

Increased demand for voluntary products anticipated

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The voluntary products market is heating up, thanks to the value both employees and employers continually place on the products.

According to "The ABCs of Voluntary," a brief issued by Prudential and based on the company's "Eighth Annual Study of Employee Benefits: Today & Beyond," found that for 71 percent of employees, the offer of voluntary benefits increases the value of their company's overall benefits package; this is up from 63 percent in 2012.

"As people juggle their professional and personal obligations, the worksite offers a convenient and cost-effective way to gain valuable financial protection. Employers who provide effective communication, education and tools as part of the enrollment process help employees evaluate their own personal protection needs and make the choices that are right for them," said Bob Patience, vice president, voluntary benefits, Prudential Group Insurance. Employees cite cost as the biggest advantage to the voluntary option, followed by convenience and enrollment without a medical exam.

But employees aren't the only ones who value voluntary benefits. According to Prudential, 51 percent of employers are currently implementing or have already implemented offering more voluntary products; this is up from 32 percent in 2012. Employers see voluntary benefits packages as a competitive and valuable employment asset that is cost effective.

Other key findings include:

- Two-thirds of brokers, most employers and nearly half of employees consider the provider name an important factor when considering enrollment in voluntary plans.
- Employers are open to the idea of sharing information through a TPA to the carrier on an employee's life event so the carrier can reach out regarding evolving benefit needs. Employees agree, with 63 percent reporting they would be very interested in this type of communication.
- Although benefits education and awareness activities typically occur during an annual or open enrollment period — not during specific life events — nearly half (46 percent) of brokers say they prefer multiple enrollment opportunities for different benefits during the course of the year outside of the annual enrollment period (off-cycle enrollment), up from 33 percent in 2012. Sixty-seven percent of brokers say they believe employees would probably or definitely make better benefit decisions if their life and disability insurance enrollment period was separate from their medical insurance.

"Brokers, employers and employees all express a level of desire for off-cycle enrollment opportunities," said Patience. "Employees can be overwhelmed by the number of products to consider during a single enrollment period. Use of targeted off-cycle enrollments allow employees the opportunity to clearly assess their needs and carefully consider the products being offered."

This Prudential study points to a blatant fact: In a world where convenience and cost are a main driver for most decisions, a need -- and a demand -- for voluntary products arises.