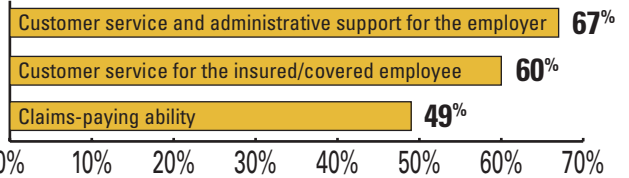


Build with boldness

With the heaviest enrollment season behind us, it's time to think about our strategy for the next year. Should we change our approach, our partners, or our value propositions for our customers? A recent Eastbridge study revealed some interesting tendencies among employee benefit brokers.

When they were asked about the importance of various factors in selecting a voluntary carrier to partner with, clear priorities emerged. The most important factors related to those features that customers experience: administrative support (billing), service for employers and employees, claims-paying capacity, etc. It's heartening to see the preeminence of the customers' experience, and gratifying to see the true voluntary customer, the employee, emerge near the top of the list.

Factor: "Extremely Important"

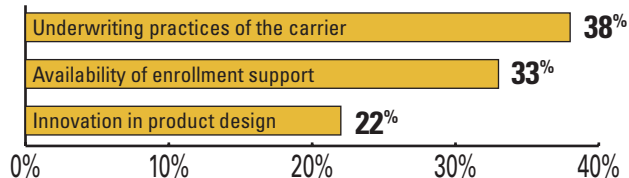


But this can also be read as a tendency towards safety and defensiveness. Given the market conditions, it's probably not surprising to find a certain amount of risk aversion, a circle-the-wagons approach. These top-rated features are hygiene factors, meaning that poor performance is a competitive negative, but superior performance is not necessarily an advantage; it's often invisible. Are we at risk of becoming safer while also becoming less competitive?

Every trade-off has its risks.

Much further down on the list are items that relate to product innovation, underwriting, and enrollment support. These are items that can bring true advantage and can differentiate an offering.

Factor: "Extremely Important"



As we consider strategy for the coming year, we should consider the balance between safety and meaningful market differentiation. We want the most of both, but every choice involves those risks and trade-offs. And focusing on existing accounts and keeping them safe, at the expense of new account development, may be the biggest risk of all.

We know from history that the greatest investment opportunities emerge as the economy begins to turn up, long before most investors jump back in. The same is true in our world. Boldness is far better rewarded when exercised before competitors recognize the need. Be safe, but be bold.

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