

# Considering Changing Voluntary Benefits Carriers?

## Compare Colonial Life



### 1 Does the current voluntary benefits carrier help employees appreciate and understand all their benefits?

Increasing employee understanding and appreciation of their benefits can help reduce questions/complaints and boost job satisfaction and retention. 93% of employers surveyed say personal benefit communications are valuable tools for recruiting and retaining employees. *(BenefitNews.com, "Survey says communication is key to benefits understanding and appreciation," December 2006)*

At no direct cost to employers, Colonial Life can provide:

- **Benefits communication for the total benefits program** – core and voluntary benefits.
- **Individual benefits statements, salary illustrations and election forms** to help employees understand the value of their complete benefits package – both employer and employee paid – and their "hidden paycheck."

### 2 Does the current voluntary benefits carrier provide flexible enrollment options?

With its flexible enrollment options, Colonial Life's award-winning enrollment capabilities\* include:

- Electronic enrollment for core and voluntary products for accounts of all sizes.
- Expertise in large, multi-state enrollments as well as enrollments with as few as three employees.
- A national network of certified enrollers (Best in the Business designation).
- Award-winning web-based enrollment system\* – Harmony®.
- Call center and self-enroll options for employees who cannot meet face-to-face with an enroller.
- Group meeting enrollment capabilities, including simple paper applications.
- Per diem enrollment option.

### 3 Have you examined the current carrier's bill to ensure the product mix is not heavy with its highest-commission products or benefits employees don't need?

Colonial Life's top-selling product is short-term disability insurance – which is also its lowest-commission product. Colonial Life ensures a needs-based, not commission-based, approach by:

- Paying enrollers the same commission rate on all individual products, resulting in no pressure to push certain products. Although commissions for the "opener" (benefits representative who establishes and is the Colonial Life point of contact for the account) and the broker vary based on individual product line, the benefit reps who enroll the employees are paid a flat commission rate.
- Maintaining a national network of local enrollers – people who live and shop in the same communities as the employees they enroll – with a vested interest in maintaining strong customer relationships.
- Tracking persistency/customer satisfaction through its Business Quality Index (systematic tracking system) at the benefits rep level throughout life of the account. BQI affects the benefits reps' income, incentives and eligibility to participate in Colonial Life's National Enrollment Program.
- Investing more than \$3 million a year in a national training program – Colonial Life College – that includes new benefits rep and continuing education courses, as well as certification programs for:
  - Core benefit enrollments.
  - "Best in the Business" designation to participate in National Enrollment Program for major accounts.
  - Consumer-driven benefits.

#### 4 Does the current carrier have frequent turnover of the local sales rep?

The four-year retention rate for insurance agents was 15 percent in 2006 (*"Agent Production and Retention," LIMRA International, 2007*). Although commission-based jobs traditionally have higher turnover than other jobs, Colonial Life has an impressive track record of benefits rep tenure. Its corporate records confirm that Colonial Life benefits rep retention is significantly higher than the industry average – so no constant churning of service reps.

Colonial Life has more than 6,000 local benefit reps throughout the country. Their renewal payments create a vested interest and personal responsibility for these benefit reps to service customers regularly and conduct multi-year and new hire enrollments.

#### 5 What value-added services does the current carrier offer at no cost?

Colonial Life provides many beneficial services at no direct cost to employers, including:

- **Premium Only Plans:** Through strategic alliances, Colonial Life provides pretax POPs at no charge and discounted pricing on other flexible benefits programs.
- **Access to CCH HRAnswersNow:** A one-stop shop for quick answers to thousands of HR questions.
- **Specialized service centers:** Separate toll-free phone numbers and websites for brokers, plan administrators and policyholders.
- **E-Services for Plan Administrators:** Web-based billing and administration services to save customers valuable time and energy include:
  - **Ez Billing**
  - **E-Bill Reconciliation**
  - **E-Pay**
  - **Ez Administration**
- **New account set-up call:** To ensure accurate billing and data exchange with every new account.
- **Bilingual communications support:** Printed materials, enrollers and home office service specialists.
- **Claim notification:** "It is the only carrier that notifies employees upon receipt of claim and when the claim check is sent out, one reason for its over 90 percent satisfaction rate."<sup>\*\*</sup>

#### 6 Does the current carrier honor Broker of Record (BOR) letters?

Colonial Life is strongly committed to honoring Broker of Record letters and honoring the employer's decision to have the broker oversee the account's benefits program. With Colonial Life, the general policy is to honor BOR letters as directed by the client.

#### 7 If the current voluntary benefits are under a Section 125 program, does an employer have to wait until the end of the plan year to switch voluntary benefit carriers?

No. Under IRS Code Section 125:

- An employer may discontinue a benefits package option (such as a voluntary benefit) during the plan year and offer employees an opportunity to take a new benefit. An employee may change a pretax election during the plan year for reasons specified in IRS regulations, including a "significant curtailment of coverage," as stated in Regulation Section 1.125-4(f)(3)(i). If the "significant curtailment" is an elimination of a benefits package option by the employer, the employee is allowed to revoke the election for that benefit plan and make a new election of similar coverage on a prospective basis.

See the IRS regulations and consult your tax adviser for complete details.

Colonial Life has strategic alliances with two industry leaders in Section 125 administration – Ceridian and Ameriflex. Through these alliances, Colonial Life offers free Premium Only Plans (POPs) and discounted Flexible Spending Accounts (FSAs). These companies can help ensure employers understand their options, have access to their plan document and stay in compliance.

*\*2008 Benefits Selling Magazine's Readers Choice Awards*

*\*\*LIMRA International 2006 Customer Satisfaction Survey*

#### Colonial Life

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