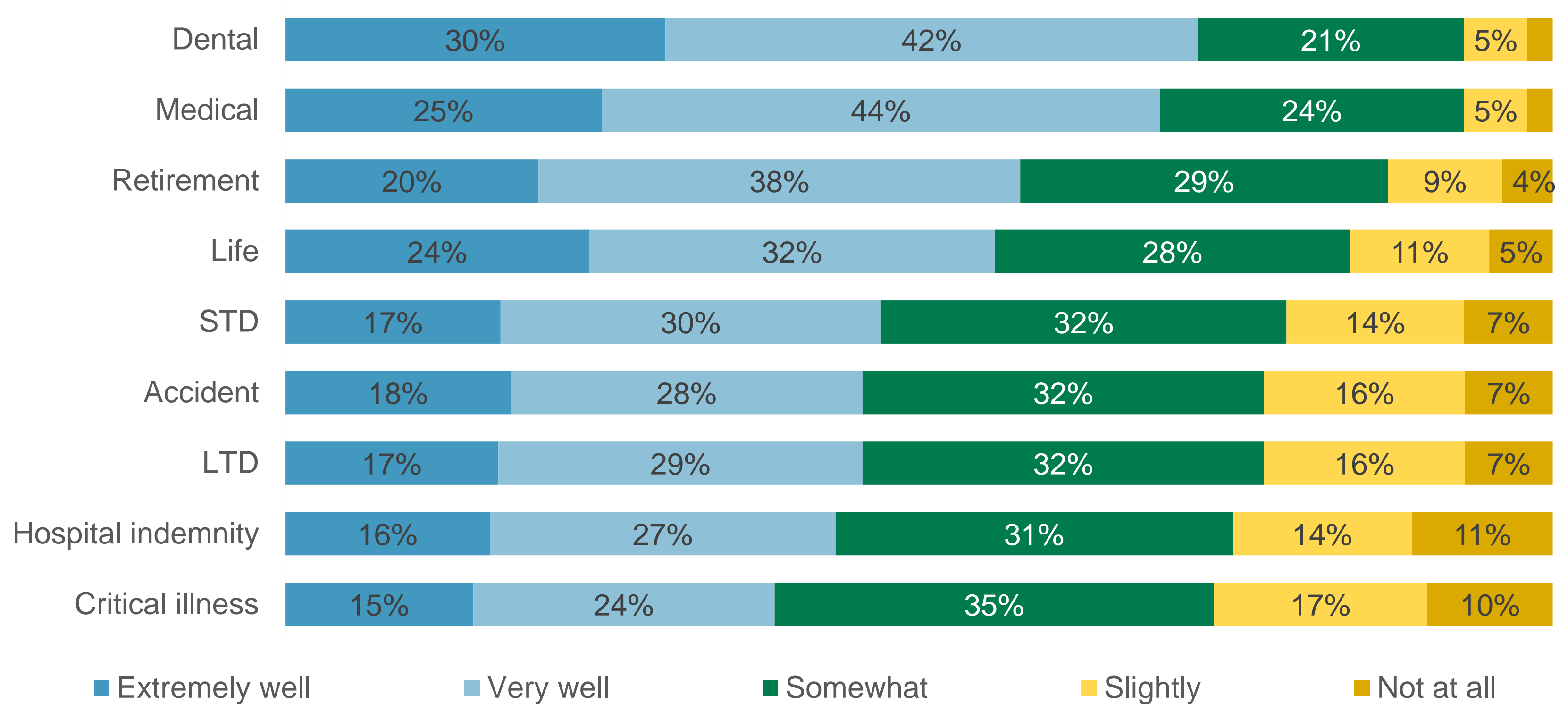


Based on employees who are enrolled in insurance benefits and have had an open enrollment within the past two years. Excludes respondents who are not sure how much time they spent.

Source: 2024 BEAT Study: Benefits and Employee Attitude Tracker, LIMRA.



Understanding of Benefits

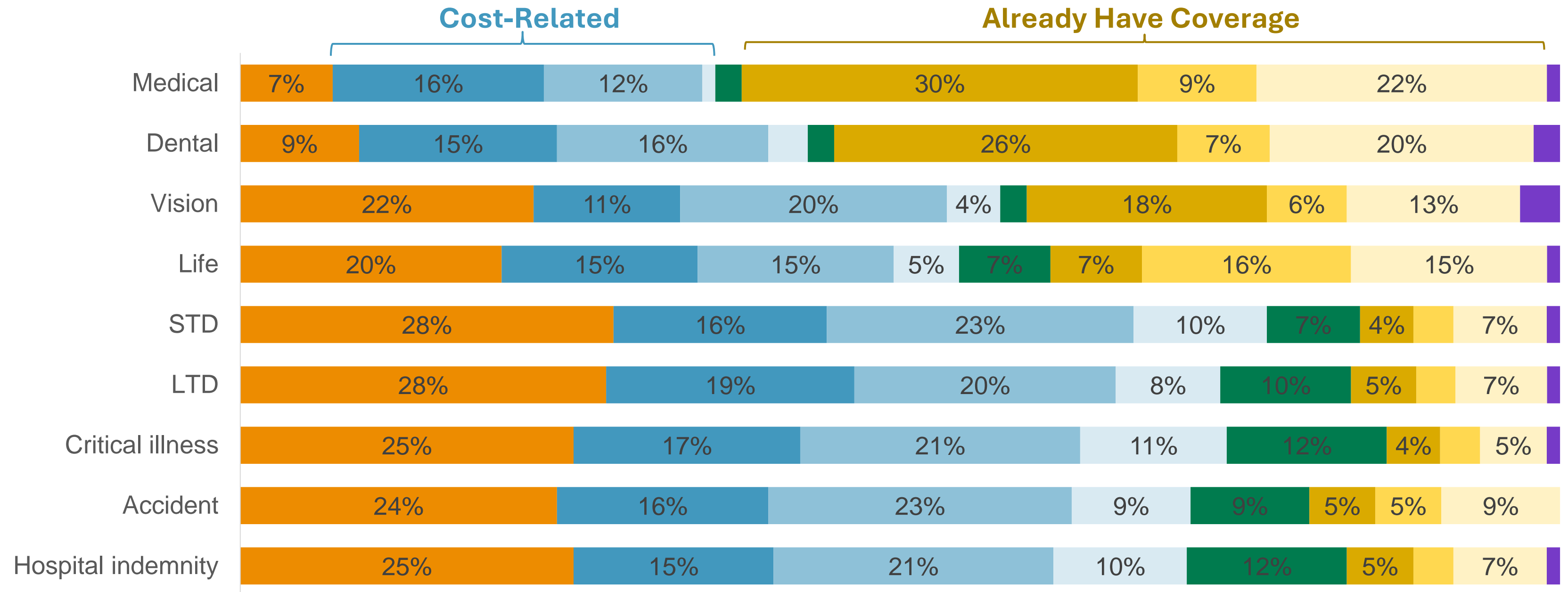


Based on employees who are offered the given benefit.

Source: 2024 BEAT Study: Benefits and Employee Attitude Tracker, LIMRA.



Reasons for Not Enrolling



- Don't need the benefit
- Not able to afford the benefit at this time
- Don't think the benefit is worth the cost
- Wanted to use the money for other benefits instead
- Did not have enough information about the benefit
- Have coverage through my spouse/partner or other family member

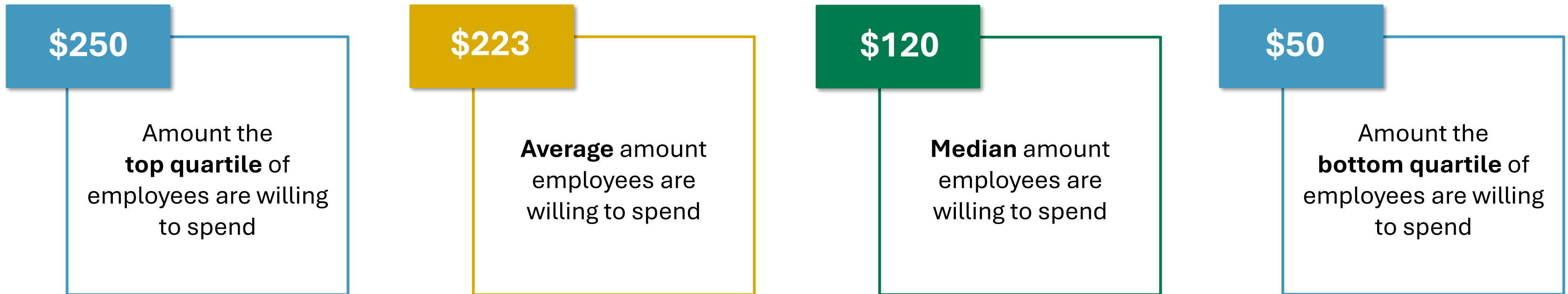
Based on employees who were offered the given benefit but chose not to enroll. Excludes employees who were not eligible for the benefit.

Source: 2024 BEAT Study: Benefits and Employee Attitude Tracker, LIMRA.



Employees Are Willing to Allocate Less to Benefits

The Maximum Amount Employees Are Willing to Spend Out-of-Pocket Per Month, Excluding Retirement Savings



Innovative Companies: Technology-Enabled Performance

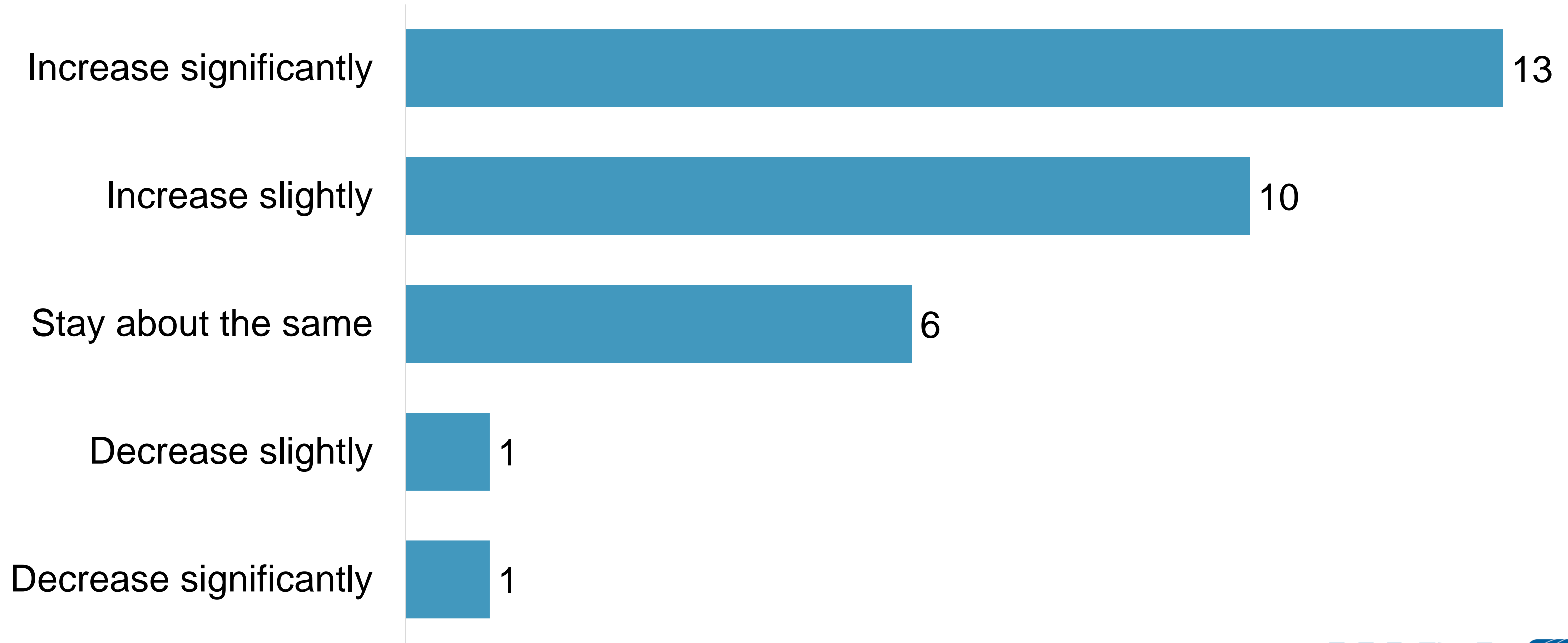


Top innovators are ahead of peers on applying technology to three dimensions of their business:

1. Speed
2. Integration
3. Fact-Orientation

Digital Investment in the Next 3 Years

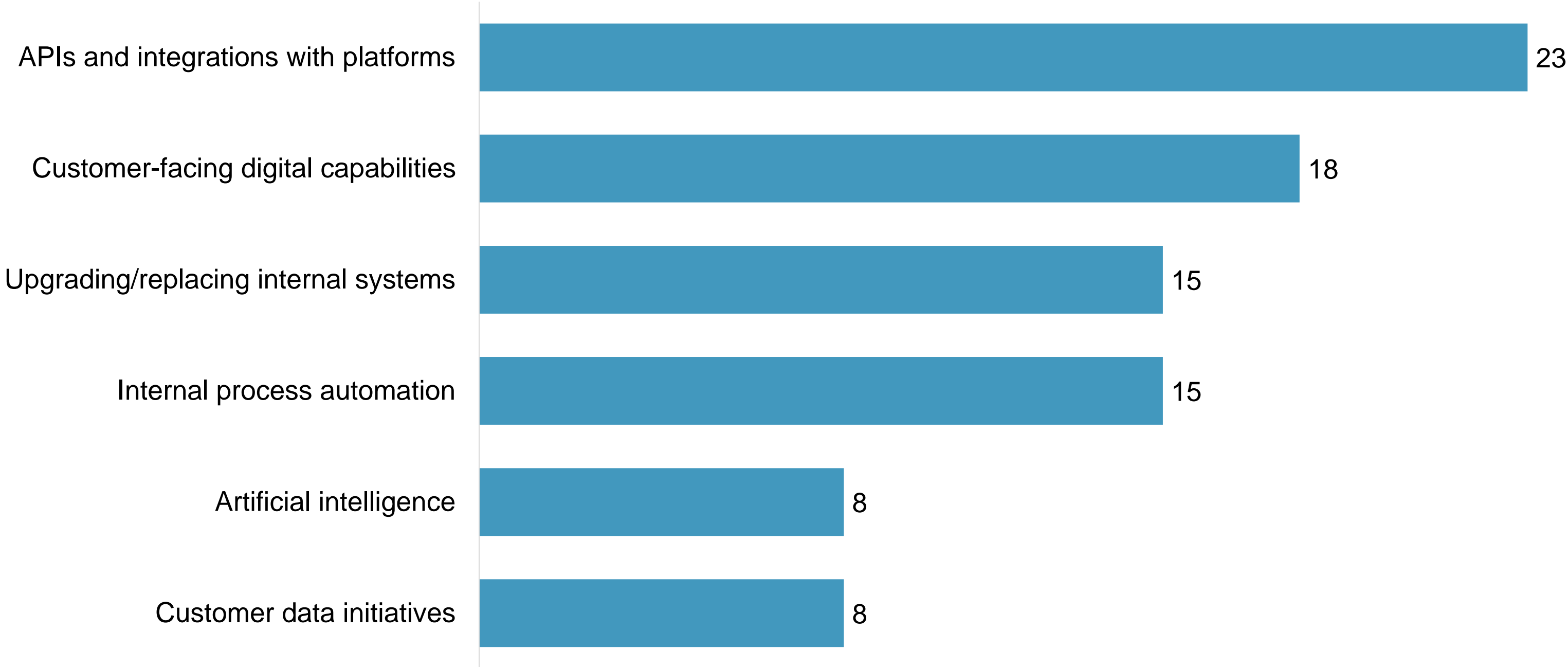
Will your investment in digital initiatives increase or decrease over the next 3 years?



Source: *Digital Transformation In Workplace Benefits*, LIMRA, 2024. Based on 31 companies.

Carriers Have Multiple Priorities for Digital Investment

Highest Priorities for Digital Investment*
(number of carriers)



Source: *Digital Transformation In Workplace Benefits*, LIMRA, 2024. Based on 31 companies.

13 *Based on 32 companies. Up to three responses allowed.

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The Industry Is Still Maturing In Its API Evolution

The aggregate benchmark score improved by 4.03% overall, with increasing scores in all 6 Dimensions.

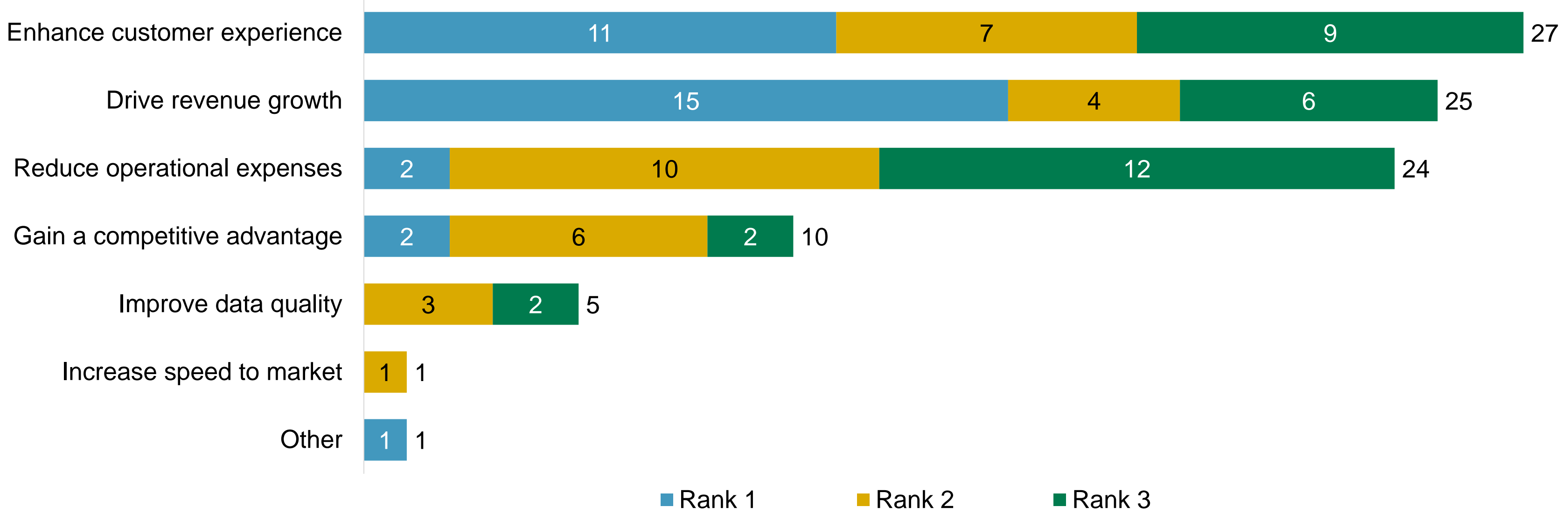
- Strategy & Culture experienced the highest increase, with gains in both API management and availability.
- Data Quality also demonstrated pronounced improvement, specifically in the areas of audit process, error notification, and in-force census production.

Dimensions	Percent Change (2024-2023)
Strategy & Culture	+8.13%
Data Quality	+7.50%
Plan Configuration	+6.17%
Execution	+5.89%
Enrollment Data Exchange	+2.83%
Adoption	+0.67%
Overall	+4.03%

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Several Considerations Impact Digital Priorities

Top Factors Carriers Consider When Prioritizing Digital Investments*
(number of carriers)

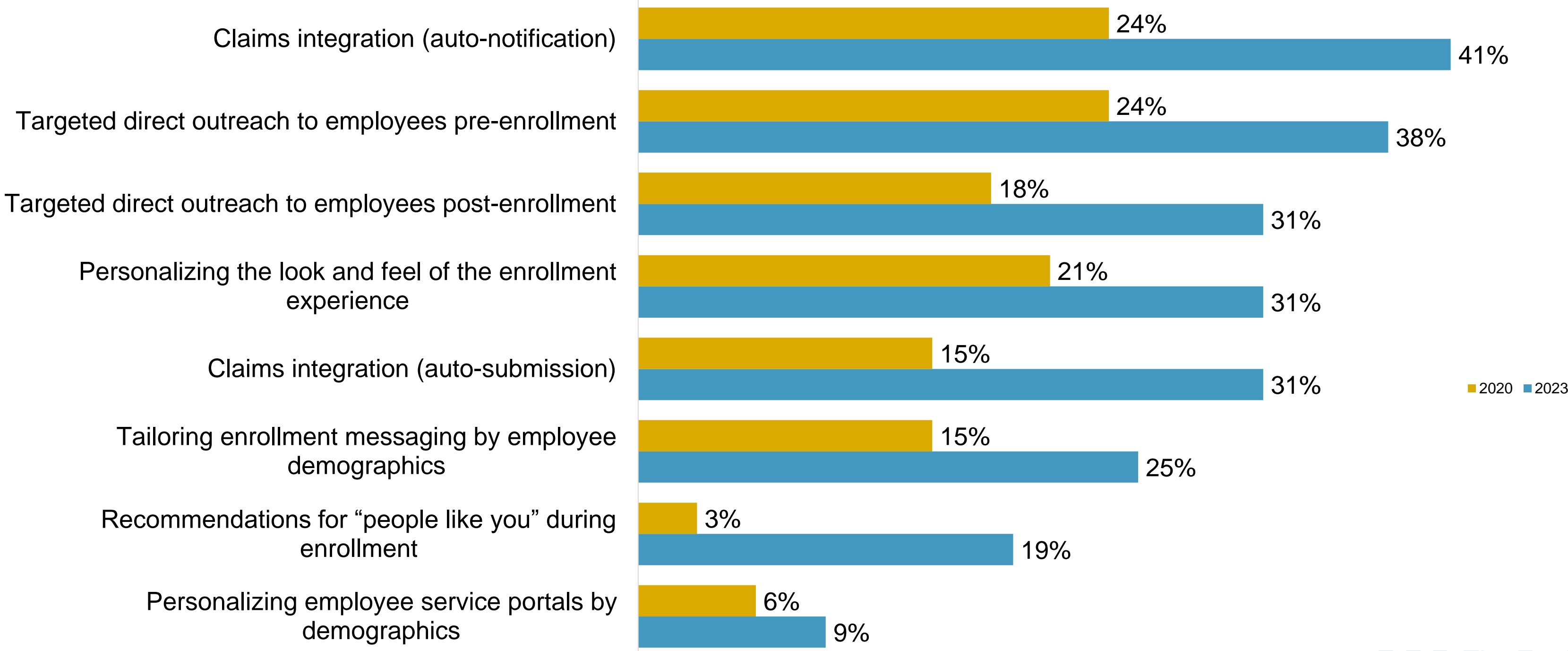


15 Source: *Digital Transformation In Workplace Benefits*, LIMRA, 2024. Based on 31 companies. Respondents ranked their top three considerations.



The Use of Data Analytics Has Grown

Use of Data Analytics Over Time*
(percent of carriers)



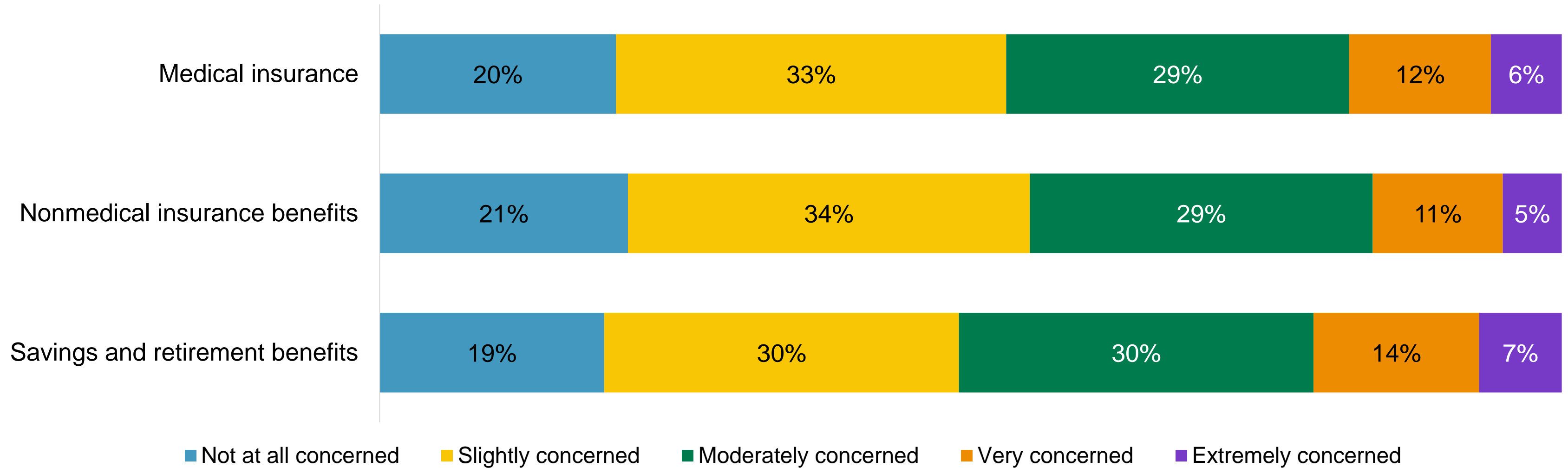
16 *2023 data based on 32 companies. 2020 data based on 34 companies.

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Level of Concern Regarding Personal Data Security and Workplace Benefits

Percent of Workers



Base: Workers who have listed benefits.
Source: U.S. Consumer Sentiment, LIMRA, October 2023.

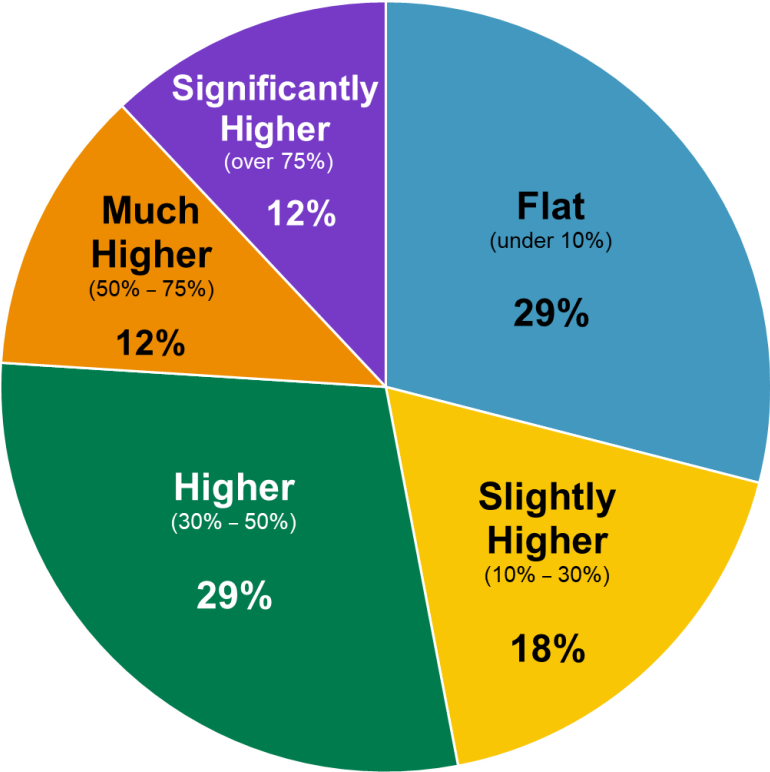
The Age of AI: Limitless Possibilities



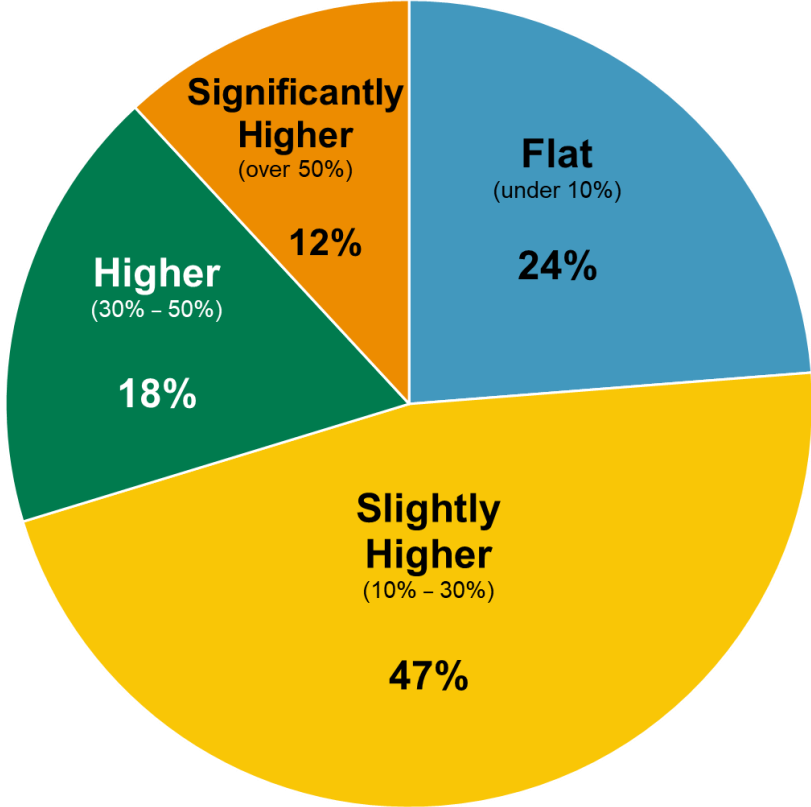
AI is seductive, but executives should not lose sight of the core fundamentals:

1. Organizational **culture** and change management.
2. Eradication of enterprise **silos** — AI should not be applied like digital transformation has been.
3. **Data, data, data** — availability, quality, privacy, security, literacy. Cannot have great AI with bad data.
4. **Legacy systems** will continue to challenge sustained digitization and any meaningful adoption of AI.

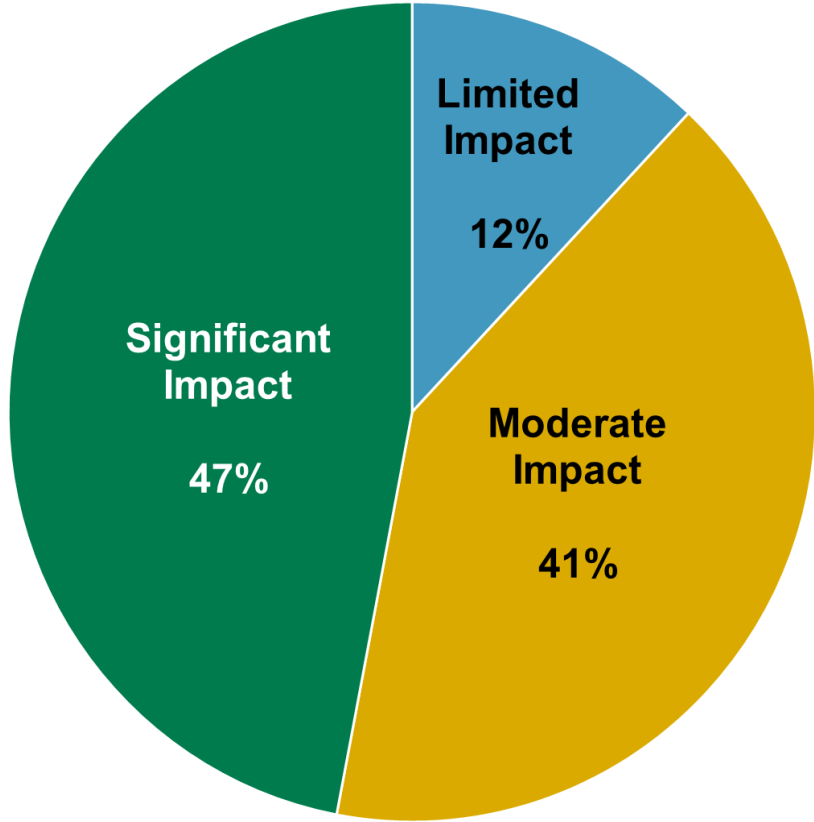
A Quick Snapshot of Where The Industry is Today With AI



When comparing 2024 to 2023:
 29% of companies had a flat AI spend last year while
 24% of companies increased their AI spend by over 50%



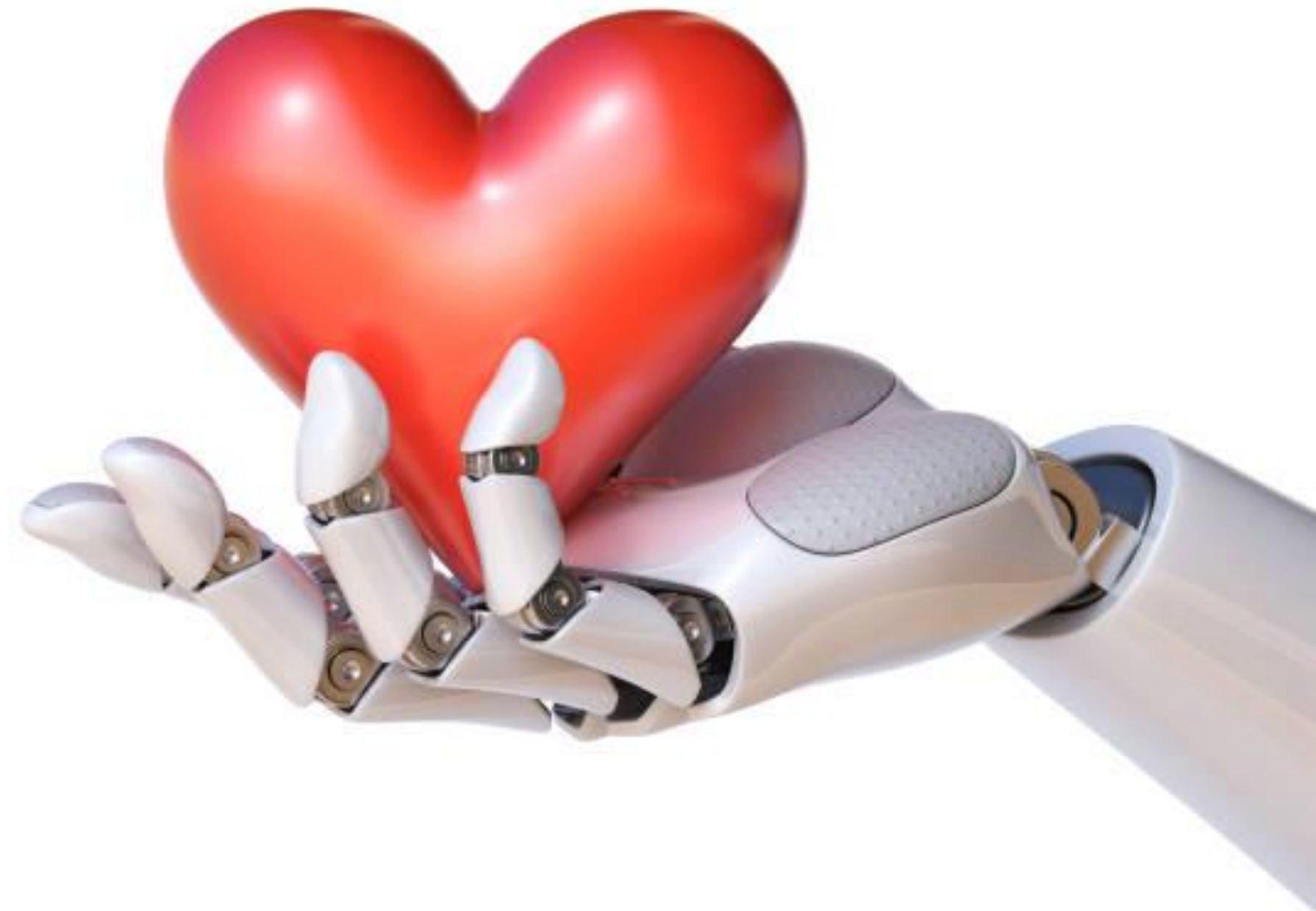
When comparing 2025 to 2024:
 71% of companies will increase their spend by less than 30% while
 Only 12% will increase spend by over 50%



47% of technology executives believe AI will have a significant impact to our industry in the next 3 years but...
 48% don't have a training program yet and no company in the survey has more than 25 use cases.

**AI IS A THINKING
MACHINE THAT TRIES
TO FEEL**

**A HUMAN IS A
FEELING MACHINE
THAT TRIES TO THINK**



Wellness Works ... In The Workplace



2/3 of employees
feel employers should offer programs
to help them address/reduce their
financial, emotional, and/or physical
stress.

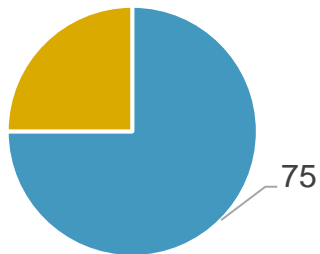
The Workplace Is Central To Wellness

Half of workers are very or extremely interested in having their employers provide benefits or resources to help them cope with mental, emotional, or behavioral health challenges.

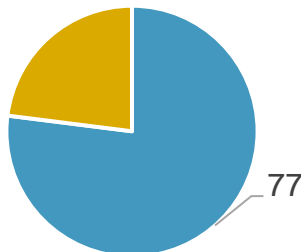
43% of employees feel their employer is invested in their professional well-being, while only **30%** say the same about their financial well-being.

Workers who participate in wellness programs report that benefits are more effective at stress reduction.

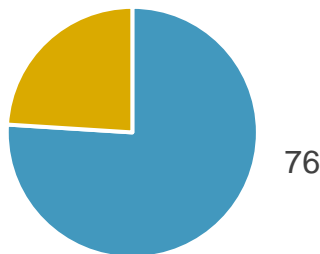
Financial



Emotional



Physical



“The here and now is all we have, and if we play it right it's all we'll need.”

- Ann Richards.

Thank You

