Brokers driving voluntary sales

This is the last in our series of columns on the industry results for 2012. The first article looked at overall voluntary sales for 2011. The second looked at sales by product and platform. This final article spotlights sales by distribution segment.

Total voluntary sales for 2012, according to our annual U.S. Voluntary/Worksite Sales Report, were $6.03 billion, up 6.6 percent over 2011 results.

Benefit brokers helped drive this increase. The segment generated about $3.4 billion in new sales, an 8 percent increase over 2011 sales. The brokers’ share of total voluntary sales is now at 56 percent, up from 55 percent last year.

Career agents again had the second highest share at 21 percent, and the classics segment increased its share from 14 to 16 percent.

However this year, unlike 2011, all segments showed a sales increase in 2012. Again, benefit brokers—with $3,381.4 million in sales (an 8 percent increase over 2011)—and career agents—with $1,253.7 million in sales (up 6 percent from 2011)—led the way in terms of their sales increases.

Classic brokers had $822.9 million in sales in 2012, worksite specialists had $483.3 million, and occasional producers had $88.7 million.

Clearly, all segments have rebounded from the lower sales of the past several years and are selling more voluntary business. We expect the sales increases to remain as the economy continues to improve and brokers find more ways to assist employers with implementing health care reform and offering a competitive, robust package of employee benefits.

Glossary

CAREER AGENTS
Work primarily for a single company and sell its products, such as Aflac and Colonial reps are examples.

CLASSICS
Focus on voluntary sales and typically sell directly to employers.

SPECIALISTS
Large marketing groups whose focus is voluntary. Benefits communications is a key service. Most work on cases brought to them by other brokers.

BENEFIT BROKERS
Focus on traditional group benefits. Some are agencies inside a commercial lines agency. Voluntary products are offered as an additional line.

OCCASIONALS
Generalists. They have a small agency that sells other products. Worksite is a small part.

By Bonnie Brazzell and Gil Lowerre

What’s Next

By Bonnie Brazzell and Gil Lowerre

Read: “Brokers and PPACA: Outwit, outlast, outplay” BenefitsPro.com

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2012 SALES MIX BY DISTRIBUTION SEGMENT

- Specialists
- Classics
- Career Agents
- Benefit Brokers
- Occasional

21%
16%
55%
0%
1%

New business annualized premium (voluntary sales) was $6.03 billion in 2012, representing a 6.6 percent increase over 2011 results.