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New voluntary benefits enrollment software a boon for agents, employers and employees

By Len Strazewski

The future is a scary place and it's not just the unstable economy that has American workers worried about their future. The high cost of health care, the risks of death and disability, and the monumental costs of long term care are also capturing their attention, according to a recent employee benefits industry study.

Medigap insurance, short- and long-term disability insurance, supplemental term life insurance and long term care insurance should be hot employee benefits; but with rising health care costs, few employers are willing to pay for new benefits.

And while they may be available as voluntary, employee-paid benefits, the enrollment process can be a real burden for agents and brokers who need employer permission to meet personally with employees to educate and eventually conduct enrollment.

However, the task could be lucrative if it could be simplified and expedited, experts say.

According to the MetLife 2009 Employee Benefit Trends Survey, employees are more focused than ever on benefits that are provided at their workplace. Retirement benefits and all other nonmedical benefits (such as life, dental, disability, vision, etc.) increased in importance as factors contributing to a sense of loyalty.

MetLife polled more than 1,300 full-time adult employees in August 2008 and personally interviewed more than 600 employees in November of last year.

Of the surveyed employees, 41% consider workplace benefits to be "the foundation of their personal safety net as they awaken to current realities about their financial security," says the survey report.

The survey report also noted that 51% of employees say that they now obtain most of their financial products through the workplace.

"To protect against future financial risks, many have been prompted by the current economy to also take steps to determine their household's needs for life insurance (44%), disability insurance (38%) and long term care insurance (35%). For those with children under the age of 18, those percentages climb to 57%, 49%, and 46%, respectively," according to the report.

At the same time, many employees surveyed do not necessarily feel prepared to face significant unforeseen events such as income loss due to disability, eldercare, or premature death, MetLife says.

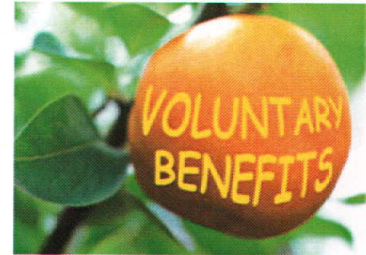
"This heightened awareness and concern point to the value of voluntary benefits offerings such as individual disability coverage, group variable universal life products, and long term care insurance as potential solutions that would be well received by employees."

Don Beckerle, president of Beckerle Financial Group in Eureka, Missouri, outside of St. Louis, says voluntary employee benefits have grown to about 80% of his life and health insurance agency business. Traditional employer-paid group benefits, including Section 125 cafeteria benefits plans and Flexible Spending Accounts, comprise about 20%.

About half of his voluntary benefits business comes from referrals from primarily property/casualty insurance agents who don't want the hassle of the enrollment process, he says.

"The voluntary benefits business has been growing steadily for the past few years, and employers are always interested in providing some value that doesn't come directly from their benefits budget. But it's not particularly easy to manage for an agent who can't provide the time for enrollment," he says.

Beckerle has four full-time employees and four contract enrollment specialists hired on a per



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President
Voluntary Benefits of America

diem basis. But part of the process may be automated to improve efficiency and eliminate some of the need for enrollment specialists at every workplace, he says.

Beckerle recently completed a beta test of AutoApp™, a new software product from Voluntary Benefits of America based in Franklin, Tennessee. The software is designed to reduce or eliminate the need for one-to-one enrollment meetings with employees and direct participation of insurance companies in the enrollment process. Employees can use the software to enroll themselves or be assisted by an agent during a group meeting.

Beckerle says he tested the software earlier this year with a 350-person employee group in three work locations, achieving about 35% percent participation in a group term life insurance and critical illness insurance package. The enrollment was completed with one group meeting at the largest location and a Webcast to other employees.

The effort yielded about \$90,000 in premium and was relatively easy, thanks to the software that generates personal enrollment documents for each employee that can be filled out directly by employees, he says. The bar-coded documents are then scanned into a database that aggregates orders for each participating insurer and forwards them electronically.

Enrolling takes about five minutes per person and does not require the presence or support from insurance company marketing staff.

"It's important to keep the offerings simple, not provide too many options or variables, and keep the enrollment process uncomplicated. Employees are often intimidated by long presentations and one-to-one meetings that they perceive as a hard sell."

Beckerle says he usually recommends that agents and their employer clients choose two to four voluntary products that address specific needs unmet by the employer-paid benefits for an initial enrollment. The products could include universal life insurance, term life insurance, variable life insurance, short- and long-term disability insurance, dental and vision plans and critical illness insurance.

Presented correctly, voluntary benefits can be perceived as a valuable opportunity to purchase coverage on a guaranteed issue basis that might not be available otherwise, he says.

Tom Smith, president of Voluntary Benefits of America, says that although the software is primarily designed to expedite and simplify enrollment, it has the added benefit of helping producers maintain control over their client/employer relationship and can be particularly valuable to property/casualty insurance agents and brokers who want to accommodate the needs of their clients without adding staff. The software can also be used as part of an annual open enrollment along with group benefits or separately.

"The enrollment platform allows agents and brokers to conduct their own voluntary benefits process without giving up the commission to carriers or other service companies and without giving up the personal relationship they have built with their clients," Smith says.

The software, which can be customized for the various needs of employer groups or for several product offerings from various insurers, is available from Voluntary Benefits of America for a 15% share of commissions. The software company can also provide other enrollment support services for an additional fee.

"Voluntary benefits should be low-hanging fruit for brokers who are looking for ways to build their business," Smith says. "But in fact, voluntary benefits represent only a small fraction of most brokers' income. Property/casualty agents and brokers have always been somewhat intimidated by all of the enrollment management concerns, but AutoApp resolves most of those concerns."

Smith is also the founder of HiddenPaycheck.com, an employee benefits statement product. The company now produces about 200,000 benefits statements each year.

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