



# The Enrollment Engine

How employee benefits brokers can drive stronger value with the tools, tactics and knowledge their clients need.



Brokers can maximize both their clients' satisfaction and their revenue stream by better understanding the key components of an effective enrollment and the optimal long-term economic model for partnering with benefits providers and enrollers.

Employee benefits enrollments have never been more complicated — or more important. What used to be a once-a-year event led by a company's human resources department now may also involve insurance carriers, brokers, enrollment firms, benefits administration system providers and the company's IT department. Yet with today's ever-increasing health costs and the growing financial fragility of many of America's workers, helping employees understand and participate in the right benefits programs can have a tremendous financial impact: for them, their employers and benefits brokers.

Brokers can maximize both their clients' satisfaction and their revenue stream by better understanding the key components of an effective enrollment and the optimal long-term economic model for partnering with benefits providers and enrollers.

## Successful enrollment strategies must cover four key areas:

- **TOOLS** — Finding the right technology to meet brokers' and clients' needs, from an entire benefits administration platform to a web interface to a third-party connection.
- **TACTICS** — Determining the most effective enrollment options, including in person, on the phone and online. Successful tactics will vary based on employee demographics, geography, work schedules, company culture and other factors.
- **COMPREHENSION** — Driving the strongest possible participation in the enrollment by ensuring employees understand their benefits offerings and their individual needs.
- **ONGOING FULFILLMENT** — Ensuring the enrollment strategy perpetuates beyond just the first year.

“Many employers don’t realize lower participation rates ultimately weaken their ability to control overall benefit costs, resulting in higher long-term benefit expenses.”

Yuliya Babushkina,  
assistant research director, LIMRA

## A successful enrollment starts with a strong benefits communication strategy.

When it comes to benefits communication, there’s a significant disconnect between employers and employees.

Less than 40 percent of employers have a formal benefits communication plan, yet the vast majority — 90 percent — think their approach is effective.<sup>1</sup> Their workers disagree: Only a third of employees say they understand their benefits very well.<sup>2</sup> Yet employees *want* to understand their benefits. Nearly all — 98 percent — agree it’s important.<sup>3</sup>

COMMUNICATIONS DISCONNECT			
<b>EMPLOYERS with formal benefits communication plan</b>	<b>EMPLOYERS who think their approach is effective</b>	<b>EMPLOYEES who understand benefits well</b>	<b>EMPLOYEES who want to understand benefits</b>
<b>40%</b>	<b>90%</b>	<b>34%</b>	<b>98%</b>

LIMRA, Help Employers Connect the Dots, 2016; Unum, 2014 U.S. Worker Benefits Survey, 2015; Colonial Life-Harris Interactive Quick Query, 2013.

Strong benefits communication does more than help employees make better benefits choices — research suggests it also helps employers keep their top talent by increasing job satisfaction, employee engagement and workplace loyalty. Employees who rate their benefits education highly are also likely (76 percent) to rate their workplaces as very good or excellent.<sup>4</sup>

Benefits communication support doesn’t have to take away from the bottom line for brokers or their clients. Leading benefits providers offer communication materials and tools as part of their services, at no additional cost. Some will customize printed materials and websites for each customer.



**Brokers and their clients can take advantage of comprehensive, customized benefits communication support at no cost by partnering with a leading benefits provider.**

In fact, employers who skip or skimp on benefits communication may actually be adding to their benefits costs. That’s because employers often aren’t making the connection between effective communication, good participation and overall benefits costs. Only one in four employers that offer voluntary benefits think high participation rates are important, and only one in 10 consider increasing participation rates to be a high priority for their benefits communication approach.<sup>5</sup>



**Brokers can help their clients increase employee satisfaction, drive stronger participation and control costs by recommending a comprehensive, tailored communication strategy.**

## Combining high-tech and high-touch drives the greatest participation.

Employers are open to a wide variety of enrollment methods, including group meetings, websites with videos and calculators, email and printed literature.<sup>6</sup> But just as with benefits communication, there’s a significant discrepancy between what employers and their workers prefer.

### Best practices for effective benefits communication

- **Start at least three weeks before the enrollment.**  
Give employees and their family members adequate time to review communication materials so they’re prepared for enrollment.
- **Use at least three communication methods.**  
Multiple tools, including emails, websites, printed materials, videos and group meetings, help employees access information in the way they prefer at the time most convenient for them.
- **Customize for a more personal approach.**  
Benefits aren’t one-size-fits-all, and communication shouldn’t be, either. Help employees understand their needs at different life stages and the options available to meet them so they can make wise choices.

Half of employers in a recent survey<sup>7</sup> said they prefer self-directed, online enrollment via a website. Only 25 percent prefer the enroller to help complete enrollment forms during a one-to-one meeting. Yet nearly all employers — 94 percent — agree one-to-one enrollments are effective.<sup>8</sup> Surveys of employees who have participated in individual benefits counseling back this up: 98 percent say it's important and 97 percent say they understand their benefits better.<sup>9</sup>

Individual meetings continue to generate the highest participation levels, averaging 35 percent. That compares to 29 percent for group meetings and 26 percent for web-based enrollments.<sup>10</sup>

**KEY TAKEAWAY** *Brokers need to understand a wide variety of options, then educate their clients about the most effective enrollment methods.*

Employers want integrated enrollments. More than 60 percent of employers want all benefits — core, voluntary, from different carriers — enrolled on a single platform. They also prefer to use their own benefits administration platform rather than a separate enrollment system.<sup>11</sup>

Leading benefits providers will offer the ability to connect with either brokers' or employers' platforms for an integrated enrollment.

**KEY TAKEAWAY** *Brokers can bring value to their clients by partnering with benefits providers that seamlessly connect enrollment systems and benefits administration platforms, eliminating the need for a separate enrollment system or additional vendors.*

## Brokers must evaluate all components of enrollment costs to build a suite of valuable solutions while maximizing their long-term compensation.

An effective communication strategy paired with the right enrollment tools will drive stronger participation, leading to higher revenue for brokers in the form of product commissions from benefits carriers. But commissions are only part of the equation: Brokers must also consider what the enrollment costs them in order to maximize their income potential.

Because enrollment strategies vary from case to case, typical commission rates from voluntary insurance carriers are provided at a gross rate before enrollment costs. After evaluating the right product and service fit for a case, brokers must focus on the enrollment strategy and costs. Will the broker provide enrollment services, contract with an enrollment firm or partner with a carrier that provides enrollment services? These options all play an important role in what commissions end up staying in the broker's pocket.

Brokers who contract with an enrollment company can expect to pay 70 percent to 80 percent of carrier commissions in fees to that company. Typical commissions from voluntary insurance carriers on individual products actually range from 20 percent to 30 percent after removing enrollment costs from the equation. However, this can change over time if the enrollment entity's profit margins decrease. Brokers who partner with a full-service benefits provider that offers enrollment support as part of its services can keep more of those commissions in their pockets.

CARRIER COMMISSION RATES		
PREMIUM \$100,000	GROSS FROM CARRIER: 80%	NET FROM CARRIER: 30%
	\$80,000	\$30,000
ENROLLMENT COSTS (variable year over year)	\$56,000	\$0 (carrier provided enrollment)
<b>BROKER NET INCOME</b>	<b>\$24,000</b>	<b>\$30,000</b>



### EMPLOYEES VALUE 1-1 BENEFITS COUNSELING

It's important  
**98%**

I understand  
benefits better  
**97%**

Colonial Life post-enrollment surveys,  
2009-2016



An effective communication strategy paired with the right enrollment tools will drive stronger participation. But brokers must also consider what the enrollment costs them to maximize their income potential.

Brokers who supply their own enrollers also face per diem costs, regardless of participation. And this economic model worsens in subsequent years after the initial enrollment. The number of new employees to enroll and new products to offer existing clients dwindles, yet costs for per diem enrollers, technology platforms, printed materials and other resources are steady.



*Brokers should evaluate the total commissions and costs of using carrier enrollers, in-house enrollers and enrollment firms to maximize their income potential for first-year and ongoing enrollments.*

## Conclusion

Brokers have a tremendous opportunity to bring stronger value to their clients by educating them on effective enrollment strategies and partnering with benefits providers that can bring to the table the services and support needed for an integrated approach.

**By bringing together the right partners and resources, brokers can play a key role in:**

- Educating their clients about the most effective enrollment methods.
- Enabling comprehensive, customized benefits communication at no additional cost.
- Increasing employee satisfaction, stronger participation in the benefits program and controlling benefits costs through a comprehensive, tailored communication strategy.
- Seamlessly connecting different enrollment systems and benefits administration platforms for a completely integrated enrollment.
- Using the tools available to them to maximize their income potential for initial and future enrollments.

### References

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### About Colonial Life

Colonial Life & Accident Insurance Company is a market leader in providing financial protection benefits through the workplace, including disability, life, accident, dental, cancer, critical illness and supplemental health insurance. The company's benefit services and education, innovative enrollment technology and personal service support 85,000 businesses and organizations, representing 3.5 million of America's workers and their families. For more information visit [ColonialLife.com](http://ColonialLife.com) or connect with the company at [www.facebook.com/coloniallifebenefits](http://www.facebook.com/coloniallifebenefits), [www.twitter.com/coloniallife](http://www.twitter.com/coloniallife) and [www.linkedin.com/company/colonial-life](http://www.linkedin.com/company/colonial-life).

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