

How to Leverage the Voluntary Benefits Market for Long-Term Success

BY ERICH STERNBERG

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It is impossible to ignore the dramatic effect the economy has had on businesses and industries across the United States. The recession has affected every industry in one way or another, and the insurance industry is no exception. Surprisingly, however, the voluntary benefits industry has not only weathered the uncertainty and decline of the past year, but has actually enjoyed a rise in sales and popularity.

Continuing to focus on the most popular products of 2009 may hold the key to success in the coming year.

As a result of the down economy, many employers have been forced to trim their budgets, and employee benefits are just one of the areas that have been affected as a result. Some employers have modified their benefit plans or, in some cases, eliminated the employer's contribution to them altogether. While this may seem like an easy way to decrease costs, cutting benefits can harm worker productivity, thereby affecting a company's overall success in the marketplace.

Why?

- Voluntary benefits offer a relatively easy way for employers to expand or continue benefit options in this financial climate without increasing costs. Voluntary benefits are offered by employers and paid for by the employees at a lower rate than if individually purchased. According to the 2008 Workplace Forecast by the Society for Human Resource Management, nearly 60 percent of employees identified benefits as "very important" among a list of the most important factors in employee satisfaction and retention.
- The market for voluntary benefits has grown over the past year, and successful agents will implement strong voluntary plans in 2010. As of September 2009, according to LIMRA's U.S. Worksite Sales Survey Third Quarter 2009, voluntary benefits were growing faster than health offerings — 7 percent ahead of last year's pace. Eight of 13 voluntary product lines increased sales through September 2009, making this the fourth consecutive year that voluntary sales have exceeded their prior-year levels through September.
- According to a survey conducted by the International Foundation of Employee Benefit Plans, more than three-quarters of employers surveyed feel that offering voluntary benefits is a win-win option for their employees and the companies. Some of the commonly offered voluntary benefits include term life insurance (73 percent), vision insurance (53 percent), long-term disability insurance (50 percent), and dental insurance (48 percent).

Voluntary life insurance

When considering what products to promote, life insurance emerges as an important focal point. Although it may seem counterintuitive at first, as the economy went down this past year, voluntary life insurance sales actually went up. People want to make sure their families are taken care of should something happen to them, especially in tough times. In 2009, life insurance products accounted for just over \$180 million of voluntary sales between July and September, and are approaching \$700 million for the year.

Voluntary vision benefits

Vision benefits offer a strong value proposition for any voluntary benefits package. With more than 120 million people affected by vision problems, vision insurance has also grown in popularity. In addition to adding options to employees' benefit packages, it is reported that by adding vision insurance, employers gain \$7 in increased

productivity for every \$1 spent. Adding vision insurance to an employer's benefit package not only helps companies increase productivity and attendance, but also helps agents solidify the relationship with the client.

Voluntary dental insurance

According to LIMRA's U.S. Worksite Sales Survey for the third quarter of 2009, dental insurance posted some of the largest gains during the past year. This could also be tied to the overall health benefits a dental plan offers employees. Regular dental visits can detect many diseases early on, including oral cancer, heart disease, and diabetes. LIMRA reports that dental insurance sales are increasing faster than other health lines, making it another product to watch in 2010.

What's next for producers

Most importantly, agents should continue doing the very same things that helped them in their sales efforts throughout 2009.

- Be available to communicate with clients at all times via phone, email, or any other way the client chooses to communicate
- Be knowledgeable about the products you are selling and be able to answer all questions related to those products
- Be prepared to recommend new products when necessary.

We all recognize our industry has changed and will continue to change. It is critical for each of us to follow the trends as they develop and proactively position our businesses to provide solutions for evolving consumer needs. Focusing on voluntary benefits in 2010 may enable a meaningful increase in client opportunities and improve retention and customer satisfaction. The key is to adapt to the constantly changing industry and continue to offer quality benefits along the way.

Erich Sternberg is the president of AlwaysCare Benefits, a provider of group dental, vision, life, and disability benefits. He can be reached at 888-729-5433 ext. 5