

# SURVIVAL IS VOLUNTARY AND VICE VERSA



Change is coming to the world of health insurance, and change like this has not been seen since Medicare was implemented 45 years ago. The world of employer/employee life and health plans in the year 2015 will probably look different from what we have grown used to.

Many in the health insurance field believe that brokerages are in for a period of consolidation and that some will fall by the wayside. Just as wise investors diversify their portfolios as a way of keeping their

money safe, it's time for you to adopt strategies that will give you the best possibility of success in the post-2014 environment. Our recommendation: start selling voluntary employee benefit plans.

Of course, predicting the exact nature of the change in health insurance is difficult under the best of circumstances, and predicting anything that is contingent on legislative and judiciary action is far from the best of circumstances. Do an Internet search and you'll find that a number of widely respected organizations have published well-designed studies with contradictory findings about what will happen to employer/employee plans. In the face of this uncertainty, we contend that selling voluntary plans along with your traditional employer/employee plans is a strategy that will help you in almost any foreseeable future. And one that will

generate additional income for you while that future approaches.

## **New To Voluntary Coverages? Here's What You Need To Know.**

What are the differences between traditional products and coverages and those offered to employees on a voluntary basis? Simple. If you're dealing with a carrier that is strong and experienced in this market, and when benefits and exclusions are equal, the only difference is the way premiums are funded: paid by the employer or paid by the employee. If you know life and health coverages – and of course you do – you already have all the product knowledge you need.

## **What kind of carrier should you look for?**

- Test your carrier by taking a look at its Critical Illness product. Here's a product, unlike most others, that has grown and matured largely within the voluntary marketplace. Does your proposed voluntary carrier have this product? How well designed is it, and more importantly, how committed is your carrier to its success?
- Look for carriers offering add-ons that make their products attractive to employees even before a claim needs to be made. Some carriers offer services like online will preparation, extensive wellness programs that promote, for instance, dental health, and even employee assistance programs, which deal with work/life situations that can make employees less productive or lead them to file claims.
- Be prepared to take an active role in the solicitation of employees. Traditional life and health coverages have largely been offered by employers on a "here-it-is" basis that requires little thought on the part of employees. Voluntary coverages, on the other hand, require much more thought and consideration. You will have to take a strong hand in convincing

employees both of the worth of your offerings and of the limited period of time they have to make a decision to avoid having to supply evidence of insurability at a future time, or even being shut out altogether.

- Insist on a carrier with flexibility, one that will work with you to devise a plan, pricing and administration that best suit your client. That kind of flexibility comes from carriers that believe in voluntary plans and are strongly committed to their success.

## **Employers May Be Hesitant. Here's What They Need To Know.**

If employers have never offered voluntary plans, not knowing how these plans work may make them hesitate. You have some educating to do.

With many employers most certainly facing budget crunches, and with health care costs heading upward, you can anticipate that the amount of money available to fund employee benefits may be holding steady or heading down. Even with today's employment market, where employers hold most of the cards, a good benefits package is still considered vital to attracting and retaining the best employees. One way to offer a comprehensive benefits package is to offer some of the benefits on a voluntary basis, with employees paying the entire premium.

Help your clients get into the world of voluntary benefits by introducing them to just one product to start with. This is, again, where a Critical Illness product can be your friend. It's relatively new, it's proven to be very attractive to employees in companies where it's been offered, and it makes a great way for employers to "get their feet wet" with voluntary plans. Once they see that the plan is easy for them to administer and that it is popular with their employees, the door is open for you to offer more and more benefits on a voluntary basis.

Note that phrase in the last paragraph: "the plan is easy for them to administer."

Here's another test of your carrier. We said above that your carrier should be flexible about, among other things, administration. An employer with a biweekly payroll cycle will not look kindly on a carrier that can only accept premiums on a monthly basis. Make sure you choose a carrier that can make your life and your client's life easy.

## **Even With All The Changes Ahead, The Basis Of Our Business Will Not Change.**

The basis of the insurance business is – and will remain – relationships. Your relationships with your carriers and with your clients.

The foundation of those relationships is trust. If there is mutual trust between you and your carriers, you can work together to devise strategies to remain successful no matter what health care reform may do to change the landscape of our business. Similarly, if there is mutual trust between you and your clients, they will be receptive to the advice and counsel you give them on offering the best to their employees at a price that fits their budgets.

Don't wait. Start planning for voluntary coverages now. Look for carriers that offer them. Introduce them to your clients. Make everyone in your organization comfortable with discussing and implementing them.

This article started with a mention of Medicare. When that plan was implemented in 1966, I'm sure many brokers predicted doom. But for others – the ones who were open to new ideas – Medicare created the opportunity for new and unexpected sources of income. Our generation now faces similar challenges. Offering voluntary coverages is a great way to begin to address them.

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