

PLOT POINTS

By Gil Lowerre and
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Private exchange use low, but positive

“Only 19 percent of employers no longer utilize broker services.”

A RECENT EASTBRIDGE survey of employers found that the use of private exchanges continues to be minimal among all size categories and that a positive correlation remains between use and employer size (with use increasing as employer size increases). Many times, it is the broker who influences these employers to adopt the exchange model, and to offer more options to their employees or to move to a defined contribution approach.

Since brokers are often the ones suggesting an exchange for their clients, it makes sense that most employers (74 percent) continue to use a broker for their employee benefits after implementing a private exchange. Only 19 percent of the employers no longer utilize broker services.

While use has been low, employers that have implemented an exchange believe their employees’ experience with the



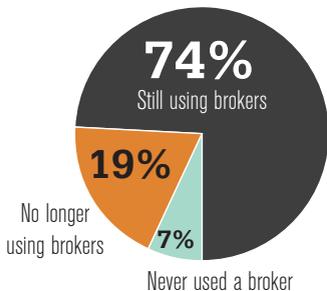
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private exchange has been positive. Forty percent indicated the experience was not only positive, but easier than previous enrollments, and 52 percent said it was positive, but not significantly different from previous enrollments.

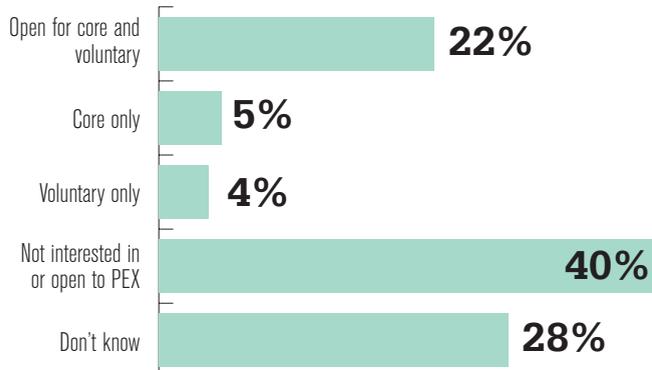
The survey also pointed to future interest by employers in private exchanges. Over one-quarter of the employers that are not using a private exchange today are open to using this concept in the future, and another one-quarter are still undecided.

Whether or not to offer a private exchange is a decision that should be based on many factors. Nonetheless, it is important for brokers to at least consider broaching the subject with employer clients—or risk the chance that some other broker will. The fact that most employers rate the exchange process positively should provide comfort to those considering this approach to benefits.

Broker Usage Since Implementing a Private Exchange



Openness to Using Private Exchanges For Benefits



Employee Experience with Private Exchange

