

Insight

Voluntary Solutions

Creatively structuring group insurance options can help employers address expanding worker needs.

As the world of work has moved from the Industrial Age to the Information Age, the workplace has undergone a top-to-bottom evolution. Worker ages now span more than 50 years, technology has delinked work from geographic and time constraints, and entirely new classes of work have emerged.

With this have also come several market challenges. Fast-growing health benefit costs are currently causing many companies to consider core products with reduced benefits, rapidly ramping up out-of-pocket exposures for employees. Plans are also frequently leaving the growing cohort of full-time workers above age 65 without workplace access to any life cover.

For insurers, voluntary products can improve their competitive position while protecting the profitability of their group business lines. Product choices are increasingly available that provide, for example, affordable supplemental cover to full-time employees over age 65 as well as options for part-time or contract workers who would not ordinarily qualify for benefits. The recently popular option of group critical illness is also filling the gap created by high-deductible medical plans.

Voluntary products can also be key to competitive differentiation among group insurers enabling employers to customize life and lifestyle products that can cost-effectively meet today's evolving coverage challenges. Why not offer, say, pet insurance through a voluntary portal? Or auto insurance? Or cell phone insurance, or even enticements to switch service providers? Voluntary benefits can enable far more individualization of benefits for the widening range of employee needs.

The significant protection gap in the general population and low financial literacy can also be addressed by a modern approach to voluntary benefits. This gap can be filled by decision support tools,



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Voluntary benefit platforms can help address fast-evolving employee protection needs.

enabled by behavioral economics and by the science behind decision-making, while at the same time enhancing the customer journey and end-user experience.

As the wellness trend continues to advance, voluntary covers and distribution platforms are developing with wellness features that can reward employees who make healthier life choices. Voluntary products also can provide creative opportunities for employee engagement. Using online retail technologies for worksite distribution provides a familiar feel to the online benefit selection experience (especially for tech-savvy millennials).

Incorporating lifestyle products can also encourage younger employees to see the workplace as a preferred point of purchase for many types of financial and insurance products, both now and as benefit needs develop. As the sizable boomer cohort retires, a well-structured voluntary benefits program aligned with the evolving needs of the

employee base can be an effective tool to attract and retain key talent.

These platforms are also enabling more effective collection and use of data. Tools such as predictive modeling, behavioral economics and other data analytic frameworks can not only improve risk management, but also engender deeper levels of employee engagement via more cost-effective and efficient distribution and administration capabilities.

Eventually, the employee benefits framework might become one where individuals can elect a portfolio of voluntary benefits at the outset of their careers, which can then go with them when they move on (much like a 401(k) can be ported). Their coverages can be adjusted as they progress through their life stages.

Bottom line, these are truly exciting times for voluntary solutions. They have the potential to be the linchpin of a benefits strategy that could elicit substantial change to how coming generations perceive and utilize workplace benefits.

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