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## Dearborn National Making a Name for Itself

Dearborn  National<sup>®</sup>

Strength. Independence. Solutions.

## BENEFITS COMPANY PROFILE

# Dearborn National Making a Name for Itself

*Voluntary products, including dental, complement a P-C agency's offerings*

By Dave Willis

**I**t is widely believed in financial circles that the more products you sell a client, the greater your likelihood of retaining that client over time. Craig Nordyke, FSA, vice president and chief actuary at Dearborn National, believes this to be true, and sees it as a good reason for P-C agents to explore the use of voluntary benefits to achieve greater stickiness with commercial insureds.

“When you add voluntary coverages to a commercial policy, workers comp and other property/casualty coverages—and even employee benefits—you have yet another way to help cement a relationship,” he says. Of course, he adds, another reason to consider voluntary benefits is additional commission income. “But the soft impact—strengthening the relationship with a particular employer customer—is something agents should not ignore,” he notes.

According to Nordyke, voluntary benefits are becoming increasingly popular. As employers look to curtail costs, they're switching some benefits to a voluntary structure. “That's been a tendency for quite some time,” he explains. “For instance, if an employer is providing life insurance at three times salary, they could contain costs by transitioning to two-times and offering a voluntary life insurance plan, which employees can buy into easily, on top of that.





Photography by Paul B. Riley

*With Dearborn National President/CEO Anthony F. Trani (seated) are (standing from left) John Doyle, President, Dental Division; and Craig Nordyke, Vice President/Chief Actuary.*



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*—Tony Trani  
President and CEO*

“It’s a way for employers to offer benefits while providing certain economies of scale,” he adds. “The employer still provides a service and group purchasing power, without the bottom-line cost. Because they already have payroll deduction set up, it’s a rather easy proposition.”

For individuals, cost structure and convenience are driving factors. “With voluntary, products are readily available, and costs are easy to understand,” Nordyke notes. “Also, because the employer has taken part in the selection process—looking at things like the ability of a company to deliver service—there is a trust element, in addition to the ease of payroll deduction.”

### **Bringing it all together**

Based in Downers Grove, Illinois, Dearborn National over the past few years has worked to integrate its various product offerings—including voluntary benefits—and build a strong national brand around them. In July 2008, parent company Health Care Service Corporation (HCSC) brought in Tony Trani to drive the initiative.

Trani, Dearborn’s president and CEO and a 30-plus-year industry veteran, had retired from MetLife two years earlier and was running a small voluntary benefits firm and doing independent consulting. “I actually spent a couple of months as a consultant for HCSC,” Trani notes. He accepted an invitation to take the helm because he was convinced that bringing together the parent company’s ancillary operation—a couple of life insurers, a dental network and a worksite marketing company—held great promise in the evolving marketplace.

“When I first got here, we had a lot of product opportunities that were not marketed together under one brand,” he recalls. “In fact, there was very little interaction whatsoever between the companies. The potential benefits of integrating these companies, bringing them together under one brand and offering them as a package would allow us to compete nationally with other big names in the business.”

For the past couple of years, Trani has led the integration, bringing on seasoned staff, bolstering product offerings and strengthening

distribution. The firm has zeroed in on a tagline—“Strength. Independence. Solutions.”—that Trani says sums up the value proposition quite well.

“As a financial firm, our strength is confirmed in the solid ratings we enjoy,” he explains. “Independence refers to the freedom we have, as a mutual company, from having to meet quarterly Wall Street earnings targets and having to speak with analysts every week or every month. Instead, we can do things that make sense for ourselves and for our clients, things that focus on the benefits our products produce, rather than exclusively on return on investment.”

The third element, “solutions,” encompasses the seasoned management and sales team Trani has helped build, and the breadth of products Dearborn National offers. According to Nordyke, much of the company’s portfolio revolves around life and disability products. “One that has generated a good deal of interest is critical illness,” he says. The company is bringing together its expertise in individual worksite products and group delivery to offer



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Vice President and Chief Actuary*

According to John Doyle, president of Dearborn National's dental division, there's good reason for this. "Statistics show it is the second or third most asked-for benefit, next to medical," he explains. "It's important to us because it's important to employees."

However, Doyle notes, approximately just half of employers offer group dental coverage. "And that percentage goes down the smaller the employer is," he adds. "So there is a great opportunity in many small businesses, as well as in large groups, to offer voluntary dental where the employer might not historically have paid for it. It lets employers offer a valuable benefit, one employees want, but with the employee taking a greater financial role."

These factors combine to make voluntary dental among the fastest growing segments of the business, if not, the fastest, according to Doyle. And Dearborn National is poised to benefit from this demand. The company boasts ownership of the nation's largest dental network, with more than 167,000 dentist access points nationwide.

This network is part of what Doyle describes as "the good blocking and tackling core benefits" in the company's offering. "Being able to deliver a product that offers freedom of choice to see any licensed dentist an employee wants is important," he notes. "But backing the network is core service."

The carrier employs hundreds of dental-only service specialists in service centers in Texas and Illinois. "Dental is like health care," Doyle points out. "It's not a widget or a manufactured item. It's important for a member to be able to identify with someone on the phone if they have a question."

In addition to its range of flexible dental products, which let employers provide targeted, affordable benefits, Dearborn National also offers a dental wellness program with every dental product it sells. "There's a strong connection between oral health and overall medical health," Doyle says. "Having healthy teeth is important to your overall health."

The wellness program includes everything from online risk assessments to dental health news to one of the company's newest features—an eight-page children's activity booklet focused on oral health.

The broad network, combined with increased focus on the product, has led Dearborn National to realize a 100-plus percent increase in year-over-year sales. Today, the organization administers and/or offers

critical illness coverage as an employer-sponsored voluntary benefit.

Nordyke expects growth in this product, as health care reform efforts move forward and economic challenges continue. "Critical illness is one of those products that can help bridge the gap between employees' needs and changes in health insurance, whether it's higher deductibles or just the uncertain future of health care coverages," he explains.

According to Trani, the company is better positioned than ever to serve a changing marketplace. "We can take virtually any company, look at what they have currently, and provide options and solutions to resolve any issues around benefit programs and what they offer employees," Trani explains. "Again, it all comes back to strength, independence and

solutions—those three important words we use when we speak about Dearborn National."

The efforts are already working. "We have made tremendous progress," Trani asserts. "We're getting the word out on who we are, how we do business, the financial strength of our company, and our product richness. We're getting opportunities with firms that might not have even known we existed in the past."

### **Something to smile about**

Of the many products that find a home in the voluntary marketplace, from legal access plans to vision benefits to pet insurance, Nordyke notes that Dearborn National is making its mark in one particular product area—dental coverage.

network access to some 6.5 million dental members nationally.

## Making agents smile

According to Doyle, voluntary products, including dental, provide opportunities for agents and brokers to grow their business and bolster client relationships. "Anybody who can offer products like a voluntary dental product can definitely differentiate themselves in a very competitive environment," he notes. "Solving more problems for an employer, to me, makes a lot of sense for an agent or broker."

The timing is right, Trani adds. "There is going to be a much greater focus on the individual voluntary market space," he says. "We'll see a lot more interaction between ancillary providers and health insurance providers." Dearborn National is leveraging expertise it has developed with independent agent distribution to provide more opportunities and products that agents can offer employers and employees.

The company is leveraging technology, as well. "This is becoming increasingly important," Trani remarks. "For instance, it may not be reasonable to expect on-site

enrollment in every situation, whether that's because of multi-site locations or different shifts or people working from home, which happens more and more these days.

"Technology lets agents reach more people, educate them and give them the ability to enroll," he comments. "To be successful, you need a portfolio of enrollment techniques, like face-to-face, on-site meetings and employee portals. We bring all of those to the equation as well."

Agents looking to take advantage of the opportunities can find help from carriers. "The first step is to reach out to a carrier sales rep," Doyle says. "The second thing is to research the market. It's not difficult to find information online through carrier Web sites, including ours, that talk about the importance of voluntary products and how to sell them."

Doyle encourages agents to dig deep for product information. "For instance, all dental products aren't created equal," he comments. "It's important to understand the product, deductibles, maximum limits, network access, wellness and, of course, service.

"Just like a property and casualty contract," he adds, "the dental contract is the foundation. Some contracts limit the number of claims.

There are a lot of ways a dental contract can nickel and dime you. Know what is covered and what is not; know the out-of-network reimbursement and the hidden costs."

Agents who understand and can access voluntary products stand to benefit, Trani notes. "More and more, P-C agents are looking to provide the entire solution for an employer, as a way to retain the business. We give them an additional tool to do that by providing more lines of coverage. We handle clients with anywhere from two employees all the way up to 400,000 employees."

The company is eager to broaden its reach, too. "We have individuals calling on agents and brokers across all 50 states," Trani explains. "We want to expand the market and grow our business." ■

## The author

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## For more information:

### Dearborn National

Web site:

[www.dearbornnational.com](http://www.dearbornnational.com)



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