By Bonnie Brazzell and Gil Lowerre

Attention shoppers, you're in danger

WE HAVE DISCUSSED the dangers faced by brokers who have not developed meaningful value-added, consultancy-based services for their employer clients. Those whose value propositions still revolve around shopping for products and services are simply waiting to be disintermediated. They will be disrupted as surely as Uber is disrupting the taxi industry. Shopping services involve collecting, compiling, and presenting data, tasks that can be accomplished in many different ways.

Employers agree. In one Eastbridge study, only 6 percent of employers described their benefits broker's key attribute as being a "trusted advisor" while 38 percent said their broker's key attribute was "comparison shopping" and they (the employer) did the due diligence and made all the decisions. Employers who consider their broker a "shopper" are likely to consider other ways to get that task accomplished.

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BV (before voluntary), things were simple. Life insurance was life insurance, and it was very different than disability, which was different than medical. Selling success revolved around shopping tasks and relationship building skills. Today, the benefit landscape is different. Benefits are more intertwined, related, and strategic. Shopping may still be important, and relationship-building will always be important, but now knowledge and consulting skills have joined the list of requirements.

Mixing the high-deductible health plan with the right products to mitigate the out-of-pocket costs is a routine strategic task. Weighing the comparative value of accident, hospital indemnity, or critical illness plans is all in a day's work for today's benefit strategist. And these changes in benefits require a strategist, not a shopper.

The good news for traditional employee benefit brokers is that employers have figured this out, even in cases where the broker hasn't. Employers prefer to get their voluntary and employer-paid benefits from the same source, *so that they can become part of a unified benefit strategy*. And the larger the case, the more likely the employer is to get both types of benefits from the same broker. Not from the same shopper, mind you; the employer is more likely to get both from the same consultant/strategist.

Also, 50 percent of traditional worksite/voluntary brokers now offer employer-paid coverages to their clients. In the mid-market, for example, and across all types of brokers, it is likely that 80 percent to 85 percent of brokers offer both employer-paid and voluntary benefits to their clients.

The bad news is that it appears that the majority of these brokers still behave as shoppers, filling orders and chasing the special in aisle nine. The future of benefits looks dynamic, challenging, and healthy. The future of brokers who are simply shoppers does not.

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Two for One

Percentage of Employers buying voluntary products from the broker who also handles their "core" group products

CORE GROUP PRODUCTS

10 – 49 EEs	48%
50 – 100 EEs	58%
101– 500 EEs	47%
501 – 1,000 EEs	61%
2,500 – 9,999 EEs	69%
10,000+ EEs	69%
weighted average	50%

TICKER
"... changes in benefits require a strategist, not a shopper."