

# High Expectations: Enthusiasm for Voluntary Benefits Drives Three Predictions for 2025

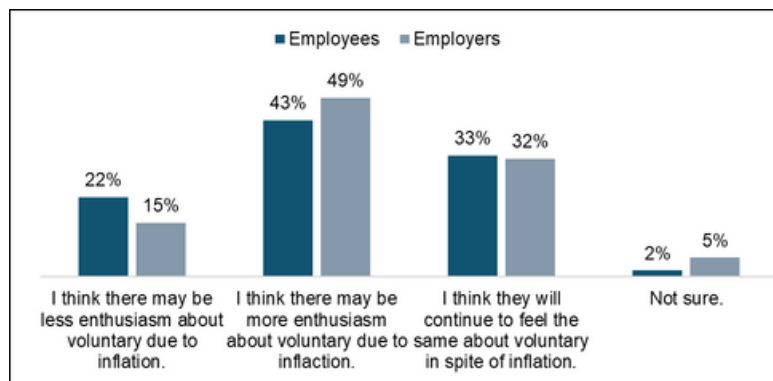
## By Eastbridge Consulting Group

The voluntary benefits market has continued its upward trend for several years — and that's not likely to change in 2025 if brokers' expectations are on the mark. Nearly all brokers we surveyed for the 2024 "Rising Tide for Brokers in Voluntary Business" Spotlight™ report say employees (96%) and employers (94%) will be as or more enthusiastic about voluntary products this year. And brokers expect inflation will have little impact on this eagerness for voluntary protection going forward: Just 22% say employees will be less enthusiastic about voluntary benefits, and only 15% say employers will feel less enthusiastic.

Employers themselves back this up. The 2024 "MarketVision™ — The Employer Viewpoint©" report shows two-thirds of employers report voluntary enrollment participation was up or not affected by inflation over the last two years, and 40% say they expect employee participation will grow even more in the next one to two years.

Based on this groundswell of enthusiasm for voluntary benefits, we see three key trends emerging or continuing to expand in 2025:

### Brokers' View of Inflation's Impact on Employer and Employee Enthusiasm for Voluntary Products



Source: Eastbridge 2024 "Rising Tide for Brokers in Voluntary Business" Spotlight™ report

## Reasons for Carrier Changes to Supplemental Health Products

Product	Competitive Parity	Competitive Differentiation	Enhance Profitability	Compliance	Other
Hospital indemnity	35%	61%	5%	0%	0%
Critical illness	33%	57%	5%	5%	0%
Accident	40%	55%	5%	0%	0%

Source: Eastbridge 2024 “Voluntary Product Trends” Frontline™ report

### Prediction #1: Product development will focus on maintaining market parity

Product development will remain a priority for carriers to stay competitive in the market, but they’ll be more focused on differentiating themselves through the customer experience they create than with inventing the next great benefit, feature or service. Don’t think that this means carriers are resting on their laurels. The 2024 “Voluntary Product Trends” Frontline™ report shows that carriers plan to make plenty of changes to their portfolios, but the most common is revising and refiling an existing product, particularly supplemental health plans such as critical illness, accident and hospital indemnity. Carriers say the primary reason for these enhancements is to achieve competitive parity — most likely for term life, short-term and long-term disability, and dental products — or to create competitive differentiation, most often for hospital indemnity, critical illness, accident, and universal or whole life. Profitability and compliance reasons can also come into play. Products some carriers are likely to add to their portfolios — again, to create a more competitive package — include term life, AD&D and dental.

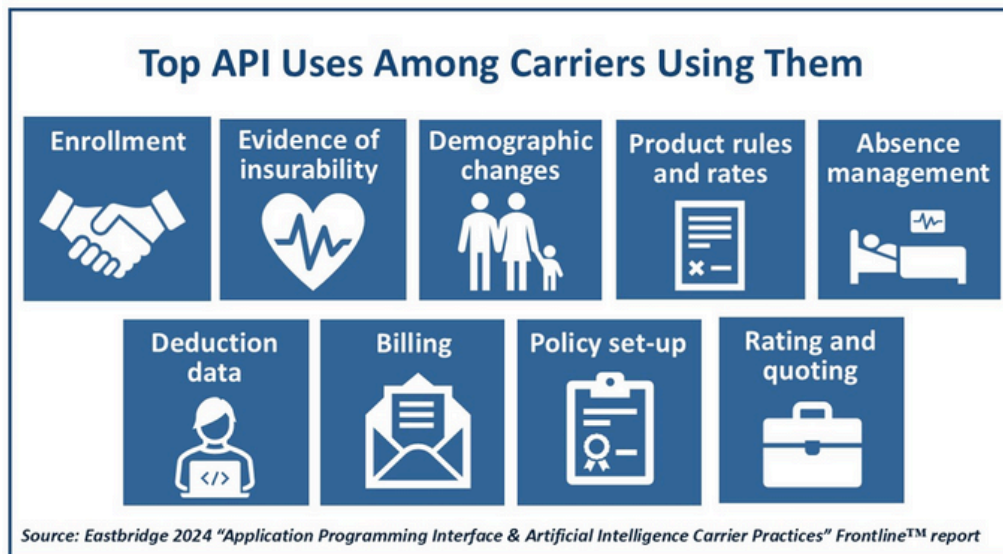
### Prediction #2: Carriers will invest in improving the customer experience

Think tools and services that make life easier for brokers, employers and employees. Virtually all carriers offer employers and employees online services through a portal, and most also offer a broker/producer portal, according to Eastbridge’s most recent “Online Services of Voluntary Carriers” Spotlight™ report.

These portals can offer the ability to view and pay bills, submit claims and check their status, view commission statements, access account-level data, and download forms and educational materials. Carriers have been enhancing these portals in recent years and we expect that to continue.

Claims integration services also are on the rise. The majority of carriers we surveyed for the 2024 “Claims Integration and Automation Practices of Voluntary Carriers” Spotlight™ report offer an integrated claims process. Only about half of these carriers integrate with medical plans, but those who do will have a significant advantage over carriers not offering this service. Nonmedical carriers likely will find it easier to get a foothold working with medical data from their self-insured employers. Because these employers already have the data, it should be easier for carriers to access it and develop claims integration processes. A claims integration process is important, but it’s not a silver bullet. Carriers seeking a better employee experience will need to focus on improving claims submission methods, claims processing times, claims tracking and the amount of required documentation. The end result will make it easier for customers to submit claims and receive their benefits.

Carriers also will be able to provide a better customer experience through increased use of APIs and artificial intelligence. The majority of carriers surveyed in the 2024 “Application Programming Interface & Artificial Intelligence Carrier Practices” Frontline™ report already use APIs for processes including enrollment, evidence of insurability, demographic changes, product rules and rates, absence management, deduction data, billing, policy set-up, rating and quoting.



Most carriers we surveyed say investment in APIs will continue to expand in the next few years with broader adoption for a variety of business processes and increased customer expectations. Far fewer carriers are using AI, but a strong majority of those not already doing so say they expect to use it in the future.

### **Prediction #3: Carriers will emphasize increased transparency**

Employers want to know if their employees are using the voluntary benefits they offer, especially supplemental health products. We expect carriers to respond with more robust claims utilization reporting. This reporting should become easier to provide, thanks to the increase in claims paid due to claims integration.

Claims integration will also lead carriers to be more transparent about their loss ratios. Customers can more easily see the value of their voluntary benefits when more employees are receiving claim payments. Interestingly, most carriers that can provide this information say they've seen no change to their loss ratio with the increase in claims integration.

Enrollment participation tracking is another key metric customers will expect from the carriers they work with. Expectations for participation typically range from 15% to 20%, but savvy employers will want to see higher numbers to ensure more employees are covered by the important financial protection of voluntary benefits. Carriers should be able to show which enrollment methods or communication types have the greatest impact on enrollment.



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Eastbridge is the source for research, experience, and advice for companies competing in the voluntary space and for those wishing to enter. For over 25 years, they have built the industry's leading data warehouse and industry-specific consulting practice. Today, 20 of the 25 largest voluntary/worksite carriers are both consulting and research clients of Eastbridge.