

PLOT POINTS

By Bonnie Brazzell
and Nick Rockwell

Keeping an eye on the market

BROKER RECRUITMENT IS

considered a pivotal factor in a voluntary insurance company's success. Historically, employee benefit brokers preferred to source a client's voluntary products from one carrier to streamline administration. This is a preference that many insurance carriers have catered to in their recruitment efforts. However, a recent Eastbridge report, *Voluntary/Worksite Marketing: An Executive Perspective*, found that producers are increasingly likely to seek "best-of-breed" products, resulting in less business going to any one carrier. This statistic almost doubled from 12 percent in our 2017 study to 22 percent this year. These changes suggest that the ease of one-carrier administration is becoming less important than having the right product design.

On the other hand, almost all executives in the same survey also agreed



Bonnie Brazzell and Nick Rockwell, Eastbridge Consulting Group, Inc.

that "employers are expecting better administrative solutions and processes." They noted "keeping up with technology" and "movement to self-service enrollment and private exchange platforms" as two key obstacles facing their businesses. Almost all agree that "employers are expecting better administrative solutions and processes." In response to these expectations, more than 90 percent of executives are planning to make changes to their policy administration system over the next five years.

Additionally, the same report cited product competition, mindshare of employees and proliferation of new voluntary offerings among the top obstacles facing the carrier's business. As the breadth of products in the market continues to grow, there are multiple implications for brokers; therefore finding partners that can offer good decision-making tools and enrollment education is crucial to help employees filter options and determine which offerings are most relevant to them. With a growing list of new voluntary products available, producers must become more comfortable evaluating a range of non-insurance products in addition to their traditional offerings.

All of these findings together indicate that many brokers and employers no longer accept mediocre products or mediocre administration. Both need to be up to par. If administrative capability doesn't factor into your carrier evaluation process the way product comparison does, it may be time to consider those factors further. At the same time, your product evaluation process must continue to account for an increasingly diverse pool of options.

Potential market changes

| Statement | Total Agree |
|---|-------------|
| Employers are expecting better administrative solutions and processes. | 97% |
| Brokers are getting smarter about, and more demanding of, the voluntary business. | 84% |
| Competition from other carriers for broker business is becoming more intense. | 82% |
| New product lines (such as lines of credit, student loan repayment, purchasing programs) are competing with traditional products (such as life, disability, gap filler health products) for both the employers' attention and the employees' dollars. | 69% |
| Employers are becoming more sophisticated with voluntary products. | 62% |
| Consumer segments are more diverse, and people are more difficult to communicate with. | 59% |
| Employees are being more selective about what they buy. | 49% |