

Non-Insurance Benefits: Poised For a Powerful New Place in the Voluntary Arena

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If there is one certain outcome to recent health reform legislation, it's this: a major industry shakeup is about to occur. Think of it as a giant storm that will plow through the status quo in one fine swoop. Not surprisingly, a lot of industry players are nervous. Especially brokers who fear a significant loss to their bottom line. Certainly, many will need to make major adjustments to their business plans, and this won't be easy.

Health Care Reform: An End to Benefits Status Quo

But brokers and other benefit insiders should take heart. Reform may be the end to business as we know it, but it won't be the end of business. In fact, I see this reform as a way for a whole slew of new and exciting opportunities to develop. And that's not because I agree with every – or even any – aspect of this reform package. Instead, on a purely gut business level, I see this reform as a way to clear out the debris – break up any stagnation that has been created by an industry in the status quo for too long – and let fresh ideas take hold. In business, when you break the monotony, the creative juices get flowing again, and usually good things happen.

New opportunities for business growth will appear before you know it. The question you want to ask is: How can I be at the forefront of a burgeoning opportunity – rather than playing catch-up later on? The answer: keep a pulse on current trends and look for golden opportunities. Keep your radar on at all times.



Voluntary Benefits: Where True Growth Will Happen First

Right now, nearly everyone agrees the voluntary benefits arena is where true growth will happen first. Why? Because lower commissions from insurance carriers will create wide gaps left by lost revenue. New products will be created to fill those gaps and voluntary benefits will take the lead.

Under the voluntary benefit umbrella, one segment that doesn't nearly get the attention it deserves is the non-insurance benefit arena. Brokers take note. This will be an exciting (and lucrative) time for those participating in this market.

Non-insurance benefits include perks for employees such as affordable payment plans on home furnishings, electronics, appliances, auto and home buying services, travel services, legal services, pet services, and even such prosaic items as discounted movie tickets.

What makes these types of offerings so attractive to employees, and hence to decision makers at large corporations? A number of things.

First, on a purely visceral level, it's a lot easier for an employee to get excited about discounted travel package than long term disability. Especially in today's economy where employees have tightened their spending and are cautious about everything they purchase. Any discount is highly desirable and, more than ever, consumers (i.e., employees) are actively searching for ways to save.

Second, the troubled economy has caused major erosion in the traditional way consumers spend money. Individual purchasing power has fallen to new lows. Cash flow has tightened and credit has stymied. A lot of folks simply refuse to use credit cards, afraid of piling on more debt with no payment finish line in sight.

Sponsored Payroll Deduction: the Antidote to Credit Card Fears

The good news is many corporations offer the perfect antidote to credit and cash flow fears: sponsored payroll deduction. Payroll deduction provides an easy, responsible and affordable payment option for employees looking to purchase products without utilizing credit or dipping into their savings.

Take, as an example, a nurse working for a large hospital. Perhaps she's a single mom who makes a good income but has some credit impairment due to a recent divorce. She would be thrilled to have a voluntary benefit that allows her to purchase products affordably and directly from her paycheck without having to get financial approval from a local merchant or using her savings. The payroll deduction also gives her the advantage of a true finish line: She'll know exactly when the payment will end. This will give her peace of mind and the flexibility to budget for the future.

Payroll deduction also allows for inclusiveness. In other words, because payments are deducted directly from a paycheck, employees with less than perfect

credit, or lack of immediate cash savings, are not shut out of participating and purchasing. This is an extremely powerful point that many people forget. Imagine the embarrassment you can spare the employee who goes into a store to purchase an item only to be turned down for poor credit.

If payroll deduction is a sticking point, there are many third party payroll deduction facilitators that can make the process easy and seamless for benefit managers too busy to handle the paperwork. In addition, some non-insurance benefit providers are even willing to underwrite the risk and offer voluntary direct deposit as an alternative payment method. In this scenario, the payment is collected directly by the provider.

Finally, non-insurance voluntary benefits offer employees convenience, choice, and a way to save time. How nice would it be if employees could spend their weekends doing fun or educational things with their kids instead of shopping?

When you think of the benefits in those terms, the advantage to employers becomes obvious. The fact that employers can favorably impact the lifestyles of their employees is a compelling benefit to any human resource executive. Non-insurance benefits promote productivity and morale. By providing tangible services and offering their employees the opportunity to purchase products through payroll deduction they are saying: "We care about you and want to help you get services you may not be able to get if you worked somewhere else. We also want to help you purchase responsibly by having an affordable payment option without having to rely on your credit cards."

A Win-Win for Brokers

Ultimately it may be the brokers who benefit the most. Companies who offer non-insurance voluntary benefits pay handsomely for an opportunity to get a date with a big audience, and brokers already have the ear of the decision makers. What's more, they are providing an extremely useful value added proposition to their clients by addressing the company's needs to provide greater choice, savings and more flexibility to their employees. Bundling up some truly excellent

non-insurance benefits with traditional voluntary benefits would go a far way in reminding a client just how valuable a broker can be.

Like any program, pitfalls do exist. Therefore, anyone working with a potential non-insurance benefit needs to perform substantial due-diligence. Some questions to consider: Is the company selling the product or the service reputable? Does it have a good rating from the Better Business Bureau? How long has it been in business? Is it capable of performing the kind of service you expect? Can it live up to its promise to deliver what it says? Does it offer a large breadth of products – sort of like an all inclusive voluntary benefits provider – so you don't have to keep going back to marketplace every time you want to introduce a new program?

These questions are paramount for one extremely important reason: Keeping the trust and confidence of all parties involved. You want to be certain that any company offering a non-insurance benefit can provide excellent customer service, cares about the employee's best interest, and makes any transaction as seamless as possible. The last thing you want is an unhappy benefits manager – a situation that can put a hard won relationship on notice.

As healthcare reform takes hold, brokers will be scrambling to find a new pot of gold. The non-insurance benefits market may be the answer.

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