

How Brokers Can Create a Winning Voluntary Strategy

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MAY 2014



There's no question that voluntary benefits are in high demand by employers and their employees alike. For example, an EyeMed survey of 552 business leaders revealed that 71.3 percent said their employees were interested in customizing benefits to meet their needs. A recent Gallup poll found that 82 percent of survey respondents (American workers) placed a higher premium on voluntary benefits following the last recession.

Employers, who recognize the value in voluntary benefits for retaining a loyal and motivated workforce, are increasingly looking to add more voluntary benefits to their companies' offerings.

This increased focus on voluntary benefits has not been lost on savvy brokers who see additional revenue streams, stronger and extended client relationships and a broader consultative role all stemming from their greater involvement in voluntary benefit sales. However, in order for all parties to reap the greatest reward from voluntary benefits, several things have to fall into place: employee education; improved marketing of voluntary benefits; enhanced enrollment processes; and more proactive brokers knowledgeable about all these areas and the latest developments in voluntary benefits.

COMPETITIVE ADVANTAGE

Market research from many sources, including **Eastbridge Consulting Group's Year-end Voluntary Confidence Index**, supports the premise that voluntary benefit sales are expected to increase over the next year. The findings are drawn from projected sales growth and profitability, as well as increased interest in voluntary benefits. Also credited with the heightened interest in voluntary benefits is the Patient Protection and Affordable Care Act. The law is transforming the way health care is provided and, in some

instances, requiring businesses to demonstrate their competitiveness in ways beyond traditional medical coverage.

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An Accenture report estimates that one in five Americans will be purchasing benefits directly from private exchanges by 2017. Businesses, especially those with fewer than 50 employees — and thus not required under the law to provide health care coverage — see voluntary benefits as a way to demonstrate their concern for their employees without incurring a heavy financial burden.

Brokers realize that voluntary benefits are a way for both their clients and their brokerage firms to gain a competitive advantage. There's no question that employees want multiple benefit options, from vision and dental to disability and legal, and employers see the value in providing these choices. Still, employers have concerns relating to the complexities of offering multiple benefit options. By helping employers overcome the challenges associated with voluntary benefit programs, brokers can demonstrate real value.

HELPING EMPLOYERS OVERCOME CHALLENGES

Challenge 1 – Face it: Insurance products are not something the average American knows a lot about or even understands. Even if clients are interested in voluntary benefits, they may need to be drawn into the subject with marketing tools that speak to them in a way they understand. This may mean mixing it up for businesses with a multigenerational workforce.

For example, baby boomers may be fine with receiving a newsletter explaining the company's new voluntary benefit offerings. Younger employees may prefer to receive a mobile app explaining the products or a link to an online presentation. Both audiences would probably enjoy a video that clearly explains the products and presents them in the context of real-life examples. For businesses with a multicultural workforce, customizing marketing materials to reflect the languages and nuances associated with different ethnicities also may be valuable.

For all workplaces, holding worksite educational seminars, using personalized communications and offering voluntary benefit education on a year-round basis (not just before an enrollment period) are valuable measures for brokers to recommend to their clients.

Challenge 2 – Conveying the value of voluntary benefits is vital for employers. Again, the use of multimedia tools to demonstrate how voluntary benefits fill vital needs is recommended. Brokers also advise their clients on the use of “virtual benefit consultants” in online platforms, which enable employees to interact (as in a chat session), asking questions and gaining greater insight regarding voluntary benefits.

Challenge 3 – It's important to assist employers in their selection of the right carrier and the right products that best meet their plan participants' profile(s). Here, brokers should seek out experienced insurance providers with robust offerings that meet the needs of each client's employee base. Seek out carriers that hold the A.M. Best Company's “A” (excellent) rating attesting to their strong financial condition and excellent claims-paying ability.

Challenge 4 – Advising clients on how to organize and streamline the enrollment process is essential. Brokers can recommend pre-enrollment period planning procedures and advise their clients on the value of offering face-to-face enrollments, as well as online enrollment processes. In addition, clients can be

informed about the new premium direct deposit method, which is far less cumbersome to employers than a payroll deduction of premiums process.

Challenge 5 – Finally, brokers should recommend ways employers can help their employees keep voluntary benefit costs down. For example, they can assist clients in the development of wellness initiatives such as onsite medical screenings, lunch-and-learn nutritional programs, exercise sessions and disease prevention strategies presented by qualified health care professionals and exercise instructors.

STAYING UP-TO-DATE

While much has been written about which voluntary benefits are most frequently sought by employees/members (i.e., vision, dental and disability), it's important for brokers to stay informed on market developments relating to voluntary benefits. For instance, based on the fact that PPACA does not require businesses with fewer than 50 employees to provide employee medical coverage, smaller businesses are finding it beneficial to present their workers with a voluntary benefit offering of critical illness or accident insurance.

The Towers Watson 2013 Voluntary Benefits and Services Survey found that 8 percent of small business employers plan to introduce a critical illness plan in 2014 and another 13 percent are considering such a plan in 2015. The survey also found that an additional 9 percent of survey respondents are considering an accident plan voluntary benefit by 2015.

Financial counseling is another voluntary benefit gaining traction. According to a Towers Watson Survey, nearly 20 percent of small businesses are considering adding financial counseling benefits within the next two years. Brokers can advise their clients on how easily this benefit can be paid for solely by employees through payroll deferral at no cost to employers.

There also is a growing demand for identity theft protection. Increased cyber threats and highly publicized breaches have made more people interested in protecting their personal and financial information. A LifeLock poll found that nearly 60 percent of the company's producers have fielded requests from commercial clients on identity theft benefits that could be offered to their employees.

The Towers Watson survey also reported that 20 percent of small businesses were considering offering an identity theft protection policy by 2015. ID theft is cost-effective enough for many employers to offer directly to their employees, with costs ranging from \$7 to \$20 a month for average coverage. Brokers do best targeting small to midsize businesses, since the major vendors of ID theft coverage typically target large companies directly.

By all accounts, the interest in voluntary benefits is not expected to wane anytime soon. To the contrary, there is greater interest and growing appreciation for the value in brokers offering voluntary benefits, employers presenting them to their workers, and employees having these benefit options. Effectively marketing voluntary benefits gives brokers greater depth and breadth of product and, therefore, more opportunities to meet the needs of more clients to secure new and expanded relationships.

For their clients, offering voluntary benefits is a way to project an "Employer of Choice" identity and gain the greater loyalty of their workers. According to MetLife, 44 percent of employees say that "having benefits customized to meet their needs would increase their loyalty," and it found that 87 percent of employers consider employee retention to be a very important benefits objective.