

Sailing past the tipping point



A new year is upon us and it's time for resolutions. Besides the same old items on your list (less weight, lower golf scores, more family time and reading time, etc.) we want to suggest that you add one about your voluntary insurance efforts.

We all know about voluntary insurance, that line of business dominated by two or three old-line worksite giants. For the rest of the industry, it's a quiet little side business that helps spread costs, provides off-cycle sales activity, and uses up excess underwriting capability.

Except that isn't quite true. Consider these facts:

- Voluntary sales, largely representing new premium from new customers, for new products, have grown every year since sales tracking began, even through the depths of the recent recession. The U.S. industry will add roughly \$5.5 billion in new premium this year.
- Voluntary is the vehicle propelling new premium growth across all product lines.
- Employee benefit insurers are steadily becoming dominated by their voluntary activity. Of 28 companies that offer voluntary/worksite products who responded to a recent survey, 13 offered only group platform products, two offered only individual platform products, and 12 offered a portfolio of both group and individual products.

For these 28 companies, voluntary represents an increasingly large percentage of their overall (non-medical) sales.

Almost half the companies in this sample now get more than a third of their new sales from voluntary. Voluntary is no longer a quaint sideline; it has become one of the largest and fastest growing segments of the benefits business.

So, what percentage of your sales premium is from voluntary? It isn't too late to get on this boat, but it has clearly started sailing. Brokers who believe that voluntary is unnecessary, or is a nice add-on, have not only missed the boat, they've missed the point. The industry is changing and the new funding models are dominating. One-hundred percent employer-paid lines are now the minority in almost every product line. So, maybe you've thought that you should get serious about voluntary, maybe next year. Well, next year is here.

The tipping point in the voluntary explosion is behind us and now it's time for New Year's Resolutions. What do you think yours should be?

VOLUNTARY SALES AS A PERCENTAGE OF TOTAL SALES	# OF COMPANIES	% OF TOTAL RESPONDENTS	% OF THOSE WHO KNEW THE SPLIT
More than 50% of total sales	5	18%	19%
Between 35 and 50%	7	25%	27%
Between 20 and 34%	7	25%	27%
Less than 19%	7	25%	27%
Did not know the split	2	7%	

Gil Lowerre can be reached at (860) 676-9633 or glowerre@eastbridge.com.

Bonnie Brazzell can be reached at (803) 738-1236 or bbrazzell@eastbridge.com.