

Why Voluntary Insurance?



The real question is, why not? Voluntary insurance plans can resolve a bevy of market pressures faced by HR and benefits managers today, at no cost to their companies. As a unique opportunity to satisfy competing priorities, voluntary insurance programs accomplish the seemingly impossible—help create robust, affordable benefits packages in the face of diminishing budgets, rising healthcare costs, and a heated competition for talent.

Voluntary insurance is offered to employees by their employers and is 100% employee-paid through payroll deduction. It can include policies for accident, cancer/specified-disease, dental, life, short-term disability, specified health event, hospital intensive care, lump sum critical illness, and vision. It is traditionally viewed as coverage that exceeds core benefits packages, yet many companies are cutting back on health care coverage to curb rising costs, the need for voluntary insurance has become essential to many businesses.

	EMPLOYER IMPACT	EMPLOYEE IMPACT	SOLUTION
Rising healthcare costs	Employers perceive health-care costs as the number one challenge to achieving short-term success in today's economic uncertainty.	Since 1999, family premiums for employer sponsored insurance have increased 120% while wages have gone up 44% and inflation has risen 29%.	Voluntary insurance supplements core packages at no direct cost to employers, and may reduce corporate taxes by cutting FICA tax contributions.
Pressure to contain expenses means shifting many costs to employees	Controlling health and medical insurance costs is the second highest priority among companies today.	The average annual family premium increased 27 percent since 2004 to \$12,680 in 2008.	Voluntary insurance policies can help employees manage rising health care costs by providing them with cash benefits for out-of-pocket medical expenses.
Growing financial stress among employees can decrease morale, satisfaction and productivity	About 25% of U.S. employees report they suffer from serious financial distress, and up to 80% report their job performance is affected by financial problems.	Among workers whose illnesses led to bankruptcy, out-of-pocket costs alone averaged \$11,854.11.	Employees with voluntary insurance coverage are less concerned overall with medical finance issues than those without voluntary insurance.
A company's benefits offerings affects its abilities to recruit and retain top talent	Nearly one-quarter of employers believe they are more likely to lose employees to competitors with better benefits packages.	Employees feel that no other workplace benefit comes close in terms of importance.	Among employers who currently or previously provided voluntary insurance, the top reasons are to: <ul style="list-style-type: none"> • Retain employees (23%) • Increase job satisfaction (20%)

More than half of the country's employers provide voluntary insurance, tapping into a remarkably easy way to look after the well-being of its workforce through:

CUSTOMIZED BENEFITS PACKAGES—employees can select coverage relevant to their circumstances and build a benefits plan tailored to their specific needs.

CASH BENEFITS-voluntary insurance policies pay benefits regardless of any other health coverage, helping cover deductibles, copayments, and other unexpected expenses.

MAKE BENEFITS MORE ACCESSIBLE

The cost of health care continues to outpace inflation and household earnings at a pace greater than 2 to 1. To reduce the burden on corporate bottom lines, benefits decision-makers are often forced to pass larger portions of these increases onto their workforce.

The result, however, is that employees are now faced with some tough decisions, with many resorting to drawing from personal savings, dipping into retirement accounts, and increasing use of credit—all of which can lead to personal bankruptcy. When an employee faces financial difficulties, an employer feels the impact as well in the form of decreased job performance, absenteeism and dissatisfaction. At the same time, HR managers remain tasked with attracting and retaining the best employees.

Breaking an Unhealthy Cycle

Voluntary insurance policies help insure a healthy workforce and a healthy bottom line

Breaking the Cycle

Employees in 25 states with financial worries were not only more stressed and absent more often than others, but they spend 20 hours of work time per month dealing with money problems.

Breaking the Cycle

Employees without voluntary insurance are nearly twice as likely to skip needed medical tests or procedures as those with voluntary insurance over age.



Breaking the Cycle

Voluntary insurance is no cost to employers and can reduce FICA taxes

Breaking the Cycle

Voluntary insurance pays employees cash benefits to defray rising out-of-pocket costs and unexpected expenses.

Market conditions have created a need for voluntary insurance. Businesses of all sizes and across all industries have adopted voluntary insurance policies because they help to bring resolution to every component of this complex cycle. So the question really isn't, why voluntary insurance? The question is, why not?