



Voluntary insurance: Go with the group or go it alone?

Some of life's activities are not for solo players – board games, charades and team sports are examples. At other times, we're on our own: think running on a treadmill, completing a crossword puzzle or playing classic solitaire. The same is true of health insurance coverage. Sometimes it's smart for employers to make group insurance available to workers, while at other times it's best for them to provide individual coverage options.



Most employer-paid health insurance benefits, including major medical coverage, fall into “the more the merrier” category, with employees enrolling in group plans. But when it comes to voluntary coverage, both group and individual plans have distinct advantages, and employers can choose to provide workers with access to one or the other – or even both.

One way today's employers are keeping company expenses under control while providing employees with the health benefits they want is by offering voluntary insurance plans, including critical illness, short-term disability, accident, dental and life insurance plans. These plans give employees the freedom to select coverage that suits their particular needs and life stages and, at the same time, allow businesses to differentiate their benefits plans from those of rival companies. After all, voluntary coverage can be a powerful tool when it comes to attracting and retaining a talented workforce.

The advantages of voluntary plans are clear, but it's up to employers to decide what type of coverage they'll make available to workers:

- » **Individual plans** are unique to each employee, meaning they are often issued and priced based on medical history, age and other personal factors.

- » **Group plans** may offer coverage options without requiring applicants to answer health-related questions and absent of age or other considerations.

Individual assets: Fixed premiums and guaranteed renewal

When deciding whether to offer individual voluntary products to their workers, employers should consider the features and benefits unique to this type of coverage. To begin with, individual voluntary insurance policies are just that – individual. They're typically based on a person's or a family's unique health situation; however, individual policies are beginning to lend themselves to less underwriting, including guaranteed-issue in some situations. Prospective participants often meet one-on-one with an insurance professional to discuss their needs and choose the amount of coverage that's right for them. Here are some other important points:

- » **Individual voluntary insurance coverage is guaranteed-renewable.** Once employees are enrolled, they can continue coverage even if their relationships with their companies end – as long they continue to pay the premiums.
- » **Individual plan premiums don't change based on the experiences and claims of fellow workers.** Rates can only be changed by a state's department of insurance and apply to everyone in the state who's enrolled in a particular coverage plan.
- » **In some cases, individual plans may have higher premiums than group plans.** This is because individual plans feature premiums that are based solely on an individual applicant's health, age and other circumstances, as opposed to the overall health of all employees.

Group insurance points: Cost-conscious and customizable

Many people don't seek out individual coverage because it's easy to enroll in their employers' group plans. Enrollment is simple – all they need to do is fill out the provided forms – and the plans are marketed as among the least expensive available. Here are a few important things to know about group voluntary coverage:

- » **Group plans generally require limited underwriting.** That's great news for those with health conditions that preclude them from qualifying for individual coverage. (Some plans included pre-existing condition limitations.)
- » **In some instances, group plan premiums may be lower than individual plan premiums.** This may benefit employees who have pre-existing conditions, as well as for older employees, because premiums are based on shared risk within the group.
- » **The insurance contract is issued to the employer, not the employee.** With group plans, employees receive certificates of coverage, and the employer is the master policyholder. If the company decides to terminate the master policy for any reason, employees' coverage ends.

In summary

Thorough research is important when employers are deciding whether to offer individual or group insurance coverage to employees, as well as when employees are selecting their plans. Cost benefits for both employers and employees are major considerations, as are renewability, portability and the potential for customization.

Individual or group insurance? Know the difference.	
Individual Voluntary Insurance	Group Voluntary Insurance
<p>Individual plans are unique to each employee, meaning they are often issued and priced based on medical history, age and other personal factors.</p> <p>Coverage is generally not guaranteed-issue and may feature more strenuous underwriting.</p>	<p>Group plans may offer coverage options without requiring applicants to answer health-related questions and absent of age or other considerations.</p> <p>Coverage may be guaranteed-issue, with fewer underwriting stipulations, although participation requirements must be met.</p>
<p>The policy belongs to the insured and is portable, meaning it remains in effect if the employee changes jobs or retires, as long as premiums are paid.</p>	<p>Coverage is portable, but with certain limitations. If the employer cancels the group's master policy, the employees' coverage will be terminated.</p>
<p>Benefit amounts and the quantity of benefits are often more robust because they're chosen by the individual applicant.</p>	<p>Benefit amount options, plan designs and features are decided by the employer, and the employee must choose whether to apply for coverage from under the plans the employer makes available.</p>
<p>Enrollment is more likely to include a one-on-one meeting with a benefits expert.</p>	<p>Enrollment options are plentiful and include group meetings and electronic platforms.</p>

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