

PLOT POINTS

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Broker power

AT ONE TIME, carriers defined the voluntary business processes we all lived by, and they designed them however they pleased. For many of the carriers, if the broker wasn't happy with those services, the carrier could afford to ignore the complaint. After all, there were lots of other brokers.

Today, 41 percent of voluntary carrier executives say that brokers are more willing to switch allegiance to a new carrier to improve their situation. That increased mobility has had an important side effect: power. If brokers demand changes and improvements today, they are more likely to get their way.

Our employer-customers are becoming more demanding, too. They are increasingly critical of poor service, of increased



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administrative responsibilities, and of being promised that voluntary has no direct cost. They have learned that there is a cost and a burden and they want change. As a result, brokers are also raising that banner and are moving their business to carriers who provide better service and simpler processes.

The first two items in the table below tell the story. Everyone agrees that competition for brokers has increased and that employers are demanding better administrative processes, where the carrier does the work rather than placing the burden on the employer.

Carriers are now planning to go beyond improving their processes. In a 2017 Eastbridge survey of voluntary insurance company executives, 45 percent said they plan major upgrades to their administration systems in the next five years. An additional 45 percent said they plan minor upgrades, and a further 6 percent plan to move administrative functions to a TPA in that same timeframe. For 96 percent, the status quo is no longer an option.

Yes, this suggests that better services and simpler processes are coming to your clients, but it also underlines the ability you have to change the game. Working to improve service to customers has been a great place to start, and we need to keep up the pressure. But what will be next?

Voluntary Executives' Opinions

Statement	Total Agree
Employers are expecting better administrative solutions and processes.	97%
Competition from other carriers for broker business is becoming more intense.	94%
Brokers are getting smarter about, and more demanding of, the voluntary business.	82%
Employers are becoming more sophisticated with voluntary products.	49%
Consumer segments are more diverse, and people are more difficult to communicate with.	45%
Employees are being more selective about what they buy.	42%