

PLOT POINTS

By Gil Lowerre and
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Voluntary productivity takes off

“This is not the time to grow complacent.”

OVER THE YEARS, we have reported on the growth of voluntary and its increasing popularity among employers, employees and brokers. Today, almost all brokers offer voluntary products, but many still only sell voluntary defensively, offering these products when asked, or in order to shift clients' benefit costs, or when a competitor approaches an existing client. But this picture is changing. Based on our marketing practices surveys, roughly 30 percent of traditional employee benefit brokers (EBBs) now offer voluntary offensively, positioning products based on employee needs, and using them as key tools in their clients' benefit strategies.

Since the birth of the ACA, brokers have reported their intent to shift more of their focus to voluntary sales. In particular, traditional employee benefit brokers planned to use voluntary sales as a key strategy in replac-



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ing lost medical revenue. Yet for years, most voluntary sales growth from the EBB population resulted from new brokers adding voluntary to their portfolio, rather than productivity increases from those already selling voluntary. But starting around 2012, productivity began accelerating.

Over the last three years, the average employee benefit broker's voluntary sales have increased an estimated 8 percent per year, or 26 percent in total. And it is a logical inference that half of these brokers grew even faster. Looking at all employee benefit brokers, their aggregated voluntary sales grew at roughly twice the growth rate of the overall industry.

An increasing percentage of EBBs have discovered that voluntary not only has important revenue potential, but it has a strategic role in adding value to clients and in meeting the needs of a diverse employee population. And, as in most things, the early adapters have been raking in a disproportionate share of the benefits. But others are quickly moving in that same direction. Broker surveys highlight the increasing competition among brokers in the voluntary space.

Congratulations to those brokers who are established and have proactive voluntary business practices. But, this is not the time to grow complacent. It is the time to expand your voluntary value proposition and points of differentiation. And for those who are not yet there, it's time to play catch-up. Fast.

Sales by Distribution Segment

