

PLOT POINTS

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Standing out when everyone's carrying the same bag

“It is hard to find any meaningful differentiation among brokers using their portfolio alone.”

THERE HAVE LONG been two general categories of brokers in the benefits industry. Employee benefit brokers have traditionally focused on advising employers on their health care plan and other employer-paid programs, while voluntary brokers have focused on payroll-deducted benefits. The product portfolio for these two broker groups was once so distinct that they might both have advised the same client because of little to no competition between them.

Over time, however, the increased demand for voluntary programs by employers and employees has blurred the lines between these two broker groups, as employee benefit brokers expand their portfolio in response to the demand. In fact, more than three-quarters of employee benefit brokers participating in the 2017 Eastbridge/BenefitsPRO Broker Survey rated competition for voluntary offerings from “average” to “high.” This is in stark contrast to the days when this group had little or no interest in selling voluntary.

Take the evolution in voluntary life insurance, for example.



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Fifteen years ago, relatively few voluntary brokers sold term life, staying true to their mainstay of selling whole/universal life programs. Employee benefit brokers, on the other hand, were making voluntary term their “go-to” product (as a buy-up) ahead of dental for not only meeting employer demands, but as a way to gain experience in selling voluntary.

Today, employee benefit brokers and voluntary brokers list four of the same products (critical illness, accident, term life and short-term disability) among their top five most commonly sold products, though in a slightly different order (see chart below). Term life now ranks even higher than whole/universal for voluntary brokers, and accident and critical illness rank higher than term and dental for employee benefit brokers.

With everyone's “bag” now filled with similar products, it is hard to find any meaningful differentiation among brokers using their portfolio alone. So how can you stand out among current and prospective clients?

Consider focusing more on non-product issues like better aligning client needs during carrier selection or helping design more effective enrollment and/or administrative solutions. For many producers, this may mean breaking tradition, venturing outside the box, and going beyond a one-carrier solution.

Top Five Voluntary Products

| Employee Benefit Brokers | Voluntary Brokers |
|------------------------------|-----------------------|
| Critical illness | Accident |
| Accident | Short-term disability |
| Term life | Critical illness |
| Short-term disability | Term life |
| Dental/Vision (tied for 5th) | Universal/Whole life |