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MAKE THE MOST OF YOUR CLIENTS' BENEFITS PROGRAM INVESTMENT

THREE QUESTIONS CAN TELL YOU A LOT ABOUT THE RETURNS YOUR CLIENTS REALLY GET

Some brokers feel they're doing their job if they can say to clients, "Here's what you paid last year for health insurance, and here's what I negotiated for you this year."

What's wrong with this approach? It only takes into consideration half the benefits equation. It deals with price. It focuses on spread-sheeting. It limits your expertise to a product sale. It doesn't address the return on investment the client should get from the benefits program.

Brokers must also address the other half of the benefits equation—return on investment. Take a big-picture view of your clients' benefits program. Look beyond product and price. Find a way to add value that separates you from the spread-sheeters.

There are three simple questions you can pose to employers that can help you stand out from the crowd. Ask them and you're on your way to being a strategic partner with your clients and an integral part of their success.

Question 1: Why?

With the economic downturn, businesses must work even harder to justify expenses, especially on their benefits programs—a huge budget hog. When I meet with employers, I point out the tremendous investment they make in their benefits program. Then I probe to find out why they continue to make this investment by asking, "Why do you provide benefits in the first place?" The response—almost always "to attract and retain quality employees"—leads me to the next logical question:

Question 2: What's the ROI?

The next thing I want to know is the payback employers get from their benefits program. I ask: "If offering competitive benefits to attract and retain quality employees is one of your company's biggest expenses, what's the return on your investment?" I then talk about how most employers expect a return on investment for expenditures on items like capital equipment and advertising. Why not for their benefits program?

Research shows companies can gain tremendous returns when employees understand their benefits and their value:

- Benefits are the second most important job satisfaction factor for employees, after job security.¹
- More than 90% of employers feel it's important to their business that employees understand and appreciate the value of their benefits, yet only 21% say employees have a good understanding of their benefits. Nearly five percent think employees know nothing at all about their benefits.²
- When employees feel their employer gives them all the resources needed to make informed decisions, 85% and 79% feel happy and excited, respectively.³

How many of your clients can say their benefits program contributes to a more motivated, engaged and productive workforce, which ultimately helps drive bottom-line business results? Probably very few. And that leads to the third question:

Question 3: What are the communications methods?

I wrap up the discussion by asking, “How do you communicate benefits to employees?” Usually, I get answers like these: a printed benefits booklet, a brochure or a paper application filled out in a break room. These communication methods may be easier to do, but they aren’t the most effective. It takes more than a brochure or a benefits booklet.

Research shows employees give higher marks to employers that provide fewer benefits but explain them well than to employers that provide a richer array of benefits employees don’t understand.⁴ The world of insurance can be complex. Effectively communicating the value of the total benefits package to employees is critical to helping your clients gain a competitive advantage in attracting new workers and retaining the best talent.

Add Benefits Communication and Education Strategies to Your Offerings

How can you use benefits communication and education to differentiate yourself from other insurance brokers who beat your price on a spreadsheet? By making your agency part of the solution. By making sure you’re perceived as a strategist who can generate ROI from the benefits program. By showing you can be a factor in the client’s overall business success.

To do this, you need to wear two hats: one representing the employer’s return on investment and one representing the employee’s benefits enrollment experience. Don’t overlook the real consumer—the employee who’s making the benefits decisions. Employers are shifting more benefits costs to employees. As a result, employees have a lot at stake financially, and they’re an extremely important target audience.

Here are two case studies that illustrate why you need to wear two hats:

- We worked on a large trucking account with 400 employees, and the broker wanted to mail all employees a benefits package with a paper application, a product brochure and a phone number to call for more information. We wrote \$35,000 in premium that year, but we didn’t meet the participation goal. The next year, we conducted one-to-one meetings with employees to explain their benefits and generated \$300,000 in premium.
- We provided individual benefits education sessions last year in a large nursing home account with 75 to 80 locations. This account had a lot of blue-collar employees who told us they appreciated being able to sit down with a benefits professional to learn how their benefits really work. The enrollment resulted in several million dollars in premium.

A little benefits education can go a long way toward helping employees understand their insurance gaps and choose coverage to help fill them. That’s why a successful benefits communication and education strategy should consist of:

- Pre-enrollment e-mails, interactive online educational information, needs-analysis tools and printed materials. Engage employees in the benefits-education process and make them want to learn more.
- Group meetings. Provide an overview of the benefits program and any changes, encourage employees to attend their one-to-one individual session with a benefits counselor, and let them know what to expect during their session.
- Individual sessions with a benefits professional. This is the most important piece—where employees learn about their insurance needs, how to select plans to fill any gaps, and how much the employer pays for benefits.

Getting a 10% cheaper rate on major medical isn’t going to help your clients realize a strong return on investment from the benefits program. Instead, offer your clients solutions to help them reach their business goals. A recent study on the effects of the economy on businesses reports 48% of companies intend to add additional communications on the value of their benefits program.⁵ Make sure your agency is ready to provide this much-needed service. Partner with a voluntary benefits carrier or enrollment firm that specializes in benefits education and communication. Then you can offer communication solutions to help clients make the most of their benefits program investment. **HIU**

1. 2008 Job Satisfaction Survey, Society of Human Resource Management
2. Colonial Life, SHRM National Conference Survey, June 2008
3. MetLife, 2008 Employee Benefits Enrollment Study
4. Watson Wyatt Worldwide, WorkUSA Survey, 2005
5. Hewitt Associates LLC, “Cost Reduction & Engagement Survey” 2009

Get a free copy of Colonial Life’s whitepaper, “Benefiting the Bottom Line: How a Strong Benefits Communication and Education Strategy Helps Drive Business,” by visiting www.coloniallife.com and clicking on “About” then “Newsroom.”



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