By Nick Rockwell

Bigger isn't always better

"NEW AND IMPROVED" is such a common marketing theme for consumer products that it's gone beyond cliché to become fodder for jokes and memes. Still, most companies in every industry—from laundry soap to luxury cars—are constantly looking for ways to make their products seem new and, well, improved.

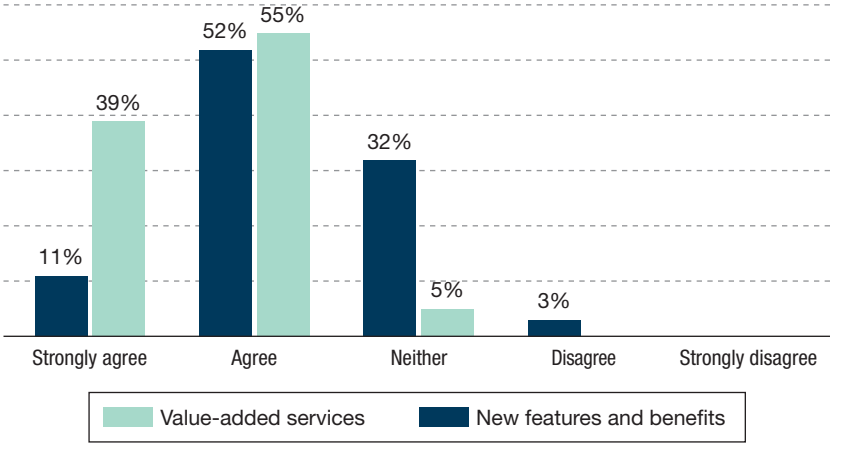
The employee benefits industry is no different. Many voluntary benefit carriers appear to be following a trend of adding more and more features and benefits to voluntary products in an effort to differentiate them in the market. A recent Eastbridge survey of carriers showed an overwhelming majority see carriers adding value-added services, new features and benefits, or both to their voluntary products.

And that's great; better products with more benefits and services will meet more employees' needs and turn into stronger sales, right? Well, maybe. Or maybe not. It turns out all the additional benefits and features also have some potential downsides.

First, these added benefits or features usually add at least somewhat to the cost of the products. The souped-up products may also be more difficult to sell and to enroll. In fact, many carriers now report the brokers and third-party platforms they work with would welcome simpler products.

Complex products are also more difficult for employees to understand. This not only makes it harder to educate employees on the need for and value of the products, it can also lead to dissatisfaction with the coverage, the benefits package and possibly even the employer (hint: your client).

Carriers are adding more to products

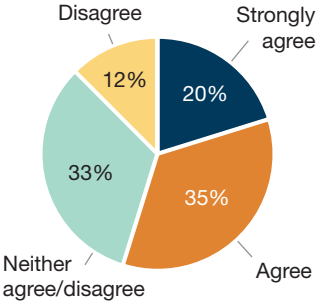


Here's an example: A recent Eastbridge project asked carriers about claims problems, denial rates and denial reasons for critical illness claims. One of the most common claim problems carriers cite is insureds not understanding which conditions are covered by their plan and when a benefit is payable.

In fact, 22 of the 25 companies that track their reasons for critical illness claim denials list the condition "not being covered by the plan" as the top or one of the primary reasons for denials. And this isn't a rare occurrence, unfortunately. Various carriers report they deny 5% to 39% of critical illness claims, with an industry average of 22%.

Yes, richer benefits can be good for your clients and their employees. But for long-term customer satisfaction, it's important to make sure the added benefits truly add value, and the product isn't too complex to understand what is and isn't covered.

Brokers and third-party vendors are looking for simpler products



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