

## PLOT POINTS

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# What does voluntary *really* mean to your shop?

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**DESPITE THE** growing similarities between employee benefit broker and voluntary broker segments, and some convergence between the two groups, notable differences remain. As for parallels, both segments sell the same go-to products, infrequently use private exchanges, and see a relatively low threat from “eBrokers.” They also both expect the new administration in Washington to have a positive impact on their business.

But even with such growing areas of agreement, voluntary production levels remain very different. According to a recent Eastbridge Consulting Group survey of the employee benefit broker market, only 11 percent of these brokers produce more than \$500,000 of voluntary new business annualized premium (NBAP), while nearly 50 percent of voluntary brokers produce that much or more. The same study found several areas that may explain why voluntary brokers continue to produce at a higher level than their employee benefit broker counterparts.

One reason is the presence of established sales goals. Nearly 80 percent of voluntary producers cite having voluntary production goals, with most indicating that all staff members have voluntary sales goals. This compares to only 47 percent of employee benefit broker agencies.



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Lack of formalized goals for voluntary sales would suggest that a “*bigger fish to fry*” mentality remains inside many agencies, which likely means voluntary production are an afterthought for these organizations.

There also continues to be differing levels of annual new case volume between these broker segments. Voluntary brokers report more than three times the new voluntary case volume per year than their employee benefit broker counterparts. Having more new cases affords voluntary brokers more opportunities for employee sales and is a likely reason for the difference in overall voluntary production.

Additionally, there is a contrast between segments in the number of carriers used per employer. There is a correlation between a producer’s experience with voluntary and the number of different carriers they are willing to bring into a single account at the same time. Voluntary brokers continue to use multiple carriers per group, which requires a comfort level with voluntary enrollment and administrative processes in order to create a successful case. This comfort allows them to offer better products and those products that best respond to the specific employer/employee needs of each case. Better-aligned products, along with greater comfort with enrolling, often result in greater participation and overall sales.

That said, it might be time to question whether our business goals and new case sales are sufficient to make voluntary a focus in our organizations—or whether it remains a fringe component of our business. Either way, goals alone likely won’t be enough. Broker organizations will need to be adept at the mechanics of voluntary programs, to ensure carrier selection remains focused on client value, rather than simply being easier for the broker to sell and install.

**Voluntary New Business Annualized Premium (2016)**

