

**EPIC**

Insurance Brokers &  
Consultants

# 2019 ENERGY ACUMEN EXECUTIVE SUMMARY



# PEOPLE FIRST

Valued. Connected. Motivated.



Houston is emerging from one of the longest energy downturns to occur over the past 35 years. During this time, oil prices decreased by 75%, the drilling rig count decreased by 80% and exploration budgets decreased by 62%. In Houston, one in every four energy jobs was eliminated. Despite the oil and gas industry's slow recovery, economists predict 1,900 new jobs will be created in Houston during 2019<sup>1</sup>.

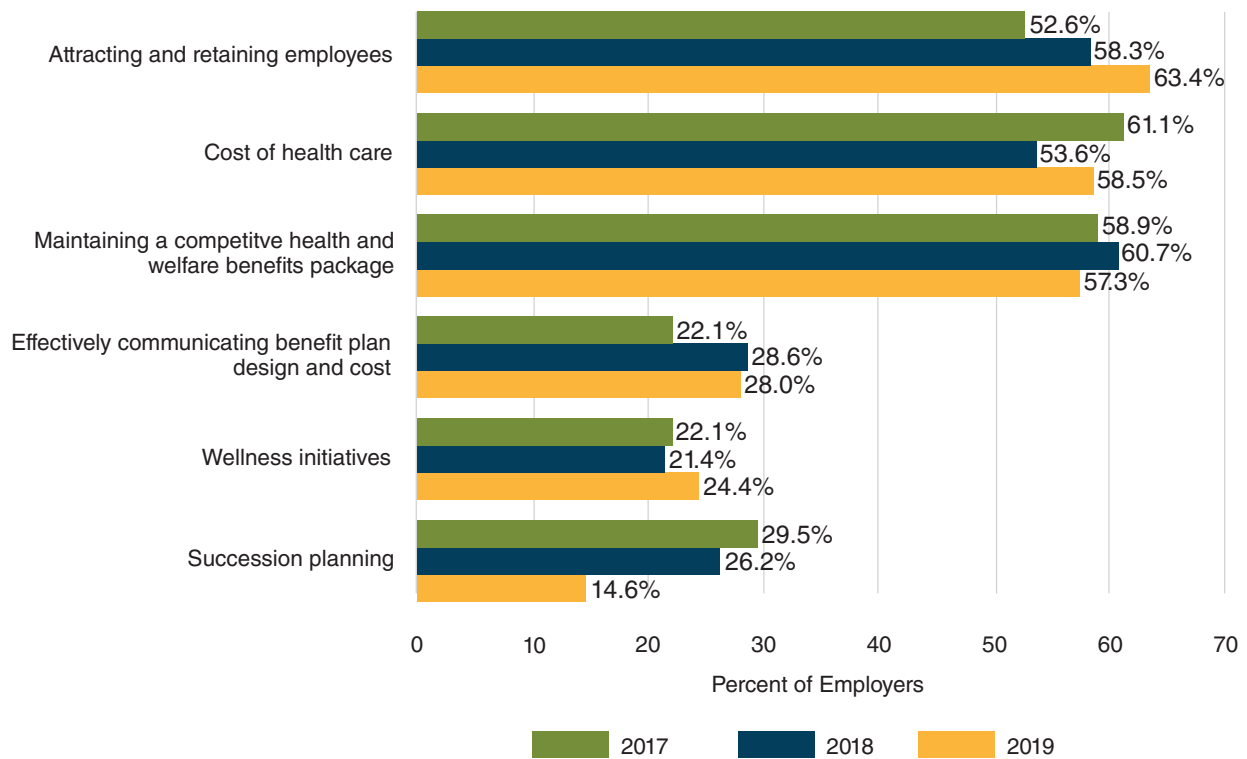
Attracting and retaining talent continues to be the driving factor for most companies' overall business strategy. One of EPIC's essential characteristics is having a **PEOPLE FIRST** culture. The Energy Acumen Survey results provide a baseline for creating a people first culture. Placing people first is a key part of the employee value proposition and an important factor for HR leaders to prioritize. EPIC recognizes people must feel Valued, Connected and Motivated.

## HR/Benefits Concerns

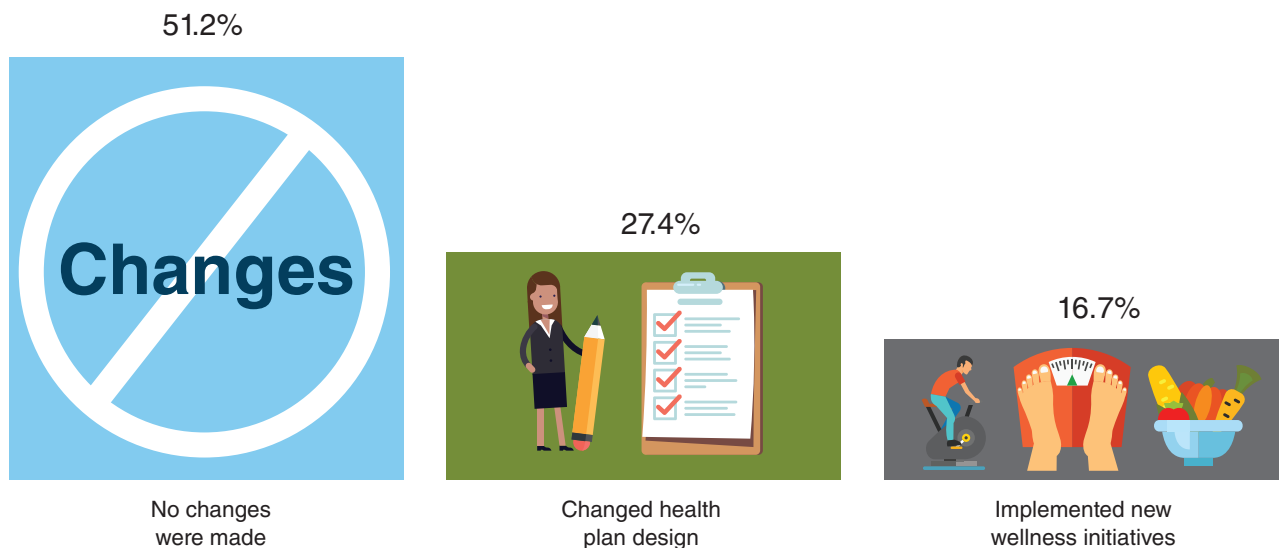
The top three HR/Benefits concerns over the last three years remain consistent. When taking a deeper look, we know employees need to be motivated; offering a clear career path with succession planning can be vital for long-term retention. Wellness initiatives can help employees engage by providing social connectivity to peers and company culture.

Companies that effectively communicate the value of their benefits package ensure a competitive market position to retain talent. It is challenging to balance all aspects of HR/Benefits. Our survey results show that over 51% of companies have not made any changes in the last 12 months to address possible rise in health plan costs. Analysis of the top concerns highlight that all of these components, when integrated, can create a successful talent management strategy.

### Top HR/Benefit Concerns



### Changes in the Last 12 Months to Reduce Health Plan Costs



Today, work continues to change at a fast pace, generational workforces are prevalent, and advances in technology continue to stretch what is possible. Business goals focus on productivity and revenue, yet having an agile culture is a critical competency. Establishing integrated people strategies will balance today's needs and invest in tomorrow.

The most significant factor under a company's control is the manager relationship with each employee. The second is a work environment and organizational culture that fosters employee motivation and engagement. People need to be inspired by their company's direction to remain committed to the organization during workplace changes.

## Did you know?

Only **13%** of companies offer an employee value proposition (EVP) differentiated by a purpose-driven mission<sup>2</sup>

**79%** of employees believe that employers should share responsibility for health and wellness<sup>3</sup>

**56%** of employees want flexible work options<sup>3</sup>

**Relationships matter.** Employees who have a "best friend" at work are seven times more likely to be engaged<sup>4</sup>

**57%** of respondents in a recent survey said benefits and perks play a major role when deciding whether to pursue a particular job<sup>5</sup>

### Turnover can cost<sup>6</sup>

Employee Position	Replacement cost (percentage of annual salary)
Hourly worker	30-50%
Entry-level salaried worker	50-100%
Mid-level salaried worker	100-150%
Senior level salaried worker	150-200%
Executive or specialized role	200-400%

*Do I believe in my company's vision?*

*Does my manager care about me?*

*Do I have a clear career path?*



*Do I have a competitive compensation & benefits package?*

*Do I fit in with this company's culture?*

## Valued.

### Appreciation



#### Employer Paid Benefits

Shared Medical Costs =

**79%**

Employer-Paid

**97%**

Offer 401(k) Match  
or Other Contribution

**100%**

Offer Employer-Paid  
Basic Life Insurance



#### Convenience

**91%**

Offer TeleHealth

**14%**

Implemented Benefits  
Coach/Navigator Advocacy Service



#### Variety with Voluntary Benefit Offerings

Accident Insurance **32%**

Critical Illness **27%**

Hospital Indemnity **13%**

## Connected.

### Personalization



#### Provides Flexible Work Schedules

**61%**

Offer an Alternative  
Work Schedule

**22%**

Offer Telecommuting/  
Work From Home



#### Personal Benefits

**13%**

Offer Pet Insurance

**2%**

Offer Elder Care Assistance Programs

**21%**

Offer Paternity Leave



#### Community Volunteer Programs/Projects

**30%**

Offer Community Volunteer  
Programs/Projects

## Motivated.

### Inspiration



#### Offer Educational Assistance and Training

**67%**

Offer Tuition/Educational Assistance  
for Professional Development

**0%**

Offer Student Loan Refinancing



#### Worksite Wellness Programs

**40%**

Offer Worksite  
Wellness Programs

**37%**

of Employers Have a  
Future Wellness Strategy

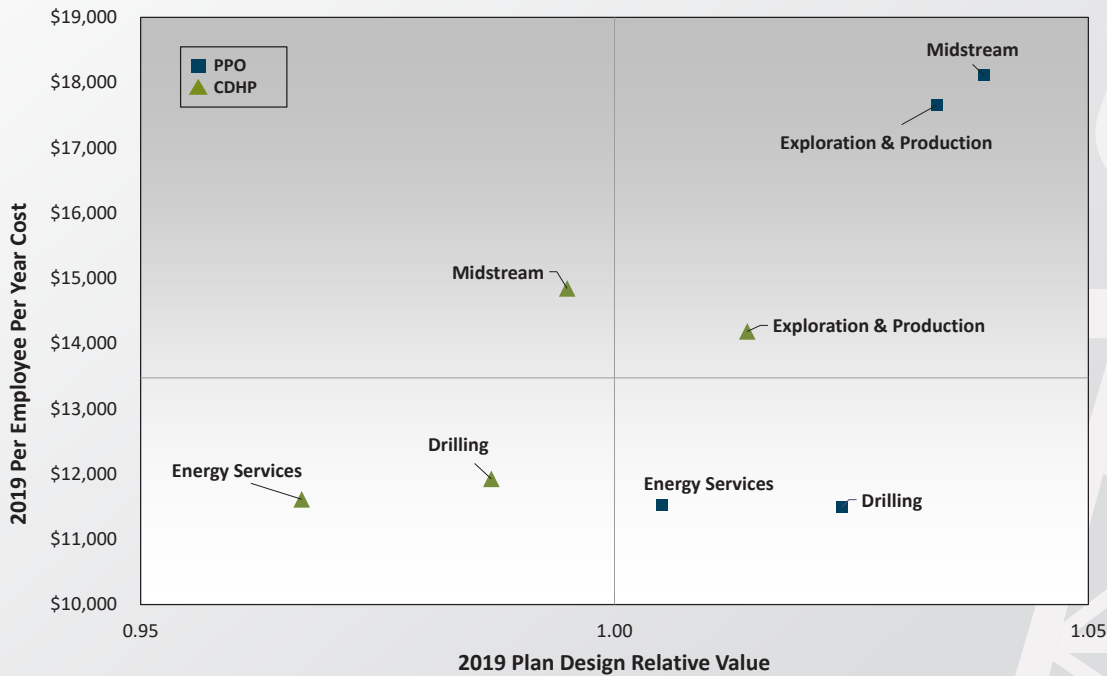


#### Corporate Discount Programs/Reward

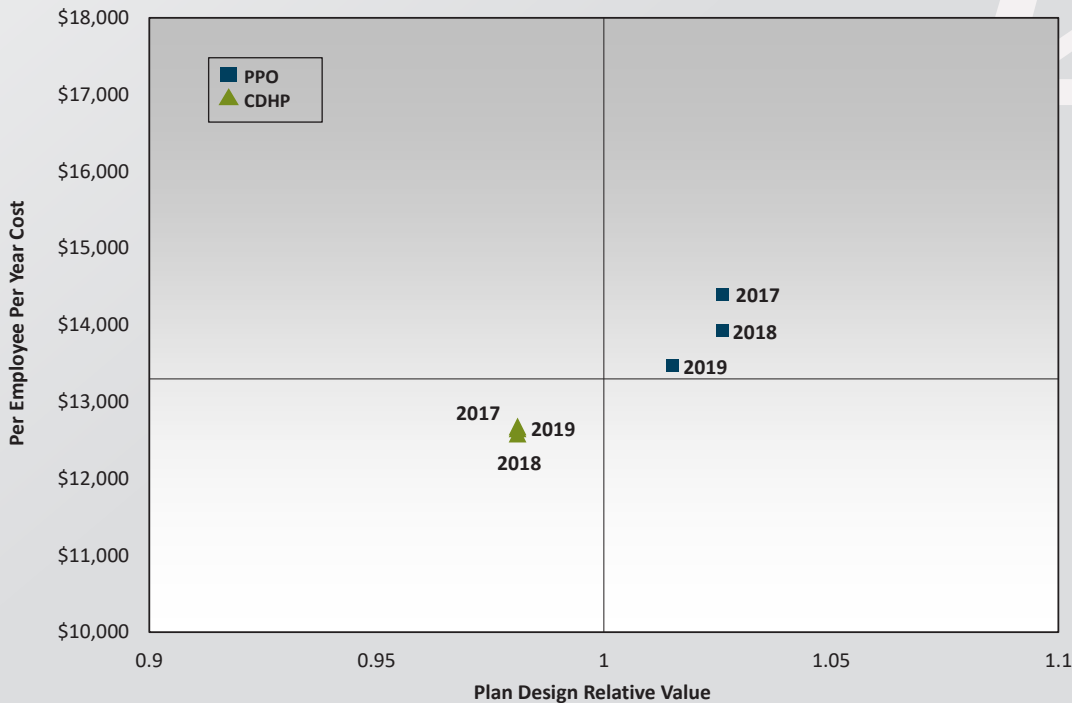
**59%**

Offer Discount Programs

## 2019 Energy Sectors Relative Value Matrix



## 2017-2019 Energy Cohort by Plan



## Observations

Comparing results from last year, Exploration & Production and Midstream companies continue to have a higher cost per employee with their Preferred Provider Organization (PPO) offerings. Their Consumer Driven Health Plan (CDHP) offerings moved towards a higher relative value. Drilling sector PPO plans decreased in cost while there is a positive movement in the CDHP plans. Looking at the overall cohorts, the PPO plan cost per employee has decreased while the CDHP plans remain consistent. As you think about strategic planning, a deeper analysis of industry-specific survey results will help you better understand industry trends and how this impacts your business.

Overall Energy Median PPO	2017	2018	2019
<b>Deductible</b> (individual / family)	\$650 / \$1,500	\$750 / \$1,750	\$925 / \$2,000
<b>Plan coinsurance</b>	80%	80%	80%
<b>Out-of-pocket maximum</b> (individual / family)	\$3,500 / \$7,500	\$4,000 / \$8,250	\$4,000 / \$8,000
<b>Office visits</b> (primary care physicians / specialists)	\$25 / \$40	\$25 / \$40	\$25 / \$40
<b>Emergency room</b>	\$150	\$200	\$200

Overall Energy Median CDHP	2017	2018	2019
<b>Deductible</b> (individual / family)	\$2,000 / \$4,000	\$2,000 / \$4,000	\$2,000 / \$4,000
<b>Plan coinsurance</b>	80%	80%	80%
<b>Out-of-pocket maximum</b> (individual / family)	\$4,000 / \$7,050	\$4,250 / \$8,000	\$4,000 / \$8,000
<b>Employer HSA contribution</b> (individual / family)	\$500 / \$1,000	\$500 / \$1,000	\$500 / \$1,100

## Conclusion

The U.S. Energy Information Administration (EIA) expects the price for a barrel of West Texas Intermediate (WTI) to average \$57 per barrel in the first half of 2019, down from \$65 per barrel in 2018. The forecasted per barrel oil price projections impact Oil and Gas employers, which is already tasked to balance business needs. A few notable challenges for employers are rising health care costs, low unemployment rates, and high turnover costs – all of which distract employers from recognizing the most important aspect of their company: people.

The first key trend that emerged in our survey was the continued focus on attracting and retaining employees. Secondly, there was a flat year-over-year change in health care costs. Thirdly, employers did not make changes in their plan designs to contain or mitigate rising costs. Finally, employers are exploring new ways to engage their employees to impact and improve their workforce’s health – whether it be through strategies and initiatives such as wellness programs, telehealth or other population health offerings designed to encourage consumer knowledge, behavior and engagement.

EPIC’s 2019 Energy Acumen Survey provides a foundation to review year-over-year trend analysis that is representative of each sector in the energy industry. This data, and our long-standing industry-specific consulting experience, allows EPIC to drive future-focused strategies to support our client partners' objectives and meet their organization's overall business goals.

As you review the survey data, we encourage you to keep in mind the three key elements of an employee value proposition; employees want to feel Valued, Connected and Motivated. Leveraging these intrinsic essentials can ensure your company is prioritizing **PEOPLE FIRST**!

<sup>1</sup> Jankowski, P. Greater Houston Partnership. (2018) 2019 Houston Employment Forecast. <https://www.houston.org/sites/default/files/2018-12/Employment%20Forecast%202019.pdf>

<sup>2</sup> Kohll, A. TotalWellness. (2018) What Employees Really Want At Work. <https://www.forbes.com/sites/alankohll/2018/07/10/what-employees-really-want-at-work/#7d7b16985ad3>

<sup>3</sup> Quirk, E. Solutions Review. (2018) By the Numbers: Talent Management Stats You Should Know for 2018. <https://solutionsreview.com/talent-management/2018/03/02/numbers-talent-management-stats-know-2018/>

<sup>4</sup> de Luca, R. BambooHR. (2018) 13 HR Trends & Statistics for 2018 That May Surprise You. <https://www.bamboohr.com/blog/13-hr-trends-stats-to-surprise-you/>

<sup>5</sup> Stahl, A. Forbes. (2016) Employers, Take Note: Here's What Employees Really Want. <https://www.forbes.com/sites/ashlevstahl/2016/10/12/employers-take-note-heres-what-employees-really-want/#349b4d341c83>

<sup>6</sup> Milani, M. Mercatus. (2017) Turnover: The Emerging Problem That Nobody is Talking About in Energy. <https://www.gomercatus.com/blog/turnover-energy-industry/>



## EPIC People First

People who are respected, challenged, valued and trusted perform at a higher level with belief, passion and loyalty. We know that our clients are not "companies" – they are people with both personal and organizational needs. Understanding and effectively responding to these needs is our first and highest priority.



**Jamie Chambers**  
Director, HR  
Technology  
Solutions



**Maurice Edwards**  
President, Risk  
Management



**Matt Lumelleau**  
Principal,  
Property &  
Casualty

*"People First means investing time and resources to build trusting, meaningful relationships with your employees and clients that will last over time. Happy employees result in happy clients."*

- Reba Mathew, Pharm.D.



**Reba Mathew,**  
Pharm.D.  
Director, Pharmacy



**Erin Milliken**  
Wellness  
Consultant



**Ken Powell**  
Compliance  
Consultant

*"In communication, People First means we need to think outside of the "one size fits all" box. Our goal is to help our clients communicate to each employee in a way that feels relevant, actionable and personalized."*

- Bob Simpson



**Bob Simpson**  
Director,  
Communication  
& Engagement



**Jim Watt**  
Regional President,  
Southwest



**Javier Yturralde**  
Director, Global  
Solutions

*"I have always believed that if we do the right thing by our employees and put People First, that they in turn, will do the right thing by our clients. An investment here provides a terrific return there."*

- Jim Watt

## About EPIC

EPIC is a unique and innovative retail property and casualty and employee benefits insurance brokerage and consulting firm. EPIC has created a values-based, client-focused culture that attracts and retains top talent, fosters employee satisfaction and loyalty and sustains a high level of customer service excellence.

EPIC team members have consistently recognized their company as a "Best Place to Work" in multiple regions and as a "Best Place to Work in the Insurance Industry" nationally.

EPIC now has more than 1,800 team members operating from 80 offices across the U.S., providing Property and Casualty, Employee Benefits, Specialty Programs and Private Client solutions to EPIC clients.

With run rate revenues greater than \$575 million, EPIC ranks among the top 15 retail insurance brokers in the U.S. Backed and sponsored by Oak Hill Capital Partners, the company continues to expand organically and through strategic acquisitions across the country. For additional information, please visit [www.epicbrokers.com](http://www.epicbrokers.com).

