

The Corporate Market ▼

Things looking up for Voluntary Benefits

by Ron Fields

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During strong economic times, it's human nature to think things are okay and they're going to remain okay. It's when times are tough that we tend to reflect more deeply on what we stand to lose. That's why today's economy actually holds promise for brokers and financial advisors.

With job losses, reduced benefits and foreclosures weighing heavily on the minds of your clients and their employees, everyone's more open to solutions to help combat the aftermath of the recession. So there's no better time than now to position voluntary benefits as a viable option to your clients' most pressing benefits concerns.

Clients Are Struggling

Managing finances, getting credit, reducing expenses and improving cash flow are just a few of the worries employers face right now. Today's economic realities and an unrelenting competitive environment have forced companies of all sizes to rethink the way they handle their operations. And with human resource departments stretched to the limit, companies are looking for ways to manage employees' concerns about hiring reductions, layoffs, salary or wage freezes and changing benefits packages.

Financial Safety Nets Are Eroding

Employees are also wrestling with the effects of a downturned economy. Every day, families are faced with tough choices between making payments on mortgages or credit cards, purchasing basic necessities, paying utilities or continuing to carry insurance, especially health coverage. Living from paycheck to paycheck means an unexpected medical expense or the sudden loss of income can quickly send families spiraling into debt that's difficult or impossible to

pay off.

Changes made to benefits plans, such as increased premiums and deductibles, larger co-pays and reduced coverage, are also placing employees at increased risk. In fact, a recent survey by Colonial Life showed that 68 percent of employees feel their insurance may not provide adequate coverage.

Benefits Are More Important Than Ever

In the midst of today's economic challenges, benefits are the mainstay of an employee's financial security. That's why strengthening an employee benefits package with voluntary benefits makes sense right now. Integrating voluntary benefits with core group offerings allows your clients to help employees protect themselves against increased financial exposure and help alleviate the economic pressures so many businesses are now experiencing. Voluntary insurance plans also allow your clients to offer a cost-effective, expanded benefits package at little or no direct cost to them. They're especially helpful in the following situations your clients deal with during poor economic times:

- Introduction of high-deductible medical plans
- Reduction in benefits for executives or carve-outs for hourly and part-time workers
- Corporate mandates to cut operational costs
- Changes in management
- Large numbers of financial or family changes (marriages, births, etc.) occurring in the workforce

Voluntary Benefits Offer Many Advantages to Your Clients

Employers gain many benefits from offering voluntary benefits, according to recent research by LIMRA. Companies see value in the following areas:

- Improving worker morale and satisfaction - 77 percent
- Adding no direct cost to company - 75 percent
- Attracting and retaining employees - 71 percent
- Giving employees options to purchase less expensive insurance

than they could get on their own - 69 percent

- Being able to offer a wider array of benefits - 66 percent

Choose a Benefits Partner Wisely

Brokers have a variety of voluntary carriers with whom they can choose to partner. But not all carriers are the same. To find the carrier that's right for your agency, evaluate a partner based on the following criteria:

- **Business expertise.** Look for a carrier that brings a depth of knowledge and a record of strong customer service to the table. They're the ones best equipped to understand industry issues and can help tailor programs to meet your clients' specific individual needs.
- **A broad portfolio.** Select a carrier that offers a broad range of voluntary products and provides your clients with an array of choices. Voluntary products such as critical illness, cancer, disability and life insurance can help employees secure additional, affordable protection for their families.
- **Benefits communication and enrollment.** Employees today have more decision-making responsibility for their benefits than ever before. But wading through complicated terminology and benefits options can be confusing. A good benefits education strategy can enhance employees' perception of their benefits plan and allow them to make better choices for their families. Select a carrier that specializes in one-to-one benefits communication and can enroll core benefits, as well as any voluntary products offered.
- **Group size.** Many voluntary plans require a minimum of 50 employees, but some cover groups as small as three. Be sure to engage a partner that gives you the flexibility to address positive and negative changes in your clients' workforce numbers.

Take a Proactive Approach

Most brokers are spending an abnormal amount of time right now hanging on to the business they have. Voluntary benefits allow you to deliver a message that's more palatable to your client. By being proactive and offering voluntary benefits as a solution, you'll be ahead of the curve and can address your clients' needs at a time when they need you most. ❖