

WHAT TO LOOK FOR IN A VOLUNTARY EMPLOYEE BENEFITS CARRIER PARTNER



2 |

BROKERS CAN ENHANCE THEIR PORTFOLIOS, BOOST CLIENT RECRUITMENT AND INCREASE REVENUE BY PARTNERING WITH A RELIABLE VOLUNTARY BENEFITS CARRIER.

“More than two-thirds of employers believe voluntary benefits will be an important part of their employee value proposition in the next three to five years”¹

INTRODUCTION

The benefits market is experiencing a major upheaval. Voluntary benefits, once just a courteous detail, are now considered a vital component of a company’s core offerings. But navigating the new landscape can be tricky for both employers and employees. Which voluntary benefits should be added? Changed? Eliminated?

More than two-thirds of employers believe voluntary benefits will be an important part of their employee value proposition in the next three to five years. That's nearly double the percentage of those who currently feel this way.

Brokers must be ready and able to provide solutions. As the broker takes on a larger advisory role to meet the surge in demand, an opportunity presents itself. By offering voluntary benefits and partnering with a reliable carrier, brokers have the chance to stay ahead of the curve. They are in an enviable position to enhance their portfolios, boost client recruitment and retention, increase revenue for their agency, and boost earnings for themselves.

The broker’s choice of a voluntary benefits carrier partner can be a make-or-break decision. Working with the wrong ally can be a mistake from which it’s difficult to recover.

So how can a broker ensure they’re choosing the right voluntary benefits carrier partner? In this white paper, we will explore these six key questions to ask before making your decision:

- What is the carrier’s administration process?
- How easy is enrollment?
- What post-sales, claims and resolution support is provided?
- What value-added services are offered?
- What is the carrier’s reputation in the marketplace?
- What is the revenue/commission structure?

¹“Infographic: Employer-Provided Voluntary Benefits Grow in Importance with Expanded Offerings,” Willis Towers Watson, March 2016.

²“Voluntary Benefits Survey,” CyberScout 2017.

3 |

A REPUTABLE CARRIER PARTNER CAN HELP BROKERS CREATE A COVERAGE STRATEGY THAT IS IN THE CLIENT'S—AND THEIR—BEST INTEREST.

“95% of brokers say ease of administration is very important when choosing a carrier partner for identity protection services.”⁴

VOLUNTARY BENEFITS: THE NEW NECESSITY

Savvy employers know that voluntary benefits are an essential addition to their benefits package, allowing employees to select products and services tailored to fit their needs. Among these are gap health insurance, financial planning services, identity theft coverage, student loan assistance, and other traditional and nontraditional products and services.

Indeed, industry data shows voluntary product sales have grown every year since 2004, with only one dip after the 2008 recession.³

Employer clients understand that enhancing benefit offerings and effectively communicating those choices to workers helps them recruit and retain top talent.

But while voluntary benefits are a necessity for businesses and their employees, too often, both are left befuddled. Regulatory and other changes have companies' human resources offices humming with activity, and increasingly relying on brokers well-versed in voluntary benefits to craft attractive packages.

Brokers and their carrier partners must know where the cracks in coverage exist and help clients avoid losing sleep. To that end, it's critical for a broker to work with a reputable carrier so that together they can create a strategy that is in the client's—and their—best interest.

1. WHAT IS THE CARRIER'S ADMINISTRATION PROCESS?

A carrier with the know-how to juggle a lot of balls in the implementation process will make a worthy partner. It is paramount that both the employer and the broker have easy access to the carrier's offerings. Look for carrier partners that have hassle-free ways to add or delete employees, pull bills and records, generate reports, consolidate billing and make changes.

Eliminating headaches in the administration process makes for happy clients and brokers. For instance, in the identity theft management services sector, 95 percent of brokers surveyed ranked ease of administration as “very important” or “important” when deciding which identity theft management company to partner with.⁴

A carrier that is flexible, actively involved throughout the process, and asks the right questions will be the one to link forces with. Being assured in the early stages that your partner has these characteristics will help avoid future catastrophe.

³ “Another Year of Growth for Voluntary,” Benefits Pro, June 12, 2017.

⁴ “Voluntary Benefits Survey,” CyberScout 2017.

4 |

BROKERS SHOULD BE WARY OF CARRIER PARTNERS WHO BOMBARD EMPLOYER CLIENTS WITH TOO WIDE AN ARRAY OF ALTERNATIVES, THINKING THAT THERE WILL BE SOMETHING FOR EVERYONE.

2. IS THE CARRIER EQUIPPED FOR ENROLLMENT SUCCESS?

How much time must clients spend researching costs and benefits before signing up? Ideally, not a lot. Piles of paperwork can distract from understanding voluntary benefits options.

In fact, more than nine out of 10 brokers cite ease of enrollment (97 percent) as “very important” or “important” when evaluating carrier partners for voluntary benefits.⁵

As voluntary benefits choices balloon, enrollment becomes more complex for all involved. In addition, different generations communicate differently. Tools that work for older employees might be dismissed by twentysomethings and vice versa. A wide variety of communication methods must be honed so that clear and concise benefits and enrollment information reaches everyone.

Carrier partners must employ multipronged methods of sharing package details, including:

- in-person presentations
- one-on-one meetings
- printed materials
- emails
- telephone calls
- videos
- text messages.

Doing so will build awareness, create confidence in the voluntary benefits package, increase participation and reduce the number of missed deadlines.

3. CHOICES ARE GOOD—TO A POINT

Offering the ideal number of enrollment options is the Goldilocks goal. Not having enough choices will prevent the broker and carrier partner from being able to customize a package to cater to individual employee needs. And having too many options will only create confusion.

Forty-two percent of employers offered employees at least one voluntary income protection benefit, such as accident, critical illness and hospital indemnity insurance. Eighteen percent offered all three.⁶ Brokers should be wary of

⁵ “Voluntary Benefits Survey,” CyberScout 2017.

⁶ “The State of Employee Benefits 2018: Insights and Opportunities Based on Behavioral Data,” BenefitFocus, 2018.

5 |

IT'S IMPORTANT TO CHOOSE A CARRIER PARTNER THAT POSTS BILLS AND ENROLLMENT DATA WITHOUT DELAY, AS WELL AS SUPPLY ADDITIONAL INFORMATION EMPLOYERS NEED.

PROVIDING ADDITIONAL SERVICES WILL MAKE THE WORKER FEEL MORE VALUED BY THEIR EMPLOYER, WHICH TRANSLATES TO GREATER JOB SATISFACTION, PRODUCTIVITY AND LOYALTY.

carrier partners who want to bombard employer clients with too wide an array of alternatives, thinking that there'll be something for everyone. That approach is likely to be counterproductive.

Instead find a carrier that functions as a true partner and has whittled down options to those that dovetail with the broker and employer client's researched needs. A carrier should be knowledgeable about employee benefits in general, not only their own product.

4. WHAT SUPPORTS ARE PROVIDED?

After voluntary benefits are purchased, a desirable carrier will provide follow-up and post-sales support. A partner that has well-thought out, actionable plans in place for billing, account maintenance, re-enrollment, and the ability to seamlessly add, delete or change coverage will help the broker maximize the payoff of a long-term client relationship.

The CyberScout survey found that post-sales support (96%) and resolution support (94%) were noted as "very important" or "important" when brokers evaluated carrier partners for voluntary benefits.⁷

Brokers should seek out a carrier partner that posts bills and enrollment data without delay and supplies additional help or information to employers that need it. Simply providing voluntary benefits is not enough. Review of claims and resolution support should not be overlooked when evaluating a carrier.

5. HOW DOES THE CARRIER ADD VALUE?

Brokers and their clients should expect a carrier to bring additional services to the table—at the partner's cost—to provide better value in a competitive field. Marketing and sales support and materials, customizable options and tools to help employees realize the need for voluntary products and services will make the broker's job easier.

In a relationship-based business, the partner that zeroes in on more of these targets is the one that brokers and employers will want to enlist. Providing these additional services will make the worker feel more valued by their employer, which will translate to greater job satisfaction, productivity and loyalty.

⁷ "Voluntary Benefits Survey," CyberScout 2017.

6 |

NINE OUT OF 10 BROKERS SAY REPUTATION IS VERY IMPORTANT WHEN DECIDING WHICH COMPANY TO PARTNER WITH FOR DELIVERING IDENTITY MANAGEMENT SERVICES.

The greatest percentage of brokers said they would consider or currently receive compensation of 10-19 percent, with an ideal average rate of 23.9 percent. This level is roughly the same for most of the benefits they sell.¹⁰

6. HOW IS THE CARRIER PARTNER PERCEIVED IN THE MARKETPLACE?

Credentials count. A broker will want to partner with a carrier that has a sterling reputation and a solid track record to back it up. In a brokers' survey, nine out of 10 (93 percent) say reputation is "important" or "very important" when deciding which identity theft management company to offer.⁸

Look for one that does its homework, strives to improve, and shows true innovation in its thought leadership. A carrier that is adaptable, savvy and fully versed in state and national laws and regulatory changes rises to the top of the list.

Fifty-seven percent of brokers are now either selling or cross-selling voluntary benefits, up from 48 percent in 2015.⁹ As brokers enhance the voluntary benefits in their traditional portfolios, they need a carrier partner that stands out in a crowd and truly delivers on the benefits promised.

7. WHAT IS THE REVENUE/COMMISSION STRUCTURE?

With voluntary benefits, broker and carrier partner compensation can vary, just as it does with traditional insurance, depending on the product sold. A few questions to ask include:

- Are commissions vested?
- Will policies continue to pay out to the original broker?
- Are commissions level or heaped?
- Are there incentives or add-ons?
- Is there a flat fee or is it commission-based?

Typically, the earnings potential from offering voluntary benefits in a group consultant role will be higher than those on sales to individuals. Income potential also will vary by geographic location.

The greatest percentage of brokers said they would consider or currently receive compensation of 10-19 percent, with an ideal average rate of 23.9 percent. This level is roughly the same for most of the benefits they sell.¹⁰

⁸ "Voluntary Benefits Survey," CyberScout 2017.

⁹ "Traditional Brokers Pushing Into Voluntary Benefits Turf," Insurance News Net, June 25, 2018, <https://insurancenewsnet.com/inarticle/traditional-brokers-pushing-into-voluntary-benefits-turf#.W85BihNKgS4>.

¹⁰ "Voluntary Benefits Survey," CyberScout 2017.

7 |

SEVENTY-ONE PERCENT OF BROKERS ARE INTERESTED IN OFFERING IDENTITY THEFT MANAGEMENT AS A VOLUNTARY BENEFIT.

CONCLUSION

Brokers must position themselves as experts. Beefing up their portfolios requires a reliable carrier partner that offers voluntary benefits in an area of increasing demand, such as identity theft.

Identity theft is up 8 percent.¹¹ And according to a CyberScout survey, 71 percent of brokers were interested in offering identity theft management as a voluntary benefit.¹²

CyberScout is a carrier partner that offers innovative, customizable, easy-to-use identity theft management services. Since 2003, CyberScout has been a proven industry leader providing innovative identity management services that minimize threats, monitor personal information and manage recovery for clients and their employees. CyberScout is devoted to helping clients increase revenue streams with a flexible and competitive commission structure and an award-winning customer service team. CyberScout can be trusted to deliver strategic benefits solutions to ensure brokers bring value to their employer clients.

Employer clients know they must take on more responsibility for their benefits and must supplement core products with voluntary additions customized to their employees' specific requirements.

Brokers must be available and able to step in and ease uncertainty and fear by making trustworthy recommendations. By partnering with responsive, reliable carriers, brokers can separate themselves from the pack in an increasingly competitive market.

¹¹ "2018 Identity Fraud: Fraud Enters a New Era of Complexity," Javelin Strategy & Research.

¹² Voluntary Benefits Survey," CyberScout 2017.

VOLUNTARY BENEFITS CARRIER PARTNER CHECKLIST

How brokers can select the best ally in the new insurance marketplace.

As a broker, voluntary benefits are an essential ingredient of a robust portfolio. You will need to develop strategic relationships with carrier partners to maximize success in this insurance landscape. Knowing what to look for in a partner is crucial to meeting your goals in both the short and long term. Here is a checklist of what should be top of mind in choosing a voluntary benefits partner. See how the carriers you are considering measures up.

What to Consider	(1) Carrier Name	(2) Carrier Name	(3) Carrier Name	Why This is Important
Is the administration process transparent and understandable?				Both you and the employer client need easy access to the carrier's offerings, with a hassle-free ability to pull records, generate reports or make changes.
Is the enrollment process streamlined and easy to navigate?				As benefits choices increase, enrollment becomes more complex. Too much time spent on understanding costs and benefits adds up to lost time and money.
Do they use a variety of communication tools?				A wide range of ages and learning styles requires that materials be presented via a variety of platforms, such as print, email, calls and in-person talks.
Is post-sales, claims and resolution support offered?				The carrier's input shouldn't stop when the contract is signed. Claims reviews, coverage changes and re-enrollment must continue longterm.
Are value-added services included in the offering?				Customizable options and marketing support are important and make it easier to attract clients.
Do they have a good track record and reputation in the marketplace?				A trustworthy, savvy carrier that delivers on promises is one that clients will want to do business with for the long haul.
Is the revenue/commission structure spelled out clearly?				Upfront knowledge of fees, commissions and incentives means fewer unpleasant surprises.