

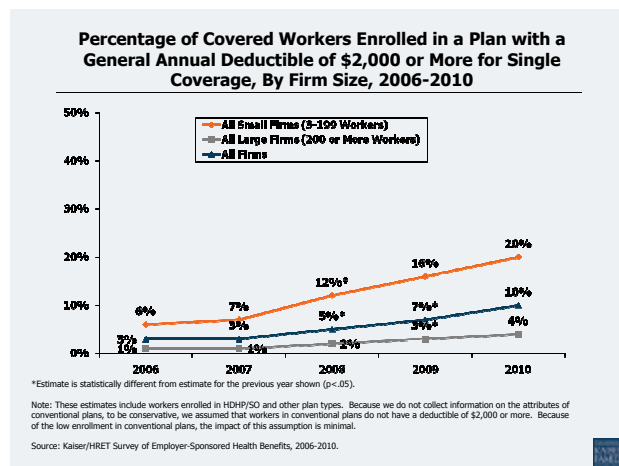
A Practical Guide for Voluntary Benefits in Your Agency

By Arvid R. "Dick" Tillmar

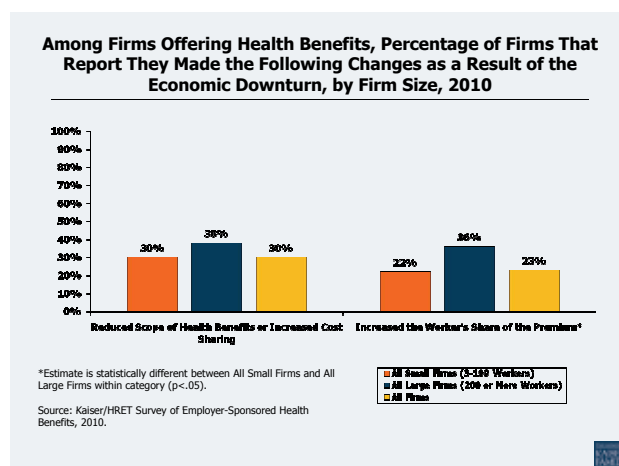


Market analysis consistently shows benefit plan designs being diminished, employee contributions increasing and commissions being squeezed.

A 2010 study by the Kaiser Family Foundation illustrates consistent growth in the percentage of employees enrolled in health plans with an individual deductible of \$2,000 or more.



Moreover, the trend toward other reductions in benefits or increasing employee contributions is further outlined in the same study.



One would think that with this quantum shift in employer-sponsored benefits, brokers would not be walking into the voluntary benefits arena, but running! What is perplexing, however, is that when we examine voluntary benefits commissions as a percentage of total benefits

revenue, there is still a long way to go.

In 2009, the International Foundation of Employee Benefit Plans released its "Top Trends in Voluntary Benefits" study, which was cosponsored by Employee Benefit News. Some of the findings are summarized below:

- Two in five plan sponsors cite filling gaps in employer-sponsored benefits, providing group rates to employees, and aiding in employee recruitment and retention as main reasons for offering voluntary benefits. Increasing or maintaining employee morale and productivity, meeting needs of a diverse workforce and responding to employee interest are also commonly stated reasons for offering voluntary benefits.
- Long-term care insurance is positioned to be the fastest growing voluntary product.
- Almost 80% of employers responding to the survey agreed or strongly agreed that with the aging of baby boomers, voluntary benefits with guaranteed issue provisions will become more popular and participation will increase.

If the above is insufficient to underscore the potential of voluntary benefits, the Patient Protection and Affordable Care Act (PPACA) will introduce "essential health benefits" offered by the states through insurance exchanges in 2014. The essential health benefits will require that for employers with 100 or fewer employees (50 or fewer in 2014 and 2015), the deductible may not exceed \$2,000 for individuals or \$4,000 for families. PPACA further stipulates that deductibles will be indexed along with increases in the average premiums for health insurance.

So What Is the Secret to Voluntary Benefits?

As with any practical guide to a new initiative, there are a variety of approaches that can be taken by the insurance agency owner or benefits principal. To keep things simple, the ideas outlined below are from the perspective of ease of adoption. The first approach is the easiest to adopt; the last approach is the most expensive and carries its own set of challenges.

1. Create a Voluntary Benefits Culture

The easiest, simplest and fastest avenue into voluntary benefits is to create a corporate culture. Agencies with successful voluntary benefits practices have as a common denominator a culture of voluntary benefits. While it is

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Voluntary Benefits in Your Agency

(by Arvid R. "Dick" Tillmar)

not surprising that group medical benefits leads in the revenue category both in absolute dollars and in percentage of total benefits revenue, what is surprising is the extent to which voluntary benefits is an afterthought for many insurance brokers and benefit practice leaders.

Not surprisingly, anything involving a change in corporate culture starts from the top and works its way down through an agency or organization. Leadership has to begin by demonstrating its commitment to voluntary benefits and incorporating voluntary benefits regularly into renewal and new business sales activities. Regular sales meetings can be utilized as a forum for a review of the upcoming renewals as well as prospects in the pipeline. Here the sales manager, practice leader or agency owner would discuss initiatives as they relate to voluntary benefits, as well as review voluntary benefits proposals on renewals and prospects. Albert Einstein once said that "insanity is defined as doing the same thing over and over again and expecting different results." The best way to ensure the results of your agency's voluntary benefits sales efforts is to focus on voluntary benefits differently than has been done in the past.

In addition to the idea of a cultural change, you might also find that voluntary benefits can be a perfect conduit for prospecting. A recent article in *Benefits Selling Magazine* by Bonnie Brazzell and Gil Lowerre included the following quote: "The good news is that when considering voluntary products, benefit managers are open to *any* (italics added) broker who brings them any good idea or good product. In fact, when asked from whom they prefer purchasing voluntary, most (56%) said it makes no difference."

While it may be common to think of voluntary benefits as the tail end of the group medical sale, it is just as easy to look at voluntary benefits as the beginning point of a client relationship. Again reflecting on Einstein's quote, if everyone in your marketplace is going after the group medical sale, do something different so as to maintain your sanity!

2. Change Your Voluntary Benefits Paradigm

You have probably heard the phrase, "drinking water from a fire hose." It's a metaphor for attempting to digest a large amount of information within a short period of time. The same can be said for the timing of voluntary benefits presentations, as often these presentations will coincide with the renewal of the group medical program. A sugges-

Technology Tip

Automatic Web Searching

By Steve Anderson

Google offers a host of tools that will help streamline your online experience. One of those services is Google Alerts. Google Alerts performs predefined searches automatically daily. New results are e-mailed to you when new items are found for the specific search terms you want to track on an ongoing basis.

What kinds of topics make for interesting Google Alerts? Well, if it's interesting to you, it's a good subject for a Google Alert. You could set up an alert to monitor news items for your largest clients. Or, you could use alerts to keep current on a competitor. They are also useful for keeping up-to-date on what's happening in a particular industry. We use it to automatically track information about major insurance technology vendors. To create customized alerts, simply visit the Google Alerts home page (www.google.com/alerts), create a Google account (it's free), enter your search, the type of alert you'd like (News, Web, etc.), how often you'd like to receive results, and your e-mail address. When you're done, click the "Create Alert" button.

tion to increase your voluntary benefit sales is to change your paradigm as it relates to timing the introduction of a voluntary benefits program. Think about presenting voluntary benefits at a time other than annual open enrollment since you, the broker, the employer, plan participants and payroll staff are already "drinking water from a fire hose."

Many states have enacted insurance regulations that stipulate the timing of renewal notifications by insurance companies. It may be 30 days prior to the renewal date or 90 days prior to the renewal date, but the common denominator is that once the renewal information is provided, insurance brokers have to run around like "Keystone Kops" to determine the adequacy of the renewal, explore alternate plan designs, review alternate proposals from different insurance companies, make a final determination on the plan design to be adopted, introduce the enrollment and communication material to plan participants, and finally compile all the enrollment information and forward it to the insurance company as well as to the employer's payroll department for processing. In the

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middle of all of this, introducing a new voluntary benefits program can be viewed as too much to digest. Everyone is now drinking from the fire hose.

New voluntary benefit programs offered midyear or off-anniversary have the advantage of time in that you as the broker can better plan the communications and enrollment program. You also have the undivided attention of the employer and the plan participants, and are not having to “compete” with issues relating to annual open enrollment. Finally, an off-anniversary or midyear voluntary benefits offering allows for another “touch point” by the broker with the employer and the plan participants.

3. Hire a Producer Just to Sell Voluntary Benefits

Notwithstanding our collective efforts at cross selling, it is understandable that P&C brokers sell P&C and benefits brokers sell benefits. Within the benefits area, successful brokers tend to gravitate toward programs that have made them successful, namely employer-sponsored health and welfare as well as retirement programs.

Voluntary benefits are different. Brokers who are successful in the employer-sponsored arena often have difficulty in the voluntary arena. Perhaps the voluntary broker is “wired” just a bit differently than the employer-sponsored counterpart; perhaps not dissimilar from the P&C vs. benefits analogy.

In recognizing this difference in voluntary benefits producers, another idea is to simply hire a producer to focus strictly on voluntary benefits. A producer whose sole focus is voluntary benefits will not only have prospecting opportunities with your existing employee benefits clients, but also with those P&C clients for whom an established broker relationship already exists. Moreover, voluntary benefits can be a great “door opener” to new relationships, be they P&C or employee benefits.

Arvid R. “Dick” Tillmar is the owner of Tillmar Connect, a business consulting firm. Tillmar has 45-years insurance industry experience. Prior to establishing the Tillmar Connect in 2010, he was a shareholder, preventive health advocate, certified workplace wellness instructor and employee benefits consultant with Diversified Insurance Services in Brookfield, WI. He joined Diversified Insurance Services after selling T.E. Brennan Co., a risk management and insurance consulting firm in Milwaukee. He obtained his education at Bellarmine University in Louisville, Ky, and the Wharton School of Business at the University of Pennsylvania.

Voluntary Benefits — A Valuable Recruiting/Retention Tool

Attracting and retaining great staff is a key to the success of your business. Talented employees who continue to develop their skills increase their value to your organization and to your customers, making them one of your most valuable assets. The PIA Services Group Insurance Fund (PIA Trust) understands your need to recruit and retain quality employees and believes that a wide selection of benefit offerings can help increase employee satisfaction. That’s why we offer the voluntary benefits you need to enhance your value proposition to both new and existing employees.

PIA Trust insurance plans are designed specifically to meet the needs of agency owners, their families and their employees. As a PIA member*, you and each of your employees have the opportunity to purchase voluntary benefits on an individual basis depending on your own needs. A wide array of coverages are available including:

- Dual option **Dental** plan design offering competitive zone pricing and annual per person maximum of \$2,000 on the Premier Plan
- **Long Term Disability** plan with flexible options and no medical underwriting necessary — a **Short Term** plan also available
- Basic**, voluntary and dependent **Term Life** plans
- **Accidental Death & Dismemberment** coverage for you and your qualified dependents 24 hours a day, anywhere in the world
- **Hospital Indemnity** plan providing daily benefits up to \$200 a day for insureds while hospitalized

And by placing coverage with the PIA Trust, the application process is simplified, freeing you and your employees up to focus on your core business. The program administrator, Lockton Risk Services, Inc., helps get benefits up and running without taking up a lot of the applicant’s time. Their benefit specialists help with:

- The carrier underwriting process (when applicable)
- Forms completion
- Questions surrounding plan designs

If you’re having difficulty attracting and retaining good employees, offering value-added benefits may be your solution. For costs, complete details of the coverages available, and for more information about the PIA Trust insurance plans, please contact your local PIA Affiliate or call the Plan Administrator, Lockton Risk Services, at (800) 336-4759. Additional information is also available on-line at www.piatruster.com.

*PIA National membership, when required, must be current at all times.

**Only available if 100% employer paid and if the employer and 100% of the employees enroll.