

The growing importance of voluntary insurance benefits

Research trends show voluntary insurance products are increasingly important to employees and employers.

You've heard of voluntary insurance benefits, but you may not be aware of the important role these ancillary products play in the workplace, especially as the effects of rising health care costs and health care reform are increasingly clear. Voluntary insurance benefits are gaining a lot of positive attention and for good reason. Research has linked voluntary benefits to reduced workers' compensation claims,¹ as well as improved employee satisfaction, morale and financial well-being.² The fourth annual Aflac WorkForces Report provides continued insight into the positive business outcomes for employers who make voluntary benefits part of their employee benefits package.

Most notably, the results show employers gain value by simply making voluntary insurance benefits available to employees and they experience even greater benefits when their employees are enrolled in the products. As costs continue to rise and employees gain more control over their health care choices, voluntary insurance consistently proves to be an invaluable part of a comprehensive employee benefits program.

Employers offer a variety of products with accident policies showing the greatest gain.

Voluntary insurance is traditionally made available to employees solely through their workplace. In 2014, 35 percent of U.S. employers offered voluntary insurance to their employees – a 9 percentage point increase from 2012. Trending data shows these companies are leveraging a variety of insurance products, including life, disability, dental, long-term care, vision insurance products and many more. Over the past four years, accident, hospital and critical illness policies gained the most momentum, see Figures 1 and 2.

Figure 1: Companies offering voluntary insurance policies 2011-2014

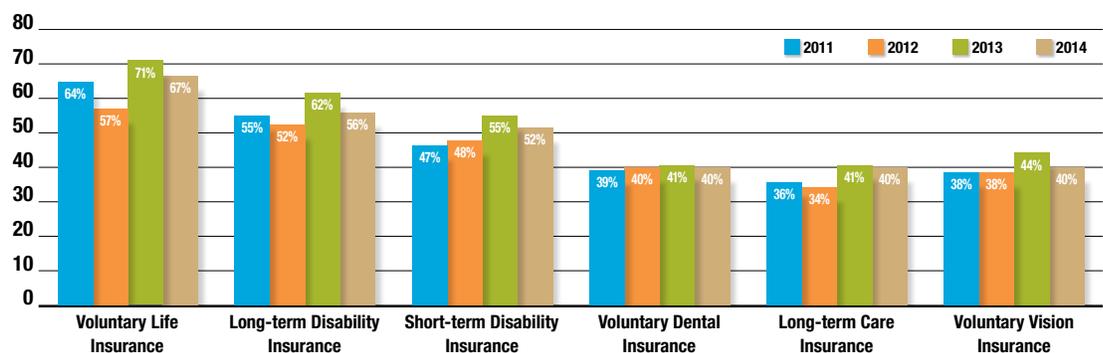
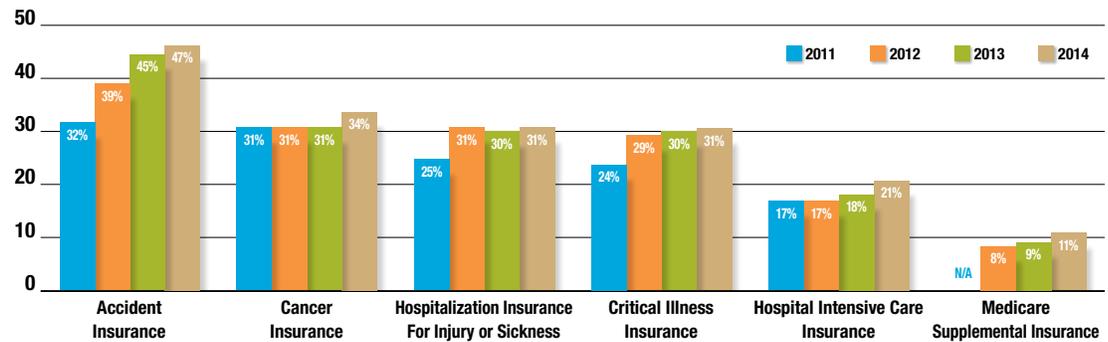


Figure 2: Companies offering voluntary insurance policies 2011-2014



Key finding 1: Increasing health care costs contribute to the growing demand for voluntary insurance.

As part of the 2014 Aflac WorkForces Report, employees from across the U.S. offered a glimpse into their attitudes towards voluntary insurance, showing they value and are interested in the benefits offerings:

- » 88 percent consider voluntary insurance to be part of a comprehensive benefits program.
- » Nearly half (48 percent) agree they're more knowledgeable about voluntary insurance benefits compared to last year.
- » 63 percent see a growing need for voluntary insurance benefits today compared to previous years.
- » Of the employees who don't have access to voluntary benefits through their employer, 52 percent say they'd likely purchase such benefits if made available to them.

Employees attribute the increased need for voluntary insurance today to several specific challenges, with the most common being related to the cost of health care. They named rising medical costs (76 percent), rising costs for medical coverage (66 percent), increasing deductibles and copays (61 percent), changes due to health care reform (51 percent) and their employers' reduction of health coverage (19 percent) as the reason they see an increasing need for these insurance offerings.

Key finding 2: Voluntary insurance helps protect employees' finances today and prepare them for tomorrow.

Health care is increasingly consumer-focused and, therefore, employees are assuming more control over their health care decisions. Still many admit they're unprepared for so much control and are ill-equipped for the financial burden of an unexpected accident or illness. A startling number, 51 percent, would prefer not to have more control over their health care expenses and options because they don't have the time or knowledge to effectively manage them.

The Aflac study found that employees who are enrolled in voluntary insurance policies are more likely to have secure financial footing and to be better prepared for what the future might hold.

The results for financial challenges and preparedness are consistent with previous years' reports. New to this year's study are questions that provide a clearer picture into employees' knowledge about consumer-driven health care options.

The value of voluntary benefits to help protect employees finances today and tomorrow include:

1. Fewer reports of financial challenges, Figure 3.
2. Increased preparedness for unexpected health or medical events, Figure 4.
3. Increased preparedness for taking more control of their health care choices, Figure 5.

Figure 3: Fewer financial challenges

	Employer doesn't offer voluntary insurance	Employer offers voluntary insurance, but they're not enrolled	Employer offers voluntary insurance, and they're enrolled	Percent increase or decrease
Named personal financial issues as the top non-work-related issue that distracts them during work.	26%	22%	21%	-19% <i>5 percentage points</i>
Coping with financial challenges.	55%	52%	47%	-15% <i>5 percentage points</i>
Have peace of mind and/or can sleep at night.	36%	48%	47%	+31% <i>11 percentage points</i>
Extremely or very confident in their financial future.	26%	36%	35%	+35% <i>9 percentage points</i>

Figure 4: Increased preparedness for unexpected health or medical events.

	Employer doesn't offer voluntary insurance	Employer offers voluntary insurance, but they're not enrolled	Employer offers voluntary insurance, and they're enrolled	Percent increase or decrease
Would only be able to pay less than \$500 for out-of-pocket medical expenses.	33%	22%	20%	-40% <i>13 percentage points</i>
Taking full advantage of their employee benefits.	36%	44%	57%	+58% <i>21 percentage points</i>
Completely or strongly agree they have confidence in their ability to cope with the financial impact of unexpected health events.	22%	29%	33%	+50% <i>11 percentage points</i>
Completely or strongly agree they feel their family will be financially prepared in the event of an unexpected emergency.	21%	29%	31%	+48% <i>10 percentage points</i>
Have a financial plan designed to achieve specific financial goals.	40%	49%	52%	+30% <i>12 percentage points</i>

Figure 5: Increased preparedness for taking more control of their health care choices.

	Employer doesn't offer voluntary insurance	Employer offers voluntary insurance, but they're not enrolled	Employer offers voluntary insurance, and they're enrolled	Percent increase or decrease
Completely or strongly agree they believe they'll be able to save more money in the long-term by taking greater control over their health care expenses and options.	23%	28%	31%	+35% 8 percentage points
They've heard the phrase "consumer-driven health care."	24%	33%	38%	+58% 14 percentage points
Understand consumer-driven health care extremely or very well.*	15%	19%	27%	+80% 12 percentage points
Extremely or very knowledgeable about flexible spending accounts.	30%	48%	59%	+97% 29 percentage points
Extremely or very knowledgeable about health savings accounts.	25%	37%	43%	+72% 18 percentage points
Extremely or very knowledgeable about health reimbursement accounts.	16%	24%	33%	+106% 17 percentage points
Extremely or very knowledgeable about high-deductible health plans.	22%	30%	33%	+50% 11 percentage points
Understand how health care reform will impact their life extremely or very well.	20%	20%	25%	+25% 5 percentage points

*Of those who have heard the phrase "consumer-driven health care."

Key finding 3: Voluntary policies continue to help employers attract and retain employees.

Similar to past studies, the 2014 Aflac WorkForces Report found an inherent value for employers who offer voluntary insurance benefits. The survey's data shows that employees who have access to and are enrolled in voluntary insurance products are also more satisfied with their jobs, have more positive perceptions of their employers (see Figure 6) and are more likely to be satisfied with their benefits packages (see Figure 7).

Figure 6: Increased job satisfaction and positive employer perceptions.

	Employer doesn't offer voluntary insurance	Employer offers voluntary insurance, but they're not enrolled	Employer offers voluntary insurance, and they're enrolled	Percent increase or decrease
Extremely or very likely to look for new jobs in the next 12 months.	27%	24%	22%	-19% 5 percentage points
Extremely or very satisfied with their jobs.	57%	58%	67%	+18% 10 percentage points
Completely or strongly agree their companies have the reputation as a great places to work.	46%	53%	56%	+22% 10 percentage points
Completely or strongly agree their employers take care of employees.	44%	49%	53%	+20% 9 percentage points

Figure 7: Increased satisfaction and security with benefits package.

	Employer doesn't offer voluntary insurance	Employer offers voluntary insurance, but they're not enrolled	Employer offers voluntary insurance, and they're enrolled	Percent increase or decrease
Extremely or very satisfied their overall benefits packages.	50%	60%	69%	+38% 19 percentage points
Benefits packages meet their families' needs extremely or very well.	54%	63%	74%	+37% 20 percentage points
Benefits package is more competitive than those of their peers.	35%	42%	55%	+57% 20 percentage points
Completely or strongly agree they feel fully protected by their current insurance coverage.	28%	38%	46%	+64% 18 percentage points

Businesses gain a reliable return from voluntary insurance.

Voluntary benefits consistently show a return for both employers and employees. Not only do employers report a reduction in workers' compensation claims when they make these products available,¹ but they also gain the value of happier and better protected employees. Employees enrolled in voluntary insurance are more likely to be satisfied with their job and benefits package, and report they're prepared financially for both now and the future. As cost containment and preparing employees for consumer-driven health care continue to be top priorities, the Aflac study provides additional evidence that these insurance products are a valuable and dependable addition to today's employee benefits package.

About the study

The 2014 Aflac WorkForces Report is the fourth annual Aflac employee benefits study examining benefit trends and attitudes. The study, conducted in January 2014 by Research Now, captured responses from 1,856 benefits decision-makers and 5,209 employees from across the United States.

To learn more about the Aflac WorkForces Report and its research methodology, visit AflacWorkForcesReport.com.

¹ Aflac (2013). Aflac Survey Finds Nearly Half of Companies Offering Accident, Disability Insurance Experience Reductions in Workers' Compensation Claims. Accessed on May 21, 2014, from http://www.aflac.com/us/en/docs/insights/aflac_workers_comp_release.pdf.

² Aflac (2012). The Hidden Rewards of Voluntary Benefits. Accessed May 21, 2014, from http://workforces.aflac.com/download/pdf/archive/z130235_awr_hidden_vp_2013.pdf.

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