

# Executive Summary

## 2014 Aflac WorkForces Report for Brokers

### Brokers who've adapted to health care reform are being rewarded for their persistence

The 2014 Aflac WorkForces Report for Brokers reveals that brokerages of all sizes have accepted the reality of health insurance reform and are responding to industry changes in numerous ways.

Last year, when Aflac first surveyed brokers to gauge their opinions and attitudes about health care insurance trends, the findings indicated their industry was at a crossroads. Changes to the way major medical insurance is shopped for and purchased had resulted in deep concern about the state of the broker business at large, not to mention brokers' individual livelihoods.

In the past 12 months, many things have changed. This year's findings indicate that while some brokers have left the industry and others are still considering doing so, those who have adapted to the new health insurance reality are determining the best ways to successfully navigate the changing landscape. Still, the fallout from reform continues to reverberate, as evidenced by today's top five issues for brokers:

- » Rising health care costs affecting client decisions (47%)
- » Understanding the impact of health care reform (38%)
- » Remaining relevant (29%)
- » Diversifying benefits offerings (26%)
- » Client uncertainty about health care reform (27%)

Given the volume of revenue generated by major medical insurance (see chart on next page), it's easy to understand why brokers are concerned about reform's impact on their businesses and incomes.

# 49%

**of brokers at least somewhat agree they are considering exiting their industry altogether.**

Figure 1

Revenue Stream	Small Brokerage		Medium Brokerage		Large Brokerage	
	Health/Medical Insurance	37%	Health/Medical Insurance	28%	Life Insurance	28%
Property & Casualty Insurance	22%	Life Insurance	22%	Health/Medical Insurance	23%	
Life Insurance	14%	Property & Casualty Insurance	21%	Property & Casualty Insurance	16%	
Voluntary Benefits	13%	Voluntary Benefits	14%	Voluntary Benefits	15%	
Disability Insurance	10%	Disability Insurance	11%	Disability Insurance	11%	
Other	4%	Other	4%	Other	7%	

The 2014 Aflac study also found health care reform continues to send shockwaves throughout the U.S. business community, affecting the employers – and workers – that brokers serve. Specifically, results showed rising health care costs are influencing workers’ financial well-being, driving a growing demand for voluntary benefits and emphasizing the correlation between good benefits and business success. Details about employee and worker mindsets can be found in the [Aflac Workforces Report National Fact Sheet](#).

**67%**  
of brokers at least somewhat agree that many of their peers have left the business in the past year.

## Broker choices present opportunity for others

In the wake of reform, brokers are making tough decisions. Nearly half (49 percent) of those who participated in the 2014 Aflac survey at least somewhat agree they are considering exiting the industry altogether. What’s more, 67 percent at least somewhat agree they’ve seen their peers exit the business in the past year.

Why have other brokers decided to stay the course? Put simply: opportunity. Thirty-six percent completely or strongly agree that health care legislation presents an opportunity for their businesses, and 50 percent completely or strongly agree they are confident about their firms’ futures and the future of the broker industry.

## Smart brokers are making their own opportunities

What are these determined-to-succeed brokers doing that others are not? They’re adapting, evolving and

**36%**  
of brokers completely or strongly agree that health care legislation presents an opportunity for their businesses.

looking for smart ways to replace the portion of their business that's being eroded by reform.

Voluntary insurance is growing in importance as a result of reform, and smart brokers have taken note by expanding their consulting services and target-client spectrums, functioning as navigators for products sold through exchanges and even launching exchanges of their own. Notably, they're also replacing gaps in their portfolios and incomes by increasing their dependence on voluntary health insurance sales:

**50%**  
of brokers completely or strongly agree they are confident about their firms' futures and the future of the broker industry.

38%	Predict the proportion of voluntary benefits they sell will increase over the next 12 months
24%	Have been offering their clients voluntary benefits options for less than a year
23%	Have been offering their clients voluntary benefits options from one year to less than three years

The good news? Brokers with the foresight to fill gaps in their clients' portfolios with voluntary benefits options are reaping major rewards: They are more likely to be increasing their client bases than brokers who don't offer voluntary insurance products, and they're also more likely to be growing their sales.

**Brokers who make voluntary insurance products available to their customers are more likely to be growing their client bases and their sales.**

Conversely, brokers who haven't discovered the value of voluntary insurance benefits are feeling the pinch. Those who don't provide clients' employees with access to voluntary options are more than twice as likely as brokers who do to be experiencing declining sales. They're also 44 percent more likely to be coping with decreasing client bases.

The Aflac survey revealed that brokers are excited about the doors that have been opened by voluntary insurance products and the business they generate:

53%	Plan to increase the amount of revenue generated by voluntary insurance
47%	Include voluntary insurance among their offerings because it generates a new revenue stream
64%	Include voluntary insurance among their offerings to satisfy the needs of clients' employees

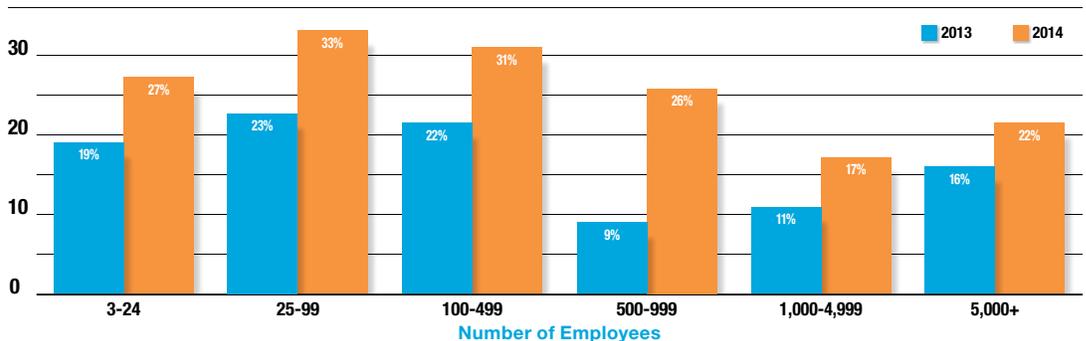
## Brokers expand their target-client spectrum

Nearly 4 in 10 brokers have made changes to their target-client spectrums as a result of health care legislation, and there is good news: Their opportunities have expanded at companies from small to large.

Many workers and businesses are confused about health care reform. Just 21 percent of employees say they understand how health care reform affects their lives extremely or very well. At the same time, only 40 percent of businesses say they understand reform extremely or very well. (Details can be found in the [Health Care Reform and the Transformation of Workplace Benefits](#) fact sheet.)

As a result, 45 percent of companies surveyed as part of the Aflac WorkForces Report intend to increase their reliance on brokers or insurance providers when making changes to their benefits plans. This provides brokers with the opportunity to leverage health care reform by using it to generate revenue from a larger, more diverse client base:

### Changing target client, 2013-2014



In light of the increased opportunities presented by a growing market, how are brokers changing their behavior?

First, many are increasing their value by showcasing their knowledge and capabilities through **expanded consulting services**. Fully 78 percent of brokers at least somewhat agree they've either expanded their consulting services or created new consulting practices in the past year. This means they're not only selling insurance; they're also taking on a more consultative role by educating their clients about insurance options and providing guidance about the benefits that meet clients' needs and the needs of their employees.

Brokers who don't provide clients' employees with access to voluntary options are more than twice as likely as those who do to be experiencing declining sales. They're also 44 percent more likely to be coping with decreasing client bases.

**45%**  
of companies surveyed as part of the Aflac WorkForces Report intend to increase their reliance on brokers or insurance providers when making changes to their benefits plans.

Additionally, brokers are acclimatizing to the health care exchange reality by becoming part of the equation. More than one-third (35 percent) are **functioning as navigators for insurance products offered through exchanges**. Some are even pursuing opportunities within exchanges and **launching their own private exchanges**:

38% of brokers function as producers for insurance products handled through exchanges, with:	
62%	Functioning as producers for public exchanges
38%	Functioning as producers for private exchanges
31%	Of their total production stemming from exchange activities

## Taking advantage of the uncertainty

After years of uncertainty and turmoil surrounding changes to the U.S. health care system, brokers who've elected to continue in their careers are making positive changes to ensure continued success. They're overcoming the gloom once presented by health care reform and see clearer skies ahead: Companies' use of brokers increased from 56 percent in 2011 to 61 percent in 2013 to 64 percent today.

What's more, brokers are beginning to view legislative changes as more opportunity than hindrance. After all, the majority (79 percent) at least somewhat agree their clients are not prepared for health care reform.

This opens the door for the 93 percent of brokers who say they understand health care reform at least somewhat well to deepen their bonds with clients, increase their value to employees, and prove once and for all that the knowledge, guidance and worth of a broker's counsel is priceless in today's insurance landscape.

## About the Aflac WorkForces Report

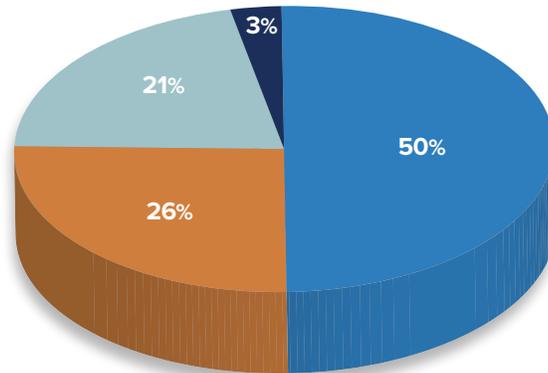
The 2014 Aflac WorkForces Report was conducted in January 2014 by Research Now. The 2014 study captured responses from 1,856 benefits decision-makers, 5,209 employees and 314 insurance brokers from throughout the United States.

Key 2014 employer and employee findings:

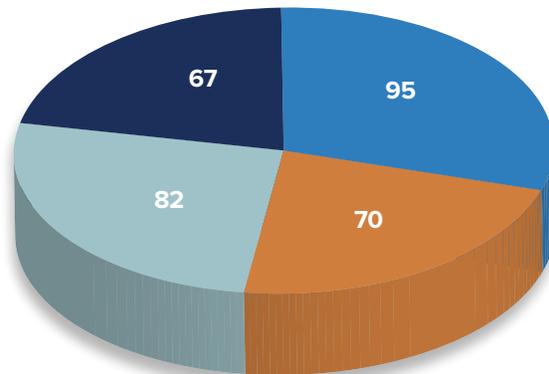
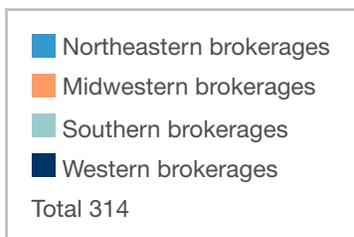
- » Health care costs significantly influence workers' overall financial well-being.
- » The average American worker is one serious medical event away from financial hardship.
- » There is a strong connection between benefits offerings and companies' key performance metrics.
- » Voluntary insurance options are growing in importance as the effects of health care reform become clear.

Learn more about the [Aflac WorkForces Report](#).

Broker Demographics



Broker Demographics



## Key takeaways from the 2014 Aflac WorkForces Report for Brokers

### Open more doors with voluntary health insurance

Fully 90 percent of brokers at least somewhat agree that rising health care costs are making it difficult for their clients to offer adequate benefits – and 49 percent of employers indeed say controlling costs is a top business objective. Because voluntary insurance is employee-paid and has no direct effect on an employer’s bottom line, smart brokers are adding voluntary products to their portfolios. As an added incentive, 63 percent of employees see an increased need for voluntary insurance benefits in 2014 compared to previous years. Of those currently without access to voluntary insurance options, 52 percent say they’d be at least somewhat likely to apply for voluntary benefits if their companies made them available.

Bottom line: Voluntary insurance is a win for all concerned – for the employer, who provides workers with added benefits at no cost to the company; for the employee, who can choose the voluntary health insurance options that suit his or her family’s needs and budget; and for the broker, who increases business by providing peace of mind to both clients and their workers.

### Continue to stress the value of tailored benefits

The health insurance needs of a 40-year-old, married employee are very different from those of a 25-year-old, unmarried worker. Brokers understand that, and it's why 84 percent recommend that their clients tailor their benefits packages to various employee constituencies. Unfortunately, just 39 percent of employers actually heed the advice. Make it your goal to increase that percentage by stressing that smart employers understand and respond to the generational and demographic compositions of their workforces. These savvy companies increase employee satisfaction by providing customized benefits solutions instead of homogenous, one-size-fits-all plans.

### Eliminate communications blockades

Many business leaders are excellent at boardroom communication, but are less successful in their communications with rank-and-file employees. This is especially true when conversations center around health care benefits.

More than half of employers (54 percent) believe they communicate with employees about the value of their benefits extremely or very effectively. However, the Aflac study showed that workers are largely dissatisfied with the benefits messaging they receive. Volunteer to help set up a communications plan that educates workers about benefits throughout the year – not just at new hire and open enrollment. Because employees like to receive information a variety of ways, why not suggest strategies for written communications, online communications, video communications and seminars?



## Key takeaways for brokers

**The 2014 Aflac WorkForces Report for Brokers revealed that brokers should do these key things to drive business:**

- » **Open more doors** with voluntary health insurance options.
- » Continue to stress the value of **tailored benefits**.
- » Encourage **clearer communication** with employees.
- » **Urge clients to communicate about benefits** throughout the year.

## Sources

<sup>1</sup> The 2014 Aflac WorkForces Report for Brokers is the second annual Aflac broker study examining benefits trends and attitudes. The study was conducted among 314 brokers in January 2014 by Research Now on behalf of Aflac.

**Content within is for informational purposes only.** This material is intended to provide general information about an evolving topic and does not constitute legal, tax or accounting advice regarding any specific situation. Aflac cannot anticipate all the facts that a particular employer or individual will have to consider in their benefits decision-making process. We strongly encourage readers to discuss their HCR situations with their advisors to determine the actions they need to take or to visit [healthcare.gov](http://healthcare.gov) (which may also be contacted at 1-800-318-2596) for additional information.



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