Voluntary Insurance: Why Taking a Cue From Maya Angelou Can Boost Your Business

What can author and poet Maya Angelou possibly teach brokers and agents about selling health insurance? The answer lies in her very simple yet powerful quote: "When you know better, you do better."

The reality is that most consumers — the very people who rely upon the products and services brokers provide — simply don't know better, and therefore don't do better, when it comes to choosing insurance. With health insurance becoming increasingly complex, many industry veterans and HR decision-makers themselves are struggling to keep up. Imagine, then, how difficult it is for workers to effectively choose among an array of insurance options.

"VOLUNTARY BENEFITS HAVE THE UNIQUE DISTINCTION OF BEING MOSTLY UNAFFECTED BY HEALTH CARE REFORM."

The 2011 Aflac WorkForces Report revealed that misconceptions about voluntary insurance options, in particular, are wide and pervasive. Not only are employees misinformed about key characteristics of voluntary insurance, so are the HR executives they look to for guidance.

Brokers and agents can profit from better-informed consumers — especially on the topic of voluntary benefits, which have the unique distinction of being mostly unaffected by health care reform. You can tailor your sales and education efforts by helping separate myth from reality:

MYTH 1: PAYOUTS FROM VOLUNTARY INSURANCE POLICIES CAN ONLY BE USED FOR SPECIFIED MEDICAL EXPENSES.

According to the Aflac study, two-thirds of employees (66 percent) and nearly as many HR decision-makers (62 percent) mistakenly believe that payouts from voluntary insurance policies can only be used for specified medical expenses.[1] While this is true for major medical plans, voluntary insurance pays cash benefits directly to the policyholder, unless otherwise assigned, to be used in any way he or she chooses — from helping pay daily expenses like mortgage payments or rent, to helping pay for gas to and from the doctor.

MYTH 2:
VOLUNTARY INSURANCE ALWAYS PAYS DOCTORS DIRECTLY FOR MEDICAL BILLS.

More than half of employees and HR decision-makers believe voluntary insurance plans always pay doctors directly for medical bills.[1] This is another distinction between voluntary and major medical insurance that is often misunderstood. Major medical insurance typically pays doctors and other health care providers directly for any expenses covered under the plan. However, voluntary insurance plans are designed to help policyholders pay for the many out-of-pocket expenses that major medical doesn't cover, including cash to cover copayments, deductibles and general living expenses.

MYTH 3:
SUPPLEMENTAL INSURANCE COSTS WAY TOO MUCH.

Nearly half of employees believe supplemental insurance plans cost too much and more than one-third of HR decision-makers agree.[1] However, many voluntary insurance providers offer a range of products that fit most budgets. For example, Aflac offers consumers a variety of policies, including accident, sickness and life insurance policies, for less than $12 a week using standard rates.[2] Voluntary insurance providers seek to offer families broader insurance coverage that helps protect against the financial burden an unexpected accident or injury can create.

MYTH 4:
IT COSTS EMPLOYERS TO OFFER VOLUNTARY INSURANCE BENEFITS.

Voluntary insurance benefits have no direct cost to employers; fewer than half of employers surveyed (44 percent), believe this is true.[1] This misperception can be costly for companies that are looking for ways to keep health care costs down while providing employees with access to coverage they need and demand. Making voluntary insurance policies available to their workers has no direct cost to employers, and also may reduce corporate taxes by cutting FICA tax contributions. Adding voluntary plans to a company's offerings can help companies build robust benefits packages, while staying within budget/cost constraints.

MYTH 5:
EMPLOYERS PAY ALL OR MOST OF THE VOLUNTARY INSURANCE PREMIUM.

One in four HR benefits decision-makers believes that employers pay all or most of the premiums for voluntary insurance plans.[1] Although some companies choose to contribute a portion of the premiums, voluntary insurance plans are typically paid for entirely by employees. Consequently, most voluntary plans are portable and belong to the employee — an aspect that is highly beneficial and important to many workers. And finally, employees are able to purchase the amount and type of insurance best suited to their particular life stages or circumstances, ensuring adequate protection and peace of mind.

As brokers begin to execute on their 2011 business goals, aggressively addressing these five misconceptions about voluntary insurance plans will mean clients know better, and their businesses will do better.

[1] *"2011 Aflac WorkForces Report," conducted by Harris Interactive for Aflac, September 2010.*

[2] *Aflac Essentials standard rate is based on a 45-year-old female, non-smoker.*

ABOUT THE AFLAC WORKFORCES REPORT

The Aflac WorkForces Report is an annual study analyzing the forces impacting the trends, attitudes, and use of employee benefits. Surveying both American workers and business decision-makers, the Aflac WorkForces Report reconciles the perceptions and realities of benefits in the workplace. The insights aim to help businesses make informed decisions about benefits to better protect employees and their bottom line. For more information, please visit **www.AflacWorkForcesReport.com.**

METHODOLOGY

The 2011 Aflac WorkForces Research was conducted by Harris Interactive on behalf of Aflac. The research contained two components of research among the US workforce – Employer research and Employee research. The Employer Survey was conducted online within the United States between August 17, 2010 and September 9, 2010 among 2,117 Benefits Decision Makers. Results were weighted to be representative of US companies with at least 3 employees based on company size (number of employees) and industry. No estimates of theoretical sampling error can be calculated; a full methodology is available. The Employee Survey was conducted online within the United States in two phases. The first phase was conducted between August 17, 2010 and September 1, 2010 among 3,035 employed adults aged 18 and older who are employed full or part time at a company with 3 or more employees and not retired. Results were weighted as needed for age, gender, education, race/ethnicity, region, household income and industry. The second phase was conducted between February 11-15, 2011 among 1,188 employed adults aged 18 and older who are employed FT/PT and not self-employed. Results were weighted as needed for age, gender, education, race/ethnicity, region, and household income. Propensity score weighting was also used to adjust for respondents' propensity to be online on both phases of this research. No estimates of theoretical sampling error can be calculated; a full methodology is available.