

CALIFORNIA BROKER

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SERVING CALIFORNIA'S LIFE/HEALTH PROFESSIONALS & FINANCIAL PLANNERS

DECEMBER 2015

SEEING ANNUITIES IN A NEW LIGHT

PAIRING ANNUITIES WITH 401(k)s

TEN REASONS TO INCLUDE FIXED ANNUITIES IN A FINANCIAL PLAN

SAVVY ANNUITY SHOPPING

ALSO IN THIS ISSUE:

VOLUNTARY BENEFITS SURVEY | TECH TRENDS
VISION | DENTAL | MEDICARE | HEALTH





Medical Carriers Now Dropping Non-ACA Compliant Plan Riders:

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TABLE OF CONTENTS

ANNUITIES

9 Two Surprising Ways That Annuities Can Work Overtime for Clients

by Andrew Vasquez
Annuities have a role in just about every client's portfolio whether it's maximizing tax efficiency or protecting against market volatility.

10 The Top 10 Reasons to Buy a Fixed Annuity

by Rich Lane
For financially conservative investors who want to build and protect their assets, immediate or deferred fixed annuities provide a great option.

12 Help Your Clients to Know Their Stuff and Shop Carefully For an Annuity

by Scott M. Sadar
Help your clients become smart annuity shoppers.

HEALTH

14 Using Technology to Give the Gift of Simpler Insurance

by Jason T. Andrew
By adopting technology that's rich in data, brokers can quote and compare plans easily and move quickly through underwriting.

16 Trends in the Small Group Market

by Leila Morris
An Interview With Ron Goldstein, president & CEO of CHOICE Administrators

18 Living Up the Sale With Telehealth: Three Easy Ways to Rethink Benefit Plan Design

by Scott Sanford
Brokers who have embraced telehealth and complementary benefits are growing their business, retaining clients, and providing the best solutions.



VISION

22 Why Vision Care Benefits Are Key to a Successful Wellness Program

by Dan Schauer
Begin to strengthen your client and broker relationship now by demonstrating the value of a comprehensive wellness plan by including a low-cost, high-return benefit.



SURVEY

23 2015 Voluntary Benefits Survey

by Leila Morris
Our annual survey of voluntary benefits carriers in CA.

DENTAL

38 Navigating the Changing Ancillary Landscape

by Bryan S. Derheim
Why ancillary benefits are on trend to become voluntary benefits.

MEDICARE

40 Selling Medicare Products—Why It's Definitely Worth Your While

by Roxanne Anderson
If you are an agent who isn't working in the Medicare field, take a moment to reconsider your sales strategy before you miss out on a great opportunity.



ALSO IN THIS ISSUE:	Guest Editorial.....6	News.....42
	Annuity Sampler.....8	Classified Advertising.....46
	Tech Trends.....36	Ad Index.....46
	New Products.....41	

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Don't Be a Victim

IT'S TIME FOR BROKERS TO THRIVE

by BRIAN POGER



I recently asked one thousand brokers a straightforward question, “What advice would you give Congress around the ACA?” Reading the feedback, I could tell most had been written with clenched fists and gritted teeth. The anger and frustration we feel is palpable. Across the nation, brokers feel like the rug has been pulled out from

under us. Here are just a few of the main concerns that surfaced from our survey.

We are working more for less. Regulations are more complex than ever before, yet commissions are declining. One broker stated, “If I calculated what I get paid to help a client through the exchange and what the carriers are paying I am making about \$2.50 an hour.” We feel helpless to assist our clients. In the face of spiraling rates, we become the messenger rather than the insightful advisor we want to be. Our tried-and-true strategies don’t make enough of a dent in double-digit rate increases to matter to our clients, just as one broker wrote, “My clients literally get a sick feeling when they see me coming. I’m tired of being the bearer of bad news.”

Work/life balance is out the window. Due to the timelines caused by early renewals and grandmothing, 12 months of work has now been compressed into two or three. One person told me, “During the 4th quarter, I am working 12-hour to 16-hour days just to tread water.”

More than 80% of the brokers who responded to our survey had negative or strongly negative feelings to the Affordable Care Act. But here’s some tough love: despite the new Republican Congress, the reality is that core elements of the law—guaranteed issue, subsidies for lower income Americans—are likely to stay intact. So the question shouldn’t be, “How do I get rid of this monstrosity?” Instead, you should consider, “How can I live in this new reality?”

THE VICTIM PSYCHOLOGY

As someone who holds the broker profession dear, I also feel frustrated. I’m concerned though that, for too many brokers, frustration has transformed into despair. Clinical psychologists know that people respond to traumatic events in a deeply personal manner. While some people bounce back quickly, others never truly heal from their physical and emotional scars. In short, you can be a victim. Or you can be a survivor.

Victims feel helpless and fragile. They focus on memories of the past, and how things just aren’t what they used to be. Many brokers have assumed a victim mentality, like this one who wrote to me, “I’ve been in the business for

over 30 years and am seriously considering retirement. We used to have a fairly healthy industry, but now it’s gone.”

Survivors, in contrast, are grateful for what they have. The trauma still remains, but it is now a memory, integrated into their life story. Their day-to-day becomes focused on rebuilding and healing. Several brokers I spoke to took on this perspective. Though they had suffered longer hours and lower pay, they viewed their struggle as a noble effort on their clients’ behalf, “I have worked harder and longer in the years since Obamacare trying to help save these businesses. My clients depend on me.”

While better than victimization, merely surviving stills feels like an awfully low bar. Of course, there’s a third and vastly superior response—thriving. The thriver is genuinely satisfied with what they have. Thrivers feel strong, empowered, and open to new possibilities. To the thriver, the future is bright with potential. With the health insurance universe shattering all around us, how can we thrive at a time like this? In my conversations, I’ve found that thrivers do three things that survivors and victims do not.

First, brokers who thrive embrace new revenue models. Commissions face increasing downward pressure as insurance companies aim to cut costs. Thrivers know that management fees are the future. When brokers deliver valuable, cost-saving services to employers, fees are easily justified.

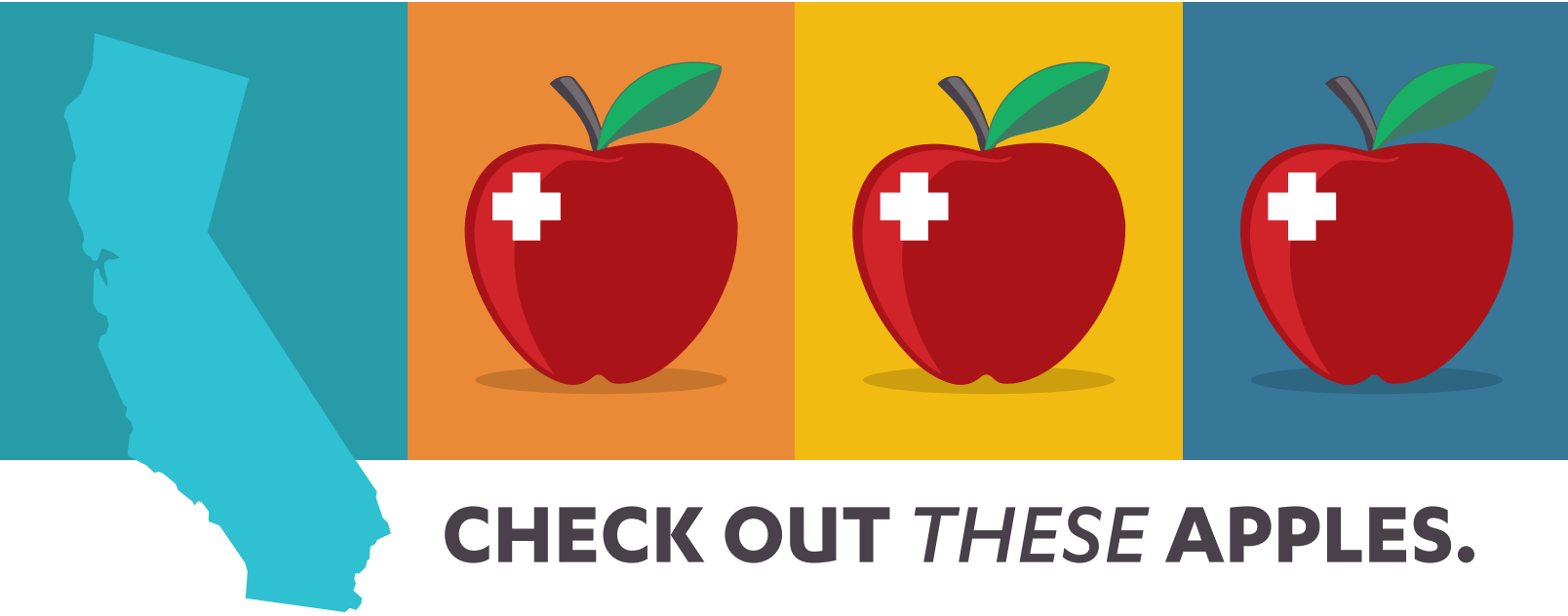
Second, brokers who thrive differentiate themselves with technology. While victims view technology with indifference or as a threat, thrivers know that technology (used correctly) can enhance their value to clients.

Third, brokers who thrive devote time and energy to understanding new benefits models. The tried-and-true group insurance model no longer makes sense for everyone. For example, companies with a high proportion of lower-income workers and with low employee participation may be better served with individual market plans than with traditional group offerings. As the client’s trusted advisor, it’s your imperative to provide the right recommendation for their specific business situation.

So what are you going to do? Will you be a victim, survive, or thrive? You’ve taken your licks, but that’s the past. Personally, I think the future is bright. ★

Brian Poger is the CEO and co-founder of Benefitter. Benefitter provides software and services to help employers make a positive, profitable and deliberate transition to the new era of health benefits; an era defined by individual empowerment. Moving from group insurance to the individual market can be a win-win for employees and employers alike. But a change of that magnitude can be intimidating; everyone has questions. Benefitter produces answers and a path to legally compliant implementation. You can see the full results of Benefitter’s broker survey at benefitter.com/broker-survey.

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NOVEMBER 1, 2015

Company Name	Ratings Bests Fitch S&P	Product (Qual./Non-Qual.)	Type SPDA FPDA	Initial Interest	Guar. Period	Bailout Rate	Surrender Charges	Mkt. Val. (y/N)	Min. Contrib.	Comm. Street (May Vary)
American Equity	A- BBB+ A-	ICC13 MYGA (Guarantee 5) (Q/NQ)	S	2.55%*	5 yr.	None	9%, 8, 7, 6, 5, 0	Yes	\$10,000 (Q) & \$10,000 (NQ)	3.00%, age 0-75 & 2.10%, age 76-80**
		ICC13 MYGA (Guarantee 6) (Q/NQ)	S	2.75%*	6 yr.	None	9%, 8, 7, 6, 5, 4, 0	Yes	\$10,000 (Q) & \$10,000 (NQ)	3.00%, age 0-75 & 2.10% age 76-80**
		ICC13 MYGA (Guarantee 7) (Q/NQ)	S	3.00%*	7 yr.	None	9%, 8, 7, 6, 5, 4, 3, 0	Yes	\$10,000 (Q) & \$10,000 (NQ)	3.00%, age 0-75 & 2.10%, age 76-80**
*Effective 9/24/15. Current interest rates are subject to change on new issues. **Commission may vary by issue age and state. See Commission Schedule for details										
American General Life Insurance Companies	A A+	A+ American Pathway Solutions MYG	S	1.45%** 1.65%** ^b	5 yr.	None	8%, 8, 8, 7, 6, 5, 4, 3, 2, 1, 0	Yes	\$10,000 (Q&NQ)	1.5% age 0-75 .75% age 76-85
*CA Rates Effective 11/2/15. First year rate includes 1.50% interest bonus. a (less than \$100K ; b (100K or more)										
American General Life Insurance Companies	A A+	A+ American Pathway Fixed 5 Annuity	S	1.45%** 1.65%** ^b	5 yr.	None	9%, 8%, 7%, 6%, 5%, 0%	No	\$5,000 (NQ) \$2,000 (Q)	2.00% age 0-85 1.00% age 86-90
*CA Rates Effective 11/2/15. Includes 2.00% 1st year bonus, 1.00% base rate subsequent years. a (less than \$100K) b(100K or more)										
American General Life Insurance Companies	A A+	A+ American Pathway Fixed 7 Annuity	S	1.90%** 2.18%** ^b	5 yrs.	None	9%, 8%, 7%, 6%, 5%, 4%, 2%, 0%	No	\$5,000 (NQ)	3.00% age 0-85 1.50% age 86-90
*CA Rates Effective 11/2/15. First year rate includes 4.0% bonus 1 st year. a (less than \$100K) b(100K or more)										
American General Life Insurance Companies	A A+	A+ American Pathway Flex Fixed 8 Annuity (Q/NQ)	F	4.15%* *(includes a 2% interest rate bonus for first year)	1 yr.	None	8%, 8%, 8%, 7%, 6%, 5%, 3%, 1% 0%	No	\$5,000 (NQ) \$2,000 (Q)	2.20% age 0-75 1.70% age 76-80 1.20% age 81-85
*CA Rates Effective 11/2/15										
Genworth Life & Annuity Insurance Co.	A A-	A- SecureLiving Rate Saver	S	2.80%* 2.65%	7 yrs. 5 yrs.	None	9%, 8, 7, 6, 5, 4, 3 9%, 8, 7, 6, 5, 0	Yes	\$25,000 (NQ)	Varies 0-85 *Effective 8/19/15. Based on \$250K or more.
Great American Life	A A+	A+ SecureGain 5 (Q/NQ)	S	2.40%	5 yrs.	N/A	9%, 8, 7, 6, 5	Yes	\$10,000	2.50% 18-80 (Q), 0-80 (NQ) 1.50% 81-89 (Q&NQ)
Effective 6/8/15. Includes .25% first-year bonus and is for purchase payments over \$100,000. Escalating five-year yield is 2.40%. For under \$100,000 first-year rate is 2.25%. Escalating rate five-year yield 2.25%.										
Great American Life	A A+	A+ SecureGain 7 (Q/NQ)	S	2.65%	7 yrs.	N/A	9%, 8, 7, 6, 5, 4, 3	Yes	\$10,000	3.50% 18-80 (Q), 0-80 (NQ) 1.50% 81-85 (Q&NQ)
Effective 6/8/15.. Includes 1.00% first-year bonus and is for purchase payments over \$100,000. Escalating seven-year yield is 2.54%. For under \$100,000 first-year rate is 2.55%. Escalating rate seven-year yield 2.44%.										
Great American Life	A A+	A+ Secure American (Q/NQ)	S	1.75%*	1 yr.	N/A	9%, 8, 7, 6, 5, 4, 3	No	\$10,000	5.75% 0-70 4.65% 71-80 4.40% 81-89
*Effective 6/8/15.. Eff. yield is 2.77% based on 1.75% first year rate, 1.00% available portion of 10% annuitization bonus (available starting in contract year two) and 0.02% interest on available portion of bonus at the rate of 1.75%. Surrender value interest rate 1.75%. Accepts additional purchase payments in first three contract years. COM12255										
The Lincoln Insurance Company	A+ AA	AA MYGuarantee Plus 5	S	1.75%*	5 yr.	None	7%, 7, 6, 5, 4, 0	Yes	\$10,000 (Q/NQ)	**Rates Effective 11/1/15 for premium less than \$100,000 and are subject to change
The Lincoln Insurance Company	A+ AA	AA MYGuarantee Plus 7	S	2.15%*	7 yr.	None	7%, 7, 6, 5, 4, 3, 2, 0	Yes	\$10,000 (Q/NQ)	**Rates Effective 10/1/15 for premium less than \$100,000 and are subject to change.
North American Co. for Life and Health	A+ AA- A+	A+ Boomer Annuity (Q/NQ)	F	6.57%*	1 yr.	None	15%, 14, 13, 12, 11, 10, 8, 6, 4, 2	Yes	\$2,000 (Q) \$10,000 (NQ)	7.00% (0-75) 5.25% (76-80)
* 6.57% First Year Yield reflects a 5% Premium Bonus in years 1-5, annuitization bonus after year 10. Penalties are waived at death. This yield assumes no withdrawals. The Interest Rate is based on current rates as of 9/29/15 and is subject to change.										
Reliance Standard	A+ A+	A+ Eleos-MVA	S	3.50%*	1 yr.	None	8%, 7, 6, 5, 4	Yes	\$10,000	3.25%**
*Effective 7/28/15. Includes 1.50% 1st yr. bonus. Min. guarantee is 1.00%. **Reduced 20% ages 76-80, and 40% ages 81-85										
Reliance Standard	A+ A+	A+ Apollo MVA (Q/NQ)	S	4.45%*	1 yr.	None	9%, 8, 7, 6, 5, 4, 2	Yes	\$5,000	4.00% to age 75**
Includes 2.00% 1st yr. bonus. Min. guarantee 1.00% **Reduced 20%, ages 76-80, and 40% ages 81-85. Effective 7/28/15										
Symetra Life, Inc.	A A+	A Custom 7 (Q/NQ)	S	3.05%*	7 yrs.	N/A	8%, 8, 7, 7, 6, 5, 4, 0	No	\$10,000	Varies
*Effective 11/17/15. 2.45% base rate with no guaranteed return of purchase payments. Plus 0.50% bonus for \$250,000 and above.										

TWO

SURPRISING WAYS

That Annuities Can Work Overtime for Clients

by **ANDREW VASQUEZ**

Annuities are designed to help clients save, grow, and protect their retirement assets while providing a guaranteed stream of income that will last throughout their lifetime. Annuities are commonly used to generate tax-deferred growth, but few investors are aware that annuities can do much more than that. Let's explore two strategies to make the most out of this financial product.

DEFER REQUIRED MINIMUM DISTRIBUTIONS

At age 70½, the IRS requires every traditional IRA and 401(k) account holder to begin withdrawing a designated amount of money from their accounts each year. The amount of money withdrawn counts toward a client's taxable income. It doesn't matter if the account holder needs the withdrawals or not—the IRS code mandates that they receive them.

The first year of these withdrawals, known as "required minimum distributions (RMDs)," equals 3.67 % or \$37,000 for every \$1 million of account assets. The percentage increases every year after that. Coupled with Social Security and other income sources, these distributions could push a client into a higher tax bracket. In addition, many of our clients want to defer these distributions until later in retirement when they're more likely to need them to cover long-term care and medical expenses.

To help with this issue, in 2014, the U.S. Treasury created a new tax market, called a qualifying longevity annuity contract (QLAC). Under new regulations, clients can now use qualified IRA or qualified defined contribution (DC) retirement plan assets to purchase a deferred income annuity as a QLAC, and defer income payments until their chosen start date, which can be as late as age 85.

Using a QLAC, clients can shelter 25% of their qualified account assets, up to a maximum of \$125,000. The QLAC operates as a traditional deferred income annuity, providing lifetime income in addition to the tax-deferral strategy. I've had many clients come to me with the RMD dilemma looking to reduce the amount of money they have to take out, and the QLAC gives them the ability to do so.

PROTECT AGAINST MARKET VOLATILITY

A tax-deferred investment with a 7% annual return will double in 10 years. But if that portfolio is taxable and the owner is at the top of the tax bracket, it will take 17 years for the investment to double. Annuities have long been used to defer taxes on portfolio growth, especially for those who have exhausted other forms of tax-sheltered retirement accounts.

In addition to the tax benefits, some annuities offer market downside protection at little to no additional cost. These annuities allow investors to shift some market volatility risk to an insurance provider. An investor can shift 15% or 25% of market losses to the insurance provider in exchange for a cap on returns over a six-year period. It is powerful to give clients an annuity option that protects against market losses during years of high market volatility. It can make the difference between a client being able to retire when they want or having to work longer.

These are just two examples of how adding annuities to a client's retirement planning can provide so much more than just a guaranteed stream of income. Their flexible structure makes them a great tool for developing creative solutions that enhance other aspects of a client's financial strategy. Annuities have a role in just about every client's portfolio whether it's maximizing tax efficiency or protecting against market volatility. ★

Andrew Vasquez, ChFC, is a financial professional for the MetLife Premier Client Group, which helps clients grow and safeguard their assets by designing wealth management, retirement planning, estate planning and small business planning solutions tailored to their needs. Based in Walnut Creek, California, Andrew is dedicated to developing advanced planning strategies for families and businesses. As a special needs planner, he also works to help families with special needs dependents protect their children's financial futures through proper planning. He has been advising clients with an integrated approach to risk analysis and wealth management for more than 15 years.



THE TOP 10 REASONS TO BUY A FIXED ANNUITY

by RICH LANE



For financially conservative investors who want to build and protect their assets, immediate or deferred fixed annuities are a great option. Many investors are worried about losing money, especially since the last economic downturn, but they are interested in an investment vehicle that offers a guaranteed minimum rate-of-return, a factor that is driving strong sales growth. They also seek uncomplicated, easy-to-understand products.

Fixed deferred annuities, including index annuities, can provide a predictable future, which is often a good fit for the investor. A fixed deferred annuity also offers flexible payout options with guaranteed income streams if needed. Earnings aren't taxed until the funds are used. This is especially appealing for clients who are interested in using a fixed annuity as a tool to secure income for the future, generally during retirement. A deferred annuity can be turned on before or after retirement to create a liquid stream of income.

Certainly, there are a number of great reasons for your clients to buy a fixed annuity. To achieve success during your sales conversations, share one—or a few—of the following 10 reasons to buy a fixed annuity to help clients realize the potential for this type of investment.

1. MULTIPLE GUARANTEES

Fixed annuities guarantee a return for your client's investment. For a conservative-minded investor, it doesn't get any better than that. The principal investment and interest rates are guaranteed so clients are secure using the annuity to generate income now, or in the future. Additionally, clients can choose from immediate or deferred annuities depending on how quickly they seek an income stream.

2. ACCUMULATION

No matter what happens with the market, fixed deferred annuities, including index annuities, won't dip below a certain percentage point of interest. This means that purchasers will continue to earn interest, even in a down year. Annuities offer a long-term savings plan for a future income stream.

3. DIVERSIFICATION

Fixed deferred annuities can provide a predictable future with flexible payout options

that offer a guaranteed income stream with earnings that aren't taxed until the funds are used. Clients interested in using a fixed annuity as a tool to secure income for retirement can "turn on" a deferred indexed annuity before or after retirement to create a liquid stream of income.

4. CONTROL

Another appealing aspect of fixed annuities is the ability for clients to choose a predictable income stream. Lifetime income options provide clients with the control of selecting payments that are guaranteed to continue for the duration of their life.

5. TAX DEFERRAL

The tax benefits of fixed annuities play heavily in the minds of many clients. Because earnings will not be taxed until withdrawals are made or regular distributions start, clients benefit from triple compounding: earning interest on principal, interest on interest, and interest on tax savings.

6. WEALTH TRANSFER

Most financially conscious clients are keenly focused on what happens to their money after they pass away. Fixed annuities are a great avenue for providing security to loved ones in the event of a death. Annuities can help an estate avoid probate, allowing beneficiaries to receive annuity proceeds without delays and probate expenses.

7. LIQUIDITY

Today's challenging economy has heightened interest in liquidity. Many clients may hesitate to make long-term financial commitments without flexibility and access to their funds, including creating an income stream should they need it.

8. FLEXIBILITY

Fixed annuities are offered in a breadth of options, allowing clients to structure payouts according to their financial goals and objectives. Clients often worry that they will outlive their savings, but designations can be set up to help ensure that isn't the case. There are dozens of ways to set up payouts, but here are four of the most common:

- **Joint life:** This option provides income for two people, as long

as either client is alive. When one client passes away, payments continue to the survivor.

- **Period-certain only:** This allows clients to target how long they need an income stream. If they pass away before the end of the certain period, remaining payments continue to the designated beneficiary.
- **Life with a period certain:** In this scenario, the annuity sponsor will pay out income for a client's lifetime. If the client were to pass away prior to the end of the certain period elected, the beneficiary receives the remaining payments.
- **Life only:** This is the least-commonly selected payout. When your client passes away, payments cease—no matter what. This can be risky, but the upside is this option provides the highest payouts.

9. PEACE OF MIND

Fixed annuities can be structured in a way to ensure that if anything should

happen to one of your clients, the surviving spouse has a source of continued income in place. This type of payout structure can help in case of a catastrophic illness or if a client (or spouse) would need to enter a nursing home.

10. NO SALES CHARGES

With fixed annuities, your client's premium gets put to work on their behalf. One hundred percent of premiums can earn interest and there is no automatic reset of surrender charges.

The next time you sit down with clients to discuss asset-building options, don't forget to mention the many reasons buying fixed annuities is a great way to achieve growth while providing financial peace of mind. ★

Rich Lane is the director of individual annuity sales and marketing for Standard Insurance Company. He has been in the fixed annuities industry for more than 18 years, with an emphasis on product and distribution development for brokerages, banks and broker/dealers. The Standard is a leading provider of financial products and services, including

group and individual disability insurance, group life and accidental death and dismemberment insurance, group dental and vision insurance, absence management services, retirement plans products and services, individual annuities and investment advice. For more information on The Standard, visit standard.com.



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HELP YOUR CLIENTS KNOW THEIR STUFF AND SHOP CAREFULLY FOR AN ANNUITY

by **SCOTT M. SADAR**

Baby Boomers are spending nearly a quarter trillion dollars annually on annuities—insurance products that offer guaranteed lifetime income—and in so doing are wisely mitigating the possibility of running out of money in retirement. Most are not careful shoppers, however, and so they fail to purchase annuities that best fit their needs, despite the fact that they're making one of the biggest investments of their lives.

Most annuities are sold, not bought, most commonly at sales presentations at which a broker promotes only one or two. These one-size-fits-all products—a tiny fraction of the roughly 1,000 annuities in the market—are only right for a very small percentage of the audience. And annuities not sold at sales presentations are usually sold by financial advisors with whom the customer already has a relationship. Similarly, many advisors offer no more than a small handful of choices.

As for the value you bring as an independent broker, you usually have a bigger inventory because you aren't captive to an insurance company or a wire house and the limited selection of products they sell. Having at least 10 years of experience is also a big plus. In select cities in California and elsewhere, the problem is even worse because they are magnets for brokers with questionable ethics in so-called annuity "hot spots" identified in an investigatory article last year in *The Wall Street Journal*.

Sixteen hot spots were identified, including the San Fernando Valley, northern San Diego, Orange County, and Sacramento. What this means is that brokers with trouble-prone regulatory records concentrate in these communities, where the money is. They target households headed by people 65 and older with incomes exceeding \$100,000, which are more common in hot spots, *The Journal* reported. The newspaper also noted that hot spot brokers generate twice as many customer complaints as brokers overall.

To help protect themselves, annuity shoppers must acquire some knowledge, starting with the basic types of annuities, each of which typically appeals to different consumer segments. Here are the five basic types:

Fixed annuities: These CD-like investments are issued by insurance companies. They pay guaranteed rates of interest, higher than bank CDs, and make their payments on a deferred or immediate basis. These are popular among retirees who want a rock-solid income stream to supplement other retirement income.

Variable annuities: These are tax-deferred annuities that allow investors to choose from a basket of sub-accounts (mutual funds). Income is determined by the performance of the investments, or a lifetime income rider if

performance is disappointing. These are popular among retirees and pre-retirees who want a shot at capital appreciation coupled with a lifetime income safety net.

- **Fixed-indexed annuities:** These are essentially a combination of a fixed annuity and a variable rate annuity. They offer a guaranteed minimum income, and the chance of upside, pegged to an investment index. A drawback is that upside potential is limited by a so-called participation rate, as well as so-called caps and spreads. The participation rate is often the biggest stumbling block. An investor, for example, might be entitled to only 50% of the upside performance of the index. This is often less than the guaranteed rate of return and thus worthless. On the other hand, investors can benefit in an unusually strong market. These appeal to retirees and pre-retirees who want to participate in potential market appreciation with downside protection.
- **Immediate annuities:** These are basically a mirror image of a life insurance policy. Instead of paying regular premiums to an insurer that makes a lump-sum payment upon their death, the investor gives the insurer a lump sum in return for regular income payments until death or for a specified period. These payments typically start 30 days after their payment is received. Payments are higher than other annuities since they include principal, as well as interest, but investors must sacrifice their principal up-front. These are popular among retirees and pre-retirees who need a higher-than-average stream of income and may anticipate longer-than-average lifetimes.
- **Longevity annuities:** These provide protection against outliving their money later in life. Typically, your client waits until about age 80 to receive a payout. Once the payout begins, this annuity provides a guaranteed income stream for life. The later your client chooses to begin payments, the larger the payments will be. These appeal to investors who want especially strong protection against running out of money when they grow older.

Once a client knows which annuity best fits their needs, they can compare competitive products and, by asking the right questions, determine which are best for them. For example, which variable annuities, fixed-indexed annuities, and longevity annuities pay more generously when your clients want withdrawals to begin? Which annuities offer the best deal if a couple wants joint payment benefits? Which

variable annuities and fixed-indexed annuities offer the least punishing surrender-fee schedules? This is a significant factor if they later decide to cancel the contract. How strong is the credit quality of the insurance company selling the annuity?

For those who appreciate the necessity of being a savvy annuity shopper, here are eight tips to weigh before consummating a purchase:

- **Know why your client is buying an annuity in the first place:** An annuity is meant to be a safety net to supplement their traditional portfolio. If the stock market tanks during their retirement, your client will be glad they own an annuity. But there is a tradeoff: Annuities don't have the liquidity of stocks and bonds.
- **Make sure the benefits of the annuity fit their needs:** If your client is married, for example, they probably want a joint annuity so that, if one spouse dies, the other still receives lifetime income. Many couples, however, are sold single annuities so that, if one spouse dies, the survivor only gets the residual cash value of the contract. Single annuities are often sold to couples without discussion because the payments are higher and seemingly more attractive.
- **Compare the major types of annuities—variable annuities, fixed-indexed annuities, fixed annuities and immediate annuities:** Once your client decides which one they want, compare several choices in that sub-category. Make sure that you fully understand the annuity and you back up what you say with documents and illustrations showing how the product works. Never be dismissive of a client's concerns.
- **Make sure your client thoroughly understand the annuity fees:** On a variable annuity, for example, you will probably show your client mortality and expense and so-called rider fees covering their fees for an enhanced death benefit and/or income benefit. Be sure to mention the fees your client pays for the management of their sub accounts (mutual funds) within the annuity. Your client needs to know this to make an informed decision.
- **Know the surrender fees your client would face if they had to liquidate their annuity prematurely:** Surrender fees range from 1% to 20%. (Some annuities offer zero surrender fees, but they charge higher fees for that.)
- **When your client zeros in on an annuity, check the credit rating of the insurance company selling it:** At minimum, go with an investment grade rating. At A.M. Best, the biggest annuity rater, that is B+. The other annuity rating agencies and their minimum investment grade rating is Standard & Poor's (BBB-), Fitch Ratings (BBB-) and Moody's Investor Service (Baa). ★

Scott M. Sadar is executive vice president of Portland, OR-based Somerset Wealth Strategies and a Certified Financial Planner. A financial planning professional for more than 15 years, prior to Somerset he worked in annuity sales and in advanced markets/estate planning at Jackson National Life and in advanced markets sales consulting for MetLife.



USING TECHNOLOGY TO GIVE THE GIFT OF SIMPLER INSURANCE

by **JASON T. ANDREW**

What's on the wish list, this year, for a growing number of businesses? Any CFO or HR benefit administrator who has faced the daunting task of dealing with open enrollment and understanding health plan costs and benefits will say they want simpler insurance. From using pen and paper, to faxing, e-mailing, and balancing multiple spreadsheets, the fractured process doesn't make it easy to figure out what coverage plan works best for employees.

Health insurance remains a vital component in attracting and retaining employees. The consensus is that there must be an easier way for companies to make sense of the growing data and marketplace options. Access to the right information, at the right time, helps employers make better decisions for employees.

Technology is a great tool to drive a better healthcare experience for consumers. The innovations are now trickling over to the business side; software and mobile applications are automating time consuming administrative processes, saving time, and reducing paper waste. These innovations could result in billions of dollars saved. How can having better technology help decision makers? After more than 15 years as a licensed agent, I've experienced the pain points of legacy systems and processes. Below are four must have technology solutions for brokers and carriers who are looking to give the gift of simpler insurance this year.

DATA-RICH

Brokers and carriers live in a world of exponentially more data. Brokers need technology that gives them access to the right data at the right time to avoid drowning in the deluge and dragging their clients down with them. Brokers have to contend with new health insurance regulations and a constantly changing marketplace. Data rich tech tools that draw from multiple sources

allow brokers to know the specifics of each plan. These tools also offer an easier and more efficient way to ensure compliance with the latest laws and regulations. Technology can sync company and employee data from multiple platforms and integrate the information seamlessly into a digestible form, ensuring compliance and creating a simpler insurance process.

MODEL AND COMPARE, ANYTIME, ANYWHERE

Similar to the consumer facing health insurance quote- and compare-platforms, brokers who want to create a simpler insurance process for their clients need a business-to-business quoting platform that leverages this data richness in order to model cost options for a client's entire company. This process would show the cost breakdown, per employee as well as the exact plan offerings and services in real time on a single screen. There would be no more back and forth or follow-up meetings next week to get a quote. Cost scenarios can be adjusted immediately with the touch of a button, instead of via a series of e-mails, manual inputs, spreadsheets, and across separate data systems. Having technology that aggregates complex data in a simple, easy-to-read dashboard allows business decision makers to quickly and efficiently choose the best health plans that will benefit everyone.

STREAMLINED UNDERWRITING

In the current industry workflow, quotes must be generated manually. They have a lead time of one to two weeks—and that's assuming that there are no changes in the meantime. By adopting technology that can improve efficiencies in underwriting, brokers can significantly reduce the lead-time and the back and forth communications among the business decision makers, health insurance brokers, and carriers. Not only can brokers

boost productivity and streamline the experience through tech tools, but they can also improve the bottom line by eliminating some of \$375 billion wasted on billing and insurance related paperwork annually.

IMPROVED DECISION MAKING

Data and analytics can be combined with an efficient flow of information and communication. It allows business decision makers and health insurance brokers/agents to have real-time conversations. When that happens, intelligent business decisions can be made instantly. Healthcare decisions are some of the most important choices to make for employers and their employees.

While few employers love choosing a health insurance plan, they could all use the gift of simpler insurance in 2016. By adopting technology that's rich in data, brokers can quote and compare plans easily and move quickly through underwriting, all in the effort to simplify the process of making better, faster, and more appropriate insurance decisions. ★

Jason T. Andrew is CEO and co-founder of Limelight Health, provider of mobile enterprise technology for the health insurance industry. Started in 2014, with offices in San Francisco and Redding, Limelight Health offers mobile, cloud-based technology that enables enterprise companies to simplify employee health benefits information and streamline the proposal, decision, and renewal process. He has advised numerous Silicon Valley startups and works closely with the Silicon Valley business community. He serves on the board of Napa Children's Health Initiative, a non-profit whose mission is to enroll all children in subsidized health insurance. Previously he was on the board of directors of the Silicon Valley Assn. of Health Underwriters and led a committee for the California Association of Health Underwriters, which was designed as a collaborative discussion between CAHU and the Dept. of Health and Human Services. He served for seven years as a minister for the International Churches of Christ and holds a degree in communications from Lewis and Clark College.



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TRENDS

IN THE SMALL GROUP MARKET

An Interview With Ron Goldstein, President & CEO of *CHOICE* Administrators



by **LEILA MORRIS**

Ron Goldstein created and manages America's longest-standing, state-approved exchange, *CaliforniaChoice*. Along with his leadership role with *CaliforniaChoice*, Goldstein is president and CEO of Orange, California-based *CHOICE* Administrators. In this position, he focuses filling a major gap left by the ACA: namely, providing health insurance options and provider access to small businesses and their employees.

How has the Affordable Care Act affected the small group market?

The market is more vibrant than ever. With the ACA, plans have become more standardized with four plan tiers. This allows people to better understand what they are buying. Employer groups have become more sophisticated. They are looking to stay ahead of technology. In fact, technology is an argument to make the sale.

How has technology affected the market?

To really be successful in the market and offer great service, brokers need to offer three facets of technology: online enrollment, an online directory, and a choice profiler, which allows members to compare plans. Most agencies don't have all three. They need to partner with a carrier or work with a private exchange. We have over 150 groups going through the process of online enrollment. New technology makes it easy for employees to do self-service enrollment. Not surprisingly, we see the highest adoption of enrollment technology with groups in the high-tech industry. Technology adoption is only going to grow with the entrance of younger brokers who grew up in the digital world. My gut says that, in three or four years, the entire small group market will be heavily invested in technology.

There has been talk about the aging of the broker workforce. Are you seeing younger brokers getting into the business?

We are seeing more young people than I thought I would see in the market. That is positive. They are the ones who will be focused on technology.

What is your view of Zenefits entering the market?

Zenefits is furthest ahead of curve in technology. They embraced a tech platform that no one else believed in. But brokers will get there eventually.

How has the market changed for private exchanges?

Private exchanges used to focus mainly on the 1,000 plus employee market. But private exchanges are gaining ground in the small group market, especially with the new small group market definition (one to 100) coming in January. A private exchange can now deliver the same kind of service that used to be only found in large groups with huge HR departments.

Which plan types are most popular in the small-group market?

Silver plans are most popular. Our private exchange can offer tier choice so that some employers can choose a Silver plan while others choose a Gold plan, for example. HMOs still dominate in small group market. Kaiser continues to change the landscape and improve the quality of doctors overall.

There have been a lot of complaints about the difficulty in getting care when a plan has a narrow network. What is your take on this issue?

This is where a multi-carrier exchange can really offer an advantage in allowing the member to choose among several plans all with their own networks.

Do you see a lot of brokers moving to the Medicare market?

I don't see a lot of brokers getting out of the small group market and getting into Medicare. It is so highly regulated. Many group brokers do lead transfers. There are a lot of Medicare exchanges out there today.

What are some things that you have noticed about agents who have been successful in weathering all the changes in the market?

What they have in common is the fact that they stay on top of technology and they have always provided great service.

Some people have suggested that brokers should charge clients for their services instead of just relying on commissions. Do you see that happening?

In the larger group markets, agents charge their clients for service, but not so much in the small-group market. The small group market is making a very slow movement in that direction.

What are the best opportunities for agents to increase their revenue amid falling commissions?

Ancillary sales are huge. Hook up with a lead-generation company and go with a tech service platform.

How do you think the market will look in the next few years?

In 2016, it will be first time that the small-group definition goes to 100. By 2018, the small group market could be very profitable. Brokers need to start preparing now for 2017.

What regulatory issues are you watching most closely?

The only thing that scares people is the Cadillac tax. But we are not worried about that yet. The biggest problem is the speed at which regulators make changes. They don't understand how much money and effort it takes to stay on top of constantly changing requirements on things like full-time equivalent rules and zip code group rating.

Do you see small groups trying to keep their employee numbers down as a result of the ACA?

Businesses hire the number of employees that they need. We are not seeing employers limiting employees in an effort to manipulate their enrollment.

Are you seeing many employer groups moving to Covered California?

We are not seeing groups migrate to the exchange except for some micro groups. ★

Leila Morris is senior editor of California Broker Magazine.



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³ NAIC 2013 Medicare Supplement Insurance Experience Reports, August 2014

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LIVENING UP THE SALE

With

TELEHEALTH

Three Easy Ways to Rethink Benefit Plan Design

by **SCOTT SANFORD** and **PAT SIR**



Many brokers are having tremendous success by incorporating telehealth into their plan designs. Telehealth allows the patient to connect to a doctor via phone, video, or e-mail for consultation, diagnosis, and prescription medication. This strategy creates substantial wins for employer groups, employees, and the broker.

More than 70% of doctor visits can be handled safely and effectively over the phone, according to the Wellness Council of America. The *Journal of American Medical Association* released findings to its study of 8,000 patients comparing an in-person doctor visit to a telehealth consultation for minor acute issues. The results revealed that telehealth did not have higher rates of misdiagnosis or treatment failure.

The top nine reasons that a patient visits the emergency room for non-emergent issues are almost identical to the top nine issues resolved via telehealth. So, why isn't telehealth the first discussion point in an employer-group meeting? Shouldn't it be the center of every benefit plan design, allowing the employee to save money, time, and resources? There is also the added benefit to the employer of fewer paid time off days, increased productivity, reduced health plan claims and costs, and healthier employees.

The brokers who are growing their business with telehealth make telemedicine the center of the discussion. No longer is major medical the lead product. Why should it be if you can resolve 70% of your healthcare needs via phone or video camera? So, by leading with telehealth, there is more flexibility in the major medical plan options that a broker can provide. Simply stated, you may not need as much medical coverage when you have telehealth. When employees have access to telehealth, they do not visit the ER, urgent care, or doctor's office as often.

To further add value, some telehealth providers include complementary products to continue to drive down claims and costs, such as technology-based health management platforms or prescription medication pricing engines. By offering relevant health content, the patient is educated and healthier, which may help reduce unnecessary doctor office visits. Offering access to prescription medication pricing engines allows the patient to save on medication with cash-price options, which redirects pharmacy claims out of the health plan. The pricing variance by pharmacy location and brand can be surprisingly large. Offering transparency allows consumers to become smart shoppers. Not only does this trifecta of telehealth, wellness, and price comparison tools save money, but it also puts employees in charge of their healthcare, giving them more choices than ever.

The key to achieving these results for your clients is to choose the right product provider. It's easy to gravitate to the lowest cost provider. However, the low cost provider may not be the best choice, as the utilization may be very low and customer experience may be sacrificed. Then again, if the products are too expensive, the value may not match the cost.

In fact, in a recent study by Towers Watson highlighted the potential cost savings that telemedicine can deliver. Thirty-seven percent of employers surveyed said that by 2015 they expected to offer employees telemedicine consultations as a low-cost alternative to emergency room or physician office visits for nonemergency health issues, and

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another 34% are considering offering telemedicine for 2016 or 2017, according to the study.

Everyone knows that the health insurance business is ultra-competitive, ever-changing, and frequently limited by options that offer little innovation. And, then there's the fun of discussing co-pays, deductibles, networks, and premium increases, which lull your clients to sleep instead of motivating them to action. So, what's the secret to invigorating benefit design and increasing your bottom line? There are a myriad ways to do it, but here's three to consider now:

- 1. Stay up to date and use relevant language that shows you are in the know:** Eventually, you need to step back and analyze the marketplace to see what's trending in healthcare. Where is the industry going? How can I be ahead of the curve? How can I provide the best service to my clients? The national conversation has been around the affordability and accessibility of healthcare. Being relevant means being able to understand and use those buzz words effectively to let your clients know that you understand what the important trends are and that you are looking for ways to help them address their group's concerns.
- 2. Encourage members to be in charge of their health destiny:** Explain that plan members should seek plans that allow them to be in charge of their own health care. There are plans that let consumers have more choice than ever, which allows them to reduce healthcare costs without giving up access or reducing quality. Think creatively and educate plan purchasers about solutions that can lead to reduced claims without ignoring their plan members' medical needs. It shows them that you are an expert whom they can trust to introduce products to help them leverage their plan design for maximum satisfaction.

- 3. Ask your clients to be open-minded:** Because insurance plans have been created the same way for so many years, it is hard for people to grasp that there may be a different way to build plans that encourage them to better use of benefits with less cost and more convenience. If you encourage plan members to be in charge of their own destiny, it allows them to be more open minded. At the end of the day, utilization and a positive consumer experience win. Show that you are up to date on the latest ways to build designs. Remember, you can offer the best benefit in the world, but if nobody uses it, or if employers aren't on board, what difference does it make?

The brokers who have embraced telehealth and complementary benefits are growing their business, retaining clients, and most importantly, providing the best solutions for the needs of their clients. ★

Scott Sanford is co-founder and chief growth officer at Scottsdale, Arizona-based Healthiest You, a telehealth and wellness delivery innovator founded in 2012. An entrepreneur at heart, Scott started his first business creating a distribution network for a health improvement product, while completing his business degree at the University of Nebraska. Scott resides in Scottsdale with his wife Cassandra and their four children. Scott can be contacted at scott@healthiestyou.com.

Pat Sir is president at Healthiest You. Previously, he spent nine years working at United Health Group. Pat lives with his wife Shelly and four children in Mound, Minnesota. Pat can be contacted at pat@healthiestyou.com.



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WHY VISION CARE BENEFITS ARE KEY TO A SUCCESSFUL WELLNESS PROGRAM

by **DAN SCHAUER**



It's open enrollment time and the spotlight is on all things health benefits. In an effort to boost engagement this year, state governments supporting the Affordable Care Act (ACA) are looking to strengthen partnerships with influential groups, individuals in local communities, and brokers.

While broker relationships are key, the focus remains on strategies that move the needle with clients.

A study conducted by Source Media for VSP found that brokers are struggling to meet the wellness needs of their clients, especially if employers are operating under the incorrect assumption that their dedicated budget could not sustain it.

THE INSIGHT

Workplace wellness programs are increasingly appealing to employers. First, there's a cost savings by mitigating the rise of employee generated health insurance costs. Secondly, wellness increases workforce productivity. A new report by the Society for Human Resource Management indicates that more than two-thirds of U.S. employers offer wellness programs as part of their benefit packages. This is not too surprising as more evidence surfaces to show how cost effective they really are. Employers that have analyzed the return on investment (ROI) of their wellness programs have found \$1 to \$3 decreases in their health care costs for every dollar spent.

THE OPPORTUNITY

The study found a jarring mismatch between employer needs and broker offerings in terms of wellness benefits. Why is that? Brokers said that the reason is one of two things: that offering wellness was not in their area of expertise, or that clients may not be able to facilitate wellness activities. It was evident that there is an opportunity when it comes to recommending wellness

strategies. Providing a solution to employers built around wellness gives brokers and advisors an opportunity to fill the gap and differentiate their offering.

A CLEAR SOLUTION FOR WELLNESS

Armed with insight, the question becomes, "How can I deliver on this need for a comprehensive wellness package?" Offer the obvious and a big distinguishing factor to the menu—vision care benefits. Routine comprehensive eye exams reveal much more than your prescription. They can also detect signs of diabetes, high cholesterol, and even brain tumors. Taking advantage of vision benefits can help you keep your whole body healthy. In the United States, 76% of adults need vision correction. From a client perspective, you are offering employers high-value low-cost benefits that are addressing a real need. The upside is that while employee out-of-pocket costs for vision care benefits can be on the low end of the benefit spectrum, the ROI is not insignificant for employers.

A study by Human Capital Management Services Group (HCMS) found that offering vision care benefits is a cost-effective means of detecting chronic conditions. The study found a 145% ROI on the initial dollar investment in exam services. For every initial \$1 spent by clients on exam services, they saved \$1.45 over a four-year span. Employers saved a whopping \$13.1 million over four years.

It is important to note that integrating wellness programs into a benefit package is a long-term investment in preventive cost reductions. Begin to strengthen your client and broker relationship now by demonstrating the value of a comprehensive wellness plan by including a low-cost, high-return benefit. ★

Dan Schauer is senior vice president of VSP Vision Care.

2015 VOLUNTARY BENEFITS SURVEY

ANNUAL SURVEY OF VOLUNTARY BENEFITS INSURANCE CARRIERS IN C.A.

1. PLEASE LIST THE VOLUNTARY/EMPLOYEE-PAID BENEFITS THAT YOU OFFER ALONG WITH THE MINIMUM GROUP SIZE FOR EACH OFFERING.

Aflac: Aflac's voluntary plans complement any benefit package by offering an additional layer of financial protection if the unexpected happens. Aflac offers group and individual products ranging from accident and disability, to cancer and dental, to hospital and vision. In addition, the plans offer direct-to-the-insured cash benefits, unless otherwise assigned, to help cover the out-of-pocket expenses not covered by other insurance. Aflac pays cash benefits quickly. The following are individual policies available in California through Aflac:

- Accident
- Cancer
- Specified Health Event
- Dental
- Hospital
- Life
- Lump Sum Critical Illness
- Short-Term Disability
- Vision

The following are group plans available through Aflac:

- Accident
- Disability
- Dental
- Critical Illness
- Hospital Indemnity

While three separate W-2 employees must apply for a policy in order to set up a payroll account, there are generally no participation requirements for individual lines of business. The exceptions are life and certain lump-sum critical illness policies. Clients are requested to establish an account by completing and signing a Payroll Account Acknowledgement form and must have three separate W-2 employees apply for at least one Aflac policy. Aflac Group requires a minimum of 25 payers to establish group billing.

Chimienti & Associates: We offer a broad range of voluntary benefits down to a one life group for individual

policies and as low as two lives for group policies on up to thousands of lives. The following is a list of voluntary benefits that we offer:

- Accident
- Cancer
- Critical Illness
- Dental
- Disability – Short and Long Term
- Gap Plans
- Hospital Indemnity (including HAS compatible plan designs)
- Life Insurance – Term, UL, Whole Life
- Limited Medical
- Long Term Care
- Vision

Colonial Life: Colonial Life offers voluntary benefits to businesses with as few as three employees up to thousands of employees. Our product portfolio includes individual and group voluntary products for short-term disability, accident, hospital confinement, cancer, critical illness, and term, whole and universal life.

Delta Dental: Delta Dental of California's voluntary dental plans are for employers, associations, affinity groups, and other trust organizations that wish to offer employee-paid comprehensive dental coverage. Delta Dental offers a variety of features and benefit plan designs that allow employers to offer our Delta Dental PPOs, Delta Dental Premier and/or DeltaCare USA products to meet their needs. These dental plans have the same quality standards, cost savings, and ease of administration as do our employer-financed products. Plans are available based on a variety of premium contribution levels from fully employee paid to some level of employer contribution. Voluntary plans require a minimum participation of five primary enrollees.

EyeMed: We provide fully insured and self-insured vision benefits to groups with 10 or more eligible employees.

Guardian:

- Voluntary LTD—minimum group size: 3 (depends on state)
- Voluntary STD—minimum group size: 3

- Voluntary AD&D—minimum group size: 3
- Voluntary Life—minimum group size: 3 (depends on state)
- Voluntary Critical Illness—minimum group size: 2
- Voluntary Dental—minimum group size: 5
- Voluntary Vision—minimum group size: 50
- Voluntary Accident—minimum group size: 2
- Voluntary Cancer—minimum group size: 2

Unum: We offer the following:

- Group Accident, 10+
- Specified critical illness, 10+
- Group critical illness, 10+
- Group hospital indemnity, 10+
- Term life, 10+
- Whole life, 10+
- Universal life, 10+
- Group voluntary short term disability, 10+
- Voluntary individual short term disability, 10+
- Group voluntary long term disability, 10+
- Individual disability, 3+
- AD&D, 25+
- Dental, 10+

VSP: We offer vision benefits for groups of two to nine (employer paid only) and voluntary benefits to medium (10-499) and large (500+) companies. We also provide individual plan options directly to consumers, so we are available to anyone.

2. DO YOU HAVE ANY BENEFIT OFFERINGS FOR EMPLOYEES THAT WORK FEWER THAN 40 HOURS A WEEK?

Aflac: Yes, all of Aflac’s individual and group plans are available to full-time employees, as defined by your client, who work less than 40 hours per week. Please note the following:

- Individual short-term disability policies—employees must work a minimum of 19 hours per week.
- Group plans—employees must work a minimum of 16 hours per week with the exception of group disability, which requires employees to work a minimum of 19 hours per week. Seasonal and temporary employees are not eligible for coverage.

Chimienti & Associates: Yes, we offer benefits to part time and seasonal employees as well as employees who work a minimum of 16hrs per week.

Colonial Life: Yes, all of our products are available to employees who work a minimum of 20 hours a week. Employees must be actively at work and permanent employees of the employer group.

Delta Dental: Yes, the client specifies eligibility rules. Our voluntary plans are a solution to the benefit needs of part-time employees, retirees, association members and cafeteria plan participants.

EyeMed: Yes, our vision products are available for employees with part-time status.

Guardian: Yes, Guardian benefits can be offered to employees that work less than 40 hours a week.

Unum: Yes, our offerings are available to employees who work 20 hours.

VSP: Yes, our plan does not have minimum participation or minimum enrollment requirements. In fact, with our support of enrollment through online tools and member communications, our voluntary enrollment trends higher than the industry average. For clients with limiting eligibility we offer an individual plan that an employee can purchase directly.

3. DO YOU OFFER FLEXIBLE ENROLLMENT DATA, BILLING CAPABILITIES AND PROCESSES THAT WORK WITH THE EMPLOYERS’ SYSTEMS INSTEAD OF THE OTHER WAY AROUND?

Aflac: Yes, Aflac has the tools and flexibility to meet the unique needs of businesses of all sizes—from personalized benefit consultations with your employees, to benefit marketing and education, to enrollment solutions. We will work with you to design a seamless enrollment experience tailored to your business.

These services are provided to your clients at no direct cost to them. Through Aflac’s SmartApp Next Generation software, we can process a large number of policies quickly and accurately. Business submitted through this software, which is located on Aflac agents’ laptop systems, can be issued without human intervention (resulting in a 24-hour turnaround time). These services apply to Aflac’s individual policies only.

Aflac has the capability to transmit billing data to an account in a variety of ways. Aflac and Aflac Group also work with a wide range of third-party billing companies in order to make the billing process as easy as possible for our customers.

Work with Aflac for:

- Simple and quick enrollment process
- Flexible enrollment solutions
- Personal one-on-one, self-service Web or call center enrollment options
- Single-source enrollment solutions
- Support of multiple locations
- Health care and benefits education
- Aflac and co-branded marketing and communications materials
- Integration capability with other enrollment partners and software

Chimienti & Associates: Yes, we have access and use many of the top worksite carriers’ enrollment platforms including our proprietary admin direct HRIS benefit administration & enrollment system. We offer ACA 1094C & 1095C tracking and reporting, bill reconciliation, online administration, daily reporting, core and voluntary carrier EDI feeds, customer service and tech support. We also utilize these systems to conduct enrollment online, face to face with paper, laptops or iPads, or via our call center.

Colonial Life: Yes, Colonial Life’s Harmony enrollment system is built to accommodate the many specialized needs businesses have for enrollment and data reporting. We can provide face-to-face enrollment at any business location and during any work shift. We also can provide employers

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with daily enrollment reporting that show which employees have been seen and which coverages they're selecting. This reporting capability allows employers to assess the enrollment's progress daily and make any necessary adjustments. Colonial Life also has several convenient electronic services for businesses that allow them to receive their bills, make payments and adjust their bills, as necessary, online. Colonial Life also offers additional flexible enrollment solutions, including the ability to integrate real time with other benefit administration and HRIS systems. This allows users to enroll in their core benefits on a vendor's platform and seamlessly bridge to our Harmony enrollment system and elect their voluntary benefits. We also offer the option to build out our group products

Delta Dental: Delta Dental can accept eligibility transmission in the following formats:

- Web enrollment (directly online)
- Secure File Transfer Protocol (SFTP)
- FTP with PGP encryption
- Email with PGP encryption
- Secure email monitoring system
- Secure website (Delta Dental pick up)
- Enrollment cards

If applicable, clients should confirm the electronic data transmission method with Delta Dental prior to implementation. Routine set up for new groups is 60 days. If a non-standard format is used, Delta Dental requests a minimum of 90 days' notice in advance of the effective date.

Eligibility information can be submitted as frequently as the group requires (e.g., weekly, biweekly, monthly or quarterly.) If a client uses Delta Dental's online eligibility maintenance system, updates can be made in real time.

Clients may also benefit from the convenience of Delta Dental's online billing and reconciliation system.

EyeMed: Yes. We make it easy to send data by accepting multiple file formats like: 834x12 file format, password-protected .zip, PGP encrypted files, and most TPA and proprietary file formats. We also accept these formats through the following means of transmission: SFTP, email, and through our client web at eyemed.com.

Guardian: Yes, Guardian offers a wide range of enrollment options including electronic eligibility files, online and paper enrollment, as well as different billing options including online, paper and electronic fund transfer to meet the varied needs of employers and ensure ease of administration.

Users make all of their enrollment selections, access information, and update accounts all in one place. We offer access that gives employees the ability to do the following:

- Access their portfolio of benefits online, regardless of carrier, from any location
- Enroll in benefits and make life events changes online
- Support employee decision-making with helpful tools (e.g., compare benefits, view plan summaries)
- View detailed employee information and access a full record of employee changes
- Provide electronic data feeds to carriers

- View and edit bills
- Export files in common formats for COBRA, FSA and payroll
- Produce a current census and other useful reports

Guardian's online enrollment platform provides 24/7 online access, provider directories, a nationwide team of benefit counselors, a 24-hour employee benefits hotline, personalized enrollment kits and post enrollment support tools.

Unum: Yes. Unum has a breadth of solutions that can be delivered using our system or a client or broker's system of choice.

VSP: Yes, We support several types of electronic eligibility submission including File Transfer Protocol (FTP) and SFTP over SSH, with or without PGP encryption. Our preferred membership file format is ANSI 834 changes only. You can also make real-time updates to your eligibility data online through the Manage Your Plan section on the Benefit Managers tab on vsp.com, or by phone.

4. DO YOU OFFER THE FLEXIBILITY TO CONDUCT ENROLLMENT THROUGH ONE-ON-ONE BENEFIT SESSIONS, GROUP MEETINGS, CALL CENTERS AND ONLINE SELF-ENROLLMENT?

Aflac: Yes, Aflac has the flexibility to conduct enrollment through each of the methods listed – one-on-one benefit sessions, group meetings, call centers and online self-enrollment. However, the availability of each method is determined by the number of eligible employees.

Chimienti & Associates: Yes, depending on the size and logistics of the group we can conduct enrollment via face to face meetings, group meetings, Call Center, online with or without the assistance of a Benefit Counselor, or list bill enrollment.

Colonial Life: Yes, Colonial Life offers a full spectrum of benefits communication and enrollment options, including group meetings, one-to-one meetings, call centers, co-browsing and online self-enrollment. Our national team of local, professional benefit counselors uses the Harmony enrollment system to educate and communicate benefits to employees face-to-face so they can make better benefits decisions. For hard-to-reach employees, we can offer the same benefit communication and education experience by co-browsing with employees on the Internet, meeting through a call center or setting up online self-enrollment.

Delta Dental: Delta Dental provides support at open enrollment meetings at no additional cost. Delta Dental representatives are available to participate at open enrollment meetings for 100 employees or more. Delta Dental has an open enrollment management staff that works with our account management team to coordinate staffing and the distribution of materials during open enrollment meetings. We produce a variety of standard enrollment and communication materials at no additional cost that allow us to tailor a communication program to the client's needs. To assist during open enrollment, Delta Dental offers the following enrollment materials:



We're here to work with you.

We've listened to your needs, and structured our business to serve you better. Our Broker Sales Professionals are now 100% dedicated to the broker sales channel and accountable for working side-by-side with you to provide the solutions you need and your clients expect. Brokers across the nation are now enjoying the support of our nearly 350 on-site benefits consultants. Our commitment to servicing your business is stronger than ever. Because when we can be more aligned with your needs, you can serve your clients more effectively. And that's good for the team.

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- Benefit-highlight sheets. Customized with the client's name, group number and benefits summary, along with quick tips to getting the most from the dental plan.
- Informational flyers. Provide information about a variety of topics including online services, an overview of preventive care, our SmileWay Wellness Program and other dental health care topics.

Delta Dental also offers clients a customized video, at no additional cost, that explains the client's specific benefits and can be played at open enrollment or new-hire orientations or posted on the client's intranet. Customer service is available to support questions about a plan's coverage (Please note: customer service does not accept enrollment). Enrollment is facilitated by the benefit administrator. Delta Dental provides benefit administrators with access to an application that allows enrollees to select a benefit package online during open enrollment and update their personal information online year-round.

EyeMed: Yes, we provide support from the very beginning by attending open enrollment events to educate employees about their benefits and to drive enrollment. We also make sure that employees walk away with detailed benefit summary information, educational collateral and sample provider directories. Employees can call our Customer Care Center, with live-agent service seven days a week, to get help with the enrollment process. Our Member Web portal is also available during enrollment to guide employees through the process and explain their benefits.

Guardian: Guardian offers the flexibility for employers to deliver a range of enrollment options to employees, including online self-enrollment and paper enrollment kits that can be personalized to each employee (in English & Spanish). In addition, Guardian offers additional support services, such as group meetings conducted by a certified enrollment specialist, toll-free benefit hotline in over 50 languages and turnkey employee communications at no additional cost to ensure the enrollment process is simple and easy for employers and their employees.

Unum: Yes and enrollment may be conducted by a broker, Unum Enroll or a third party enrollment firm.

VSP: VSP will process the eligibility information provided by clients. Our customer service staff, IVR, and website are available to assist employees during the enrollment period. Here are some options employers can choose from to fit their needs:

- Member benefit summary customized with plan coverage and explanation on how to use the benefit.
- Robust social media support across numerous channels including the opportunity for one-on-one interaction.
- Collateral that educates on the importance of annual eye exams and how eyecare can affect your overall wellness.
- Promotional giveaway items for employee benefit fairs.
- Special activities to educate employees about eye health and protection.

5. DO YOU HONOR BROKER-OF-RECORD LETTERS?

Aflac: Yes.

Chimienti & Associates: Yes

Colonial Life: Yes.

Delta Dental: Yes.

EyeMed: Yes.

Guardian: Yes, Guardian honors broker-of-record letters.

Unum: Yes, Unum honors broker-of-record letters. Standard vesting rules apply.

VSP: Yes. We do honor broker-of-record letters from the client.

6. DO YOU OFFER SIMPLE AND HASSLE-FREE ACCOUNT BILLING AND PAYMENT PROCESSES?

Aflac: Yes. Aflac's goal is to make billing and payment of premiums simple and hassle-free for your client. Aflac's systems are flexible to accommodate a variety of billing methods and handle almost any type of billing layout. Whether electronic or paper is preferred, your clients can register for Aflac Business Services to manage their accounts at their convenience. Receive push email notifications when your invoice is ready, make payments electronically, and enjoy faster processing and more accuracy of your Aflac account by signing up for Aflac Business Services.

Chimienti & Associates: Yes, we offer online billing and payment services as well as bill reconciliation support.

Colonial Life: Yes. Colonial Life offers many electronic services for businesses that allow them to conduct transactions online such as receiving their bills, making payments and making any necessary billing adjustments.

Delta Dental: Yes. Delta Dental's online billing and reconciliation system allows clients to:

- Access current and historical invoices
- Automatically compare Delta Dental's invoice to the group's eligibility roster, and view or download and save comparison results
- Based on comparison results, submit line item adjustments electronically. (Note: The online submission of line item adjustments does not automatically update Delta Dental's eligibility system.)
- View a summary of line item adjustments
- Download a summary or detailed view of selected invoices in Excel or PDF
- Pay invoices online (via ACH transfer and/or credit card) or print and mail the remittance section of a statement with a check
- Track payment history
- Attach notes to invoices to submit to Delta Dental's Eligibility and Billing department

EyeMed: Yes. We send clients a monthly invoice based on all active members within our system at that time. We can accept checks, electronic funds transfers (EFT) and Automatic Clearing House payments. Also, clients can view up to one year's worth of invoices through our Client Web on our website.

Guardian: Yes. Guardian recognizes that as more of employers offer worksite products in their overall benefit package, the need for more flexible billing and payroll deduction

statement capabilities is required. Guardian is a leading provider of both employer paid and worksite products, making it easier for your clients to reconcile their bills and process employee payroll deductions. Guardian offers a range of billing and payment options from online to paper to electronic fund transfer to help meet the varied needs of employers and ensure ease of administration. Billing capabilities also include: monthly variable billing, payroll frequency billing, seasonal billing, payroll slotting, and flexibly payroll deduction reports.

Unum: Yes, each client is assigned an Unum billing coordinator who handles all of their billing reconciliation.

VSP: Yes. A binder check is not required with VSP. We can provide monthly online billing as an option through the Manage Your Plan section on the Benefit Managers tab of vsp.com. Online billing will allow clients the option to view and/or pay monthly administrative statements.

7. DOES YOUR BILLING SYSTEM ALLOW PLAN ADMINISTRATORS TO MAKE ONLINE DELETIONS AND CHANGES TO THEIR PLAN ACCOUNT?

Aflac: Your clients are able to safely update, reconcile and pay their Aflac invoice electronically. This automated service enhances accuracy, speeds transactions and minimizes paperwork. Your client will save time and money as their electronically remitted payments and changes are processed faster.

Chimienti & Associates: Yes, we can support multiple Carrier Voluntary and Core products.

Colonial Life: Yes, Colonial Life offers online billing capabilities. A plan administrator also has the ability to make changes online, as well as update employees' coverage and general information through our secure website.

Delta Dental: Yes, Delta Dental's online eligibility management system allows clients' representatives to add or terminate enrollees and dependents, and modify enrollee information through a secure website. Enrollment changes made by the client using our online eligibility system are made to the system in real time.

EyeMed: Yes, plan administrators can easily view, edit and update their enrollment data through our client Web—our online portal for managing your vision plan. This tool also allows clients to:

- Print replacement ID cards for members
- Download member rosters (active and termed) in a spreadsheet format
- View individual plan benefits and service eligibility
- Access EyeMed contact information including account management
- Access client newsletters, forms, training and vision wellness information
- View administrative fee invoices
- Download utilization reports

Guardian: Yes. Guardian's benefit Website offers a one-stop source for plan administrators to manage their account and request plan changes online, including submitting eligibility changes that affect their bill. Plan administrators have the flexibility to recalculate their bill online to take any eligibility changes into account so they can adjust payments accordingly.

Unum: Yes.

VSP: Yes, clients have access to various online eligibility tools through the Manage Your Plan section on the Benefit Managers tab on vsp.com. These online tools will empower clients to:

- Make real-time updates online
- Add or terminate members
- Download member lists
- Change member data
- The eligibility management tools also give clients control of the accuracy and timeliness of membership changes, which in turn helps ensure the accuracy of billing statements.

8. DOES YOUR BILLING/PAYROLL DEDUCTION PROCESS MAKE IT EASY FOR THE EMPLOYER TO OFFER MULTIPLE PRODUCTS?

Aflac: Employers are looking for voluntary benefits options that are easy to administer. Aflac offers many billing options designed to meet a variety of needs.

Aflac provides invoices for payroll deductions after an employer makes them, which means they will never have to pay premiums out-of-pocket. Employers also have access to Aflac Benefit Services, which allows them to manage their billing information faster and easier. They can view and update information, reconcile invoices and submit service requests online, anytime.

Aflac has also built flexibility into our systems to handle almost any type of billing layout and accommodate several billing methods. Aflac can bill an employer electronically or via paper. Payroll-deducted premiums will then be remitted to Aflac via check, wire transfer or through an Automated Clearing House.

Chimienti & Associates: Yes, including payroll remittance history, and coverage details to include dependent coverages.

Colonial Life: Yes, Colonial Life can enroll an employer's core and voluntary benefits and provide the account with enrollment data on all employee elections in an easy-to-use spreadsheet. Employers can electronically submit this information through our secure website, and Colonial Life reconciles the bill to eliminate any additional work for the employer.

Delta Dental: Yes, Delta Dental has several billing and payment formats available depending on the client's plans and preference and will work with the client to determine the best process to meet their needs. The group sponsor is responsible for collecting the monthly premiums from enrollees and submitting eligibility data and payment to Delta Dental.

EyeMed: Yes, we offer specialized plans to meet the needs of our clients—including multiple plan options such as our EyePrefer product. EyePrefer is a new vision benefit package that lets employees choose between different levels of plans that fit their specific household needs and budget. This product features multiple tiers that are unique plans covering a broad range of needs, from a traditional vision plan to a platinum-level enhanced plan with richer coverage. EyePrefer is designed based on real-life employer and member usage with lower out-of-pocket costs so employees can pay for the level of coverage they need as part

of their premium, instead of at the point of purchase. We give employees a simple online tool to help them determine which level is the best fit.

Guardian: Yes Guardian offers a single bill (online or in the mail) for all Guardian coverages a client has in order to ensure the payment process is easy to manage.

Unum: Yes.

VSP: Yes, we can tailor payroll deductions to meet a client's needs.

9. DOES YOUR SYSTEM OFFER ONLINE SEARCHES FOR EMPLOYEE POLICY STATUS, COVERAGE EFFECTIVE DATES AND POLICY/COVERAGE TYPE?

Aflac: Aflac offers online services for policyholders who have an individual insurance policy –the fastest, most convenient way to access and update their account information. Policyholders can log on to aflac.com 24/7 to:

- Download claim forms and check claim status
- Access policy information
- Update personal profiles
- Request forms or copies of their policies
- Obtain contact information of their Aflac agent
- File claims quickly using Aflac SmartClaim

Chimienti & Associates: Yes, including payroll remittance history, and coverage details to include dependent coverages.

Colonial Life: Yes, the plan administration section of our website offers online searches for employee policy status, coverage effective dates and policy/coverage type.

Delta Dental: Yes, Delta Dental's online eligibility application allows benefit administrators to view and maintain coverage effective dates and coverage types, make real-time updates to eligibility data and improve the efficiency, accuracy and security of eligibility reporting. In addition, Delta Dental's website, deltadentalins.com, provides useful features to registered enrollees behind a secure sign-on, including the ability to view benefits and eligibility information, print ID cards, verify plan deductible and maximum information, and view claims status and claims history.

EyeMed: Yes, our Client Web is an easy-to-use tool for plan administrators to self-serve their EyeMed vision plan information. It allows them to easily and quickly make plan updates and see all facets of the plan, including editing and updating member records, downloading member rosters and viewing individual plan benefits and service eligibility.

Guardian: Yes, Guardian's benefit Website offers a one-stop source for plan administrators to manage their account online, including look ups for an employee's policy status, coverage effective date and policy/coverage type.

Unum: No

VSP: Yes, clients have access to various online eligibility tools through the Manage Your Plan section on the Benefit Managers tab on vsp.com. These online tools will empower clients to:

- Make real-time updates online
- Add or terminate members
- Download member lists
- Change member data

The eligibility management tools also puts clients in control of the accuracy and timeliness of membership changes, which in turn helps ensure the accuracy of billing statements.

10. DO YOU OFFER DOWNLOADABLE CLAIM FORMS?

Aflac: Yes, Aflac policyholders who have an individual insurance policy may download claim forms from aflac.com. They can also get tips on expediting forms as well as a direct link for sending a message to Aflac's Claims Department on the website. Individual products offered by Aflac can also be filed via SmartClaim at aflac.com/claims. We proudly work to provide a one-day average turnaround for online claims. For group plans, claim forms can be downloaded at aflacgroupinsurance.com.

Chimienti & Associates: Yes.

Colonial Life: Yes, policyholders and plan administrators can download and print Colonial Life claim forms on the company's website at www.ColonialLife.com.

Delta Dental: Yes, however, our network dentists agree to submit claims on behalf of the enrollee and to accept payment directly from Delta Dental. The only time enrollees may be responsible for submitting a claim form to Delta Dental is when non-network dentists do not submit on the patient's behalf, including instances where the dental work is done out of country. In these instances, the enrollee may download and print a claim form from our website and submit directly to us.

EyeMed: Yes, in-network claim forms aren't necessary with us because our network of providers submit all of the claim information on the member's behalf. But, if a member chooses to visit an out-of-network provider, we do offer downloadable out-of-network claim forms on our Website.

Guardian: Yes, Guardian's benefit Website offers a one-stop source for plan administrators to manage their account online, including the ability to download claim forms or e-mail a claim form directly to someone.

Unum: Yes and claims can be submitted online, by phone or mail. The Unum Customer app is also available to check claims status 24/7.

VSP: Yes.

11. DO YOU REQUIRE CARRIER REPS. TO HAVE A COMPREHENSIVE KNOWLEDGE OF ALL OF THE PRODUCTS THEY DEAL WITH?

Aflac: Yes, Aflac agents go through a certification process to learn about products and processes particular to the company. In addition to the certification process, training for Aflac agents hits every facet of the company's plans and sales cycle. Here are a few of the resources available to Aflac's agents:

- Aflac Sales Academy provides new associate sales school, sales methodology, product, leadership, and industry training.
- Ongoing training on new plans, services and technology led by experienced trainers in a classroom setting
- Coaching and mentoring from sales managers and veteran agents
- Continuing education courses online

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Chimienti & Associates: Yes, our sales staff has extensive knowledge and training of multiple Carriers and their products as well as underwriting guidelines. And if we don't have an immediate answer we have access to resources in order to help get a quick response.

Colonial Life: Yes, Colonial Life has a 10,000-member national organization of benefits professionals. These individuals receive comprehensive product training through Colonial Life College on both voluntary products and the employer's core benefits, at the employer's discretion. One of our areas of expertise is helping employees better understand their benefits programs, uncover their unique insurance needs and select the coverage they need to protect themselves and their families from financial risk.

Delta Dental: Yes, throughout the year, we provide support through continuing education for consultants and brokers, such as lunch-and-learn presentations, CE courses and personalized support from our sales staff.

Classes are offered at the location requested by the broker. Classes are typically one to two hours in length and are offered at no additional cost. The broker or client decides on a date and which courses to be presented, and the account executive then informs the broker or client of which course offerings are available.

EyeMed: Yes, vision is all we do, which makes our Sales and account managers vision care experts! EyeMed Sales and account managers receive on-going training and tools to help them stay on top of vision care trends.

Guardian: Yes, Guardian sales representatives achieve a high level of comprehensive knowledge of the Guardian products they present through intensive and ongoing training.

Unum: Yes, we have an extensive training process. Sales reps are expected to have an extensive and comprehensive knowledge of our group and VB products. Their first year is dedicated to development, with a nine-month self-directed process of activities and testing.

VSP: Yes, VSP expects our sales and service reps to be subject matter experts in vision care. We provide on-going training and support tools to ensure our reps have all the information they need.

12. HOW DOES YOUR COMPANY SUPPORT GOOD WORKING RELATIONSHIPS BETWEEN BROKERS AND CARRIER REPS?

Aflac: Aflac cares and is committed to partnering with brokers to help them meet their clients' growing needs in the new health care market. The Aflac Broker Channel is an experienced team of dedicated employees who are assigned to particular brokers and serve as their dedicated point of contact, providing what they need, when they need it.

Chimienti & Associates: Yes, we establish and promote regular planning and review sessions between brokers and carriers.

Colonial Life: Colonial Life places a high priority on working with brokers to help solve their clients' benefit challenges. Colonial Life has regional broker marketing managers who are dedicated to strengthening broker relationships na-

tionally and regionally, supporting national alliance partners and interacting with worksite specialist brokers.

Delta Dental: Delta Dental focuses on providing brokers and consultants easy access to their client's data during the RFP and renewal process. We believe that we provide more hands-on service than any other dental carrier—both before and after the sale.

EyeMed: We want brokers to know that working with us will not feel like work. We understand their time is spread thin and vision is a smaller part of the conversation for brokers compared to benefits like medical and dental. As America's fastest growing vision benefits company, we are solely focused on vision. Brokers can count on us for simple, fast and on-target tools to educate and market themselves, establish quotes effectively and ultimately deliver our long-running 100% client satisfaction rating in implementation. We also can offer brokers our industry-leading, deep data insights into specific industries and help them seamlessly integrate our data into client wellness programs or healthcare analytics assessments.

Guardian: With one of the longest-tenured sales forces in the employee benefit industry, Guardian has a history of understanding the needs of growing businesses, which strengthens good working relationships. Guardian works to give brokers more ways to take good care of their clients. Our flexible and comprehensive product portfolio and responsive, personalized service give support to local relationships and help ensure client needs are met.

Unum: Yes, Unum has strong relationships with its sales partners throughout the United States, with 36 field offices that provide local sales and service support. Unum provides broker training opportunities throughout the year, including CE course offerings; publishes a quarterly newsletter for brokers; and welcomes brokerage firms to its home offices for information sessions and tours of its claims and service operations.

VSP: Strong communication between brokers and sales and service reps is key. We provide newsletters to keep brokers informed of changes and have frequent touch points with them to ensure their familiarity with our resources and training. We also keep brokers in the loop on client issues.

13. DO YOU OFFER MARKETING MATERIALS THAT ARE EASY TO PRESENT AND SIMPLE FOR CLIENTS TO UNDERSTAND?

Aflac: With more than 60 years of experience and a brand that 9 out of 10 people recognize today, Aflac's worksite marketing materials are designed to create awareness, greater understanding and increase participation in benefit programs. Whether supporting a small business or large corporation with complex logistics, Aflac can help your clients reach employees through various channels, including the following:

- Digital. Emails, web banners, educational account-specific websites, videos and calculators.
- Print. Brochures, payroll stuffers, postcards, posters, flyers and pop-up displays.
- Other support. Collateral pieces, employee benefit fair booth and Aflac merchandise.

- Plus, all benefit education material is provided at no direct cost to your client.

Chimienti & Associates: Yes, we offer custom marketing material in English and Spanish.

Colonial Life: Yes, Colonial Life realizes benefits and insurance terms can be complicated. That's why the company's marketing materials are easy to understand. Simplified enrollment materials help employees better understand their insurance needs so they can make better decisions to meet their needs.

Delta Dental: Yes, Delta Dental has a strong commitment to educate enrollees about how their dental plan works and about the importance of good dental health. We offer a broad array of wellness resources, including plan designs that emphasize preventive care. As experts in dental benefits, we recognize the ongoing need to promote these resources by making our content and tools visible and accessible. This initiative includes the SmileWay Wellness Program, a self-managed program that includes enhanced oral-health communications and features on our website. Employees who complete the cavity and periodontal risk assessment quizzes can opt in for targeted communications based on their results. Enrollees can subscribe to our free dental health e-magazine, Grin!, which provides fun, family-friendly oral health news and tips four times a year (ddins.grinmag.com). We also stream ongoing oral health tips and education through social media on Facebook.com/deltadentalins, Twitter.com/deltadentalins and Google Plus (search for Delta Dental Ins).

Delta Dental's online dental health risk-assessment tool provides a structured set of questions that identifies specific issues related to the individual's oral health. After completing the questions, the patient can download and print a report of the results to take to his/her next dental appointment. This clinically validated tool can inform patients and their dentists of specific risk factors for oral disease and help guide preventive measures.

The SmileWay Wellness Program features the SmileWay Challenge that encourages users to:

- Review habits: Free interactive risk quizzes indicate low, medium or high-risk based on oral health habits and lifestyle choices. Users can sign up for customized educational content tailored to their risk level.
- Get educated: We maintain an extensive oral health article and video library, as well as a children's website (mysmilekids.com).
- Stay informed: Enrollees can connect with us on Facebook, Twitter or Google Plus, and sign up for our free dental health e-magazine.

Delta Dental also promotes Wellness campaigns throughout the year, including web content for all audiences and flyers and posters for benefit administrators to distribute locally. Visit deltadentalins.com/administrators/guidance/oral-health-wellness-materials.html to learn more. For brokers, consultants and benefit administrators, Delta Dental sends regular e-newsletters with dental benefit news and updates. Delta Dental also offers information online covering our products,

dental benefit pricing and sales, an RFP submission checklist and a benefit administrator support guide.

EyeMed: Yes, our sales managers meet with brokers around the country, educating them about EyeMed and giving brokers the information they need to help their clients clearly understand the benefits and advantages. It's our mission to help members see life to the fullest, and our sales team is on the front line with brokers in realizing this mission. In addition to personal attention from our sales team, EyeMed provides brokers access to helpful tools and information through our broker portal. We provide them with ready-to-use custom presentation slides upon request. Once a client has selected us, we equip them with everything they need to talk to their employees about their benefit, including:

- Benefit Summaries—sent directly to the member's home along with the Welcome Packet; describes benefits, vision wellness, open enrollment and phone and web-support tools
- Welcome Packets—sent directly to the member's home; includes ID cards, a customized provider listing and an outline of benefit copays and allowances
- EyeSiteOnWellness.com—one-stop resource providing a reference library, videos and downloadable educational materials on vision wellness and eye care
- Open Enrollment Support—our local vision experts attend client events to talk to employees about their benefit and the importance of eye care
- Members App—members can download a free mobile app on iPhone or Android that helps them access their EyeMed benefit details, their ID card and more, wherever they go, whenever they need it. Find details for downloading the app on eyemed.com.

Guardian: Yes, from marketing materials shared with brokers to bound enrollment kits personalized to each employee and beyond, the foundation of Guardian's communications are centered on being easy to present and simple for clients to understand.

Unum: Yes, in fact Unum has a consumerism organization dedicated to the ongoing enhancement of messages and tools to ease employee benefit understanding and decision making.

VSP: Yes, we review communication materials annually to ensure they are providing the best resource for brokers. Additionally we are always evaluating new pieces to make sure brokers have all of the tools they need. For example, we have multiple social media sites to help educate clients' employees on the benefit of vision care.

14. HOW DO YOU TRACK THE QUALITY OF THE CUSTOMER SERVICE YOU PROVIDE TO EMPLOYERS? FOR EXAMPLE, DO YOU SET ANNUAL SERVICE GOALS AND MEASURE AND REPORT RESULTS?

Aflac: Aflac constantly measures our customer satisfaction level with policyholders and business accounts in a variety of ways, such as surveys and audits. We monitor satisfaction with the total Aflac experience as well as satisfaction with enrollment, claims and billing. Aflac's customer service quality program is administered by the Administrative

Best Practices Quality Department. Each major business function, (i.e., primary, claims and specialty) is sampled monthly. For quality scoring, Administrative Best Practices guarantees a minimum of five audits per month for each customer service center representative. All scoring and error trending are reported weekly, monthly and quarterly to management. Aflac's Internal Audit Department also conducts audits by line of business in addition to their annual assessment of internal claims controls.

Chimienti & Associates: Yes, we log and track and review each year our customer service activities before and after each annual open enrollment period. Large case market reviews are also established on quarterly or semiannual basis.

Colonial Life: Colonial Life provides superior customer service to all of its customer groups: brokers, employers and policyholders. The company sets internal annual customer service goals and results are measured quarterly. Colonial Life also works with independent research firms to conduct ongoing surveys of plan administrators and policyholders and reports those results externally through news releases. In addition, all employees who meet with a Colonial Life benefits counselor are asked to rate their one-to-one benefit counseling experience following their enrollment. Every account participating in the post-enrollment survey receives a report card with the survey results.

Delta Dental: Delta Dental strives to provide excellent customer service. Delta Dental has established service goals in place. Performance results are monitored closely with results reported through our company's annual report. Delta Dental's call-tracking systems create both summary and detailed reporting on a global and client-specific basis. These reports show Delta Dental's response performance as well as the type of inquiries our customer service department(s) receives from enrollees, allowing Delta Dental and the client to determine how well the needs of our enrollees are being met. Delta Dental can provide customer service reports that include:

- Call volume
- Call volume by type
- Average speed to answer
- Calls answered in 30 seconds
- Call resolution rate
- Call abandonment rate

EyeMed: Yes, we set annual goals, measure and track results to ensure satisfaction and drive continual improvements on the client, member, provider and broker level. We work with independent research firms to monitor client and member satisfaction. Measured results include:

- Customer service: our award-winning customer care center was certified in 2015 as a Center of Excellence by BenchmarkPortal for a rarely-achieved sixth consecutive year.
- Client implementation: our most recent annual client survey on implementation (2014) revealed 100% overall client satisfaction for the eighth year in a row.
- Member satisfaction:

- 99% are satisfied with their EyeMed doctor
- 98% are satisfied with their dispensing staff
- 98% are satisfied with the products they receive
- 95% are satisfied with the quality of their plan
- 95% are satisfied with our award-winning customer care center
- 96% feel completely satisfied

Guardian: Guardian sets service goals, and tracks and reports the results each year.

Unum: We have high goals for responsiveness and accuracy of service. We also have a quality assurance program that checks to see if we delivered our services in a timely and accurate manner as well. Additionally, we survey customers several times each year to better understand how they view their Unum experience.

VSP: Our award-winning and industry-leading customer service team's goal is to simplify our clients' administrative work and help our members understand and use their benefits. We back this goal by quarterly monitoring of call center management guarantees: Every year since 2002, VSP customer service has consistently received a wide range of customer service awards from the Service Quality Measurement (SQM) Group Inc. These include:

- Call Center of the Year
- Call Center World Class Call Certification
- Highest Customer Satisfaction by Industry: Insurance
- Highest Customer Satisfaction by Industry: Business to Business
- Highest Employee Satisfaction for the Call Center Industry
- Most Improved Call Center Employee Satisfaction
- World Class Certified CSRs
- World Class Certified Supervisors

SQM is a leading North American call center industry research firm voice-of-the-customer expert for improving organizations' first call resolution, operating costs, employee and customer satisfaction.

15. DO YOU HAVE AN ESTABLISHED LOCAL SALES AND SERVICE TEAM THAT CAN PROVIDE CRITICAL SERVICE IN THE SAME CITIES THAT THE BROKER'S CLIENTS ARE IN?

Aflac: Yes. Aflac is represented by more than 70,000 licensed independent sales agents throughout the United States. Aflac's certified enrollers are available to service multi-location accounts and we have a national sales coordinator team to manage these relationships.

In addition to Aflac's sales agents, the company also offers a team of dedicated broker sales professionals in every major metropolitan area to support and service Aflac's brokers and their clients. Aflac's agent distribution model and broker channel can help you manage your clients' open enrollment needs no matter the size or location.

Chimienti & Associates: Yes, with the help of our Career sales reps and nationwide benefit counselor team, we are able to service brokers and clients throughout the country.

Colonial Life: Yes, Colonial Life has a national team of

10,000 sales professionals who provide local enrollment support and service for its broker partners' clients. Many of the company's accounts have thousands of employees in dozens or even hundreds of different locations across the country. Colonial Life's sales representatives provide employers with valuable services at no direct cost, such as free dependent verification, WellCard discount program, wellness benefits communication, and more. Colonial Life benefit counselors can meet with employees at each location and conduct individual counseling sessions with them. Because the benefit counselors are local, they can be on hand to help out with next year's enrollment and any ongoing service needs. The goal is for the company's benefit counselors to build strong relationships with employees in the account.

Delta Dental: Yes, every client is assigned a designated account manager who is responsible for overseeing program implementation, participating in information meetings with benefit managers and enrollees as needed, day-to-day issues resolution and subsequent renewal activities. Delta Dental of California has sales offices in San Francisco, Sacramento, Cerritos, San Diego and Fresno.

EyeMed: Yes, we place sales and account managers throughout the country in order to provide regional support. For example, you'll also find a local EyeMed presence in California, ready to help our West Coast broker partners and clients. We also have a strong cross-functional team based in our Mason, Ohio headquarters supporting our nationwide Sales and Account Management team in meeting client needs.

Guardian: Guardian has local and regional sales offices nationwide to support the needs of brokers and their clients.

Unum: Yes, Unum has 36 local sales and service offices located throughout the U.S. with four locations in California. Unum's local team partners with our home office team of more than 600 employees dedicated to voluntary benefits to provide the best service in the industry.

VSP: Yes, We're headquartered in California and have an Eastern Operations Center in Ohio. In addition, we have 25 regional sales offices across the country to provide local service.

15. DO YOU HAVE BOTH A SALES REP AND A SERVICE REP? (THE SALES REP HELPS THE BROKER MARKET AND POSITION PRODUCTS, MANAGE BLOCKS OF BUSINESS, AND DEVELOP TARGET MARKETS. THE SERVICE REP HELPS IMPLEMENT AND FULFILL ACCOUNT ENROLLMENT.)

Aflac: Yes. Aflac's sales professionals support the company's broker channel. Aflac offers Broker Account and Service representatives to assist with implementation and ongoing account service needs.

Chimienti & Associates: Yes, we have a sales team supported by account managers and customer service reps.

Colonial Life: Yes, Colonial Life's national team of sales professionals has specialized roles they perform during the enrollment process. Sales professionals work with brokers and their clients to help develop voluntary benefit strategies that will help clients' solve their benefit challenges. Account coordinators help manage the enrollment logistics and reports. And benefit counselors meet individually with



all employees to educate them on their benefits, help uncover any unmet needs and select insurance plans to meet those needs.

Delta Dental: Yes, to ensure clients receive a high level of service, Delta Dental uses an account management team approach to provide rapid response and resolution to client inquiries. This team includes the account manager and the sales account executive. The account manager in the field serves as the client's primary contact with overall responsibility for servicing the account. The account manager is dedicated to the client's account for as much time as required. The sales account executive is the key contact during the proposal process and participates in service support after the sale. The account manager is supported internally by the account management associate to coordinate responses and/or involvement of other key Delta Dental personnel in such areas as eligibility, claims processing and customer service as needed. The account management associate also serves as an additional point of contact for the client. The account manager is a one-stop shop for the client, available by telephone, email or standard mail to address any and all inquiries concerning the account, including eligibility, billing, benefits and participant communications. All inquiries receive responses within 24 hours. The Account Management team for the client is assisted by a support team of internal staff to provide information and solutions to client inquiries. The account manager serves as the liaison between the client and all units of Delta Dental's operations.

EyeMed: Yes, we have both sales and service reps.

Guardian: Yes, Guardian has local sales representatives to help brokers with their marketing efforts, expert teams dedicated to supporting enrollment and administration programs, and customer services representatives available to serve the distinct needs of brokers and their clients.

Unum: Yes, Unum has more than 300 sales professionals across the country, backed by over 100 local client managers for ongoing client management.

VSP: Yes, we do have both sales and service reps.

16. DO YOU SPECIALIZE IN VOLUNTARY BENEFITS?

Aflac: Yes, Aflac offers both individual and group voluntary products that allow the company to focus on creating best-

Continued on page 44 ➔

Technology Trends

IN BENEFIT ADMINISTRATION

Today's employers have a growing need for personalized communication in a mobile environment, according to a study by the Health Care Trends Institute. Employers want technology and applications to help employees understand their financial obligations. Employers are also considering health coaching, telehealth services, wellness trackers, and wearable technology. These technologies are expected to grow in popularity as employee communication and engagement continue to be paramount to a company's success.

Forty-four percent of employers rely on technology for network provider listings. Twenty-nine percent are looking at technology to highlight healthcare prices/quality scores and general health communications. Twenty-eight percent are looking for technologies that handle healthcare expense tracking and budgeting.

As more employers move toward offering high-deductible health plans, there will be a greater need for price transparency as employees face higher out-of-pocket expenses. Consumer-driven healthcare is growing in the private and public markets. According to a 2014 PwC survey, 67% of employers offered high deductible health plans in 2014. They are the most popular option on the new healthcare exchanges. Companies are looking for online tools to provide price comparisons, track health plan costs, and financial education for employees in this new era of healthcare reform. Employees need to understand their financial responsibility, especially before receiving services.

Companies are also beginning to focus on technology to provide physical activity tracking (17%), health coaching (14%), tobacco cessation (13%), and weight management (10%). There is a movement that incorporates wearable technology for health and fitness initiatives.

Almost half the employers surveyed see value in implementing new technology to help with employee com-

munication. Employers are looking for benefit administration systems to help track data, integrate content, and engage employees in wellness programs. They understand that having a benefit administration system with the right access points can increase communication, employee satisfaction, and loyalty.

Sixty-four percent of employers are comfortable using cloud-based technology. Mobile computing, wireless networks, and cloud computing are creating new workplace opportunities. These key technologies are supplemented with healthcare information exchanges, electronic medical records, telehealth services, and connected wearables that are focused on improving care and outcomes.

Over the past 10 years, 63% of employers have looked to online portals to provide content and health plan information to their workforce. Some systems are providing online activity tracking (27%), mobile applications (24%), and tracking devices (16%). Employers and health plans are entering the new era of big data. Companies are beginning to look at trends in benefit participation and usage to help measure their goals. More companies are finding a place for wearable technology. Mobile applications are quickly moving to employers' must-haves to disseminate benefit information since half of employees get their benefit information from their smartphone. ★



PRESCRIPTION SAVINGS APP

ScriptSave has launched ScriptSave WellRx, mobile app at goo.gl/sx6v4w. It allows consumers compare prescription drug prices, locate pharmacies, and get immediate savings at the register on generic and brand prescription medications. The ScriptSave WellRx prescription savings card and tools are available at wellrx.com, and the mobile app is available as a free download on the Apple App Store and on the Android Google Play Store.

SECURE DOCUMENT STORAGE

LifeSite Vault is a new, secure web-based solution for storing vital information and documents. Also introduced is the LifeSite Vault companion mobile app, which provides safe access to users' information from any mobile device. LifeSite Vault guides users with easy prompts for entering and encrypting information in different categories such as personal, medical, people, pets, online accounts, career, finances, property, insurance and legal. It provides convenient features to share information and documents. The companion LifeSite Vault mobile app is now available for download on all popular mobile operating systems.

WORKER'S COMP CLAIMS PROCESSING

Acrometis and Willis have launched Willis' Advanced Technology Strategic Risk Planning process. The claims-processing platform incorporates over 10,000 business rules to process all incoming documents to ensure appropriateness, relatedness and eligibility in every jurisdiction. Visit willis.com for more information.

TERM LIFE QUOTING

FireLight 2.7 is offering a competitive term quoting tool. Advisors can enter basic client information to generate multi-carrier, multi-product, comparative premium quotes. It gives advisors easy filtering including length of term, age, jurisdiction, and face amount to quickly select the best product. For more information, visit insurancetechnologies.com.

BENEFIT ADMINISTRATION

Paychex introduced Paychex Flex Time and Paychex Flex Benefits Administration. These are the two newest modules for its cloud-based human capital management platform, Paychex Flex. The platform delivers access to payroll, HR, and benefit information for a streamlined approach to workforce management. For more information, visit paychex.com.

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NAVIGATING THE CHANGING ANCILLARY LANDSCAPE

by **BRYAN S. DERHEIM**

As health insurance premiums continue to rise faster than inflation, managing these costs is becoming a serious issue for employers. Eventually, they will no longer be able to eat these costs. Something needs to give; employees will need to pay a larger percentage of the costs, or benefits will need to be reduced. Many employers fight to retain health insurance the best they can. Since health insurance is usually the biggest potential financial risk to an employee, ancillary benefits like dental, life, or disability are easier to cut. By asking employees to pay a larger percentage of their ancillary benefits, employers can allocate a larger percentage of their contribution to cover health insurance.

Ancillary benefits are on trend to become voluntary benefits, meaning 100% employee paid. As agents know, groups are at different points within this trend depending on the financial health of the company and their desire to retain traditional, rich benefit packages. Some groups have been able to hold on to 100% employer-paid benefits while some are already at 100% employee paid. Many are somewhere in-between. Regardless of where a specific group falls on that spectrum, every renewal makes it harder to retain what has been offered. This brings us to a fundamental change in our industry.

Benefits, especially ancillary benefits, will continue to become an employee decision. What employee wouldn't want more options? If employees are going to spend their money on an insurance plan, it needs to meet their needs. For these employees to be confident with their benefits, they need support from agents to provide options and more importantly, education. Let's dive into a recent example I encountered with a broker I work with, specific to dental insurance.

This group offered the most standard group dental plan—a PPO 100/80/50, with a \$1,000 annual benefit. This is the same plan that has been offered for the past 10 years with this group as an employer-paid benefit. The employees seem to be happy with it, but the group has decided that dental needs to become voluntary. If this benefit is

now employee paid, a review of the plan design is warranted. Does this plan meet every employee's needs?

An employee who has very good oral health may view the plan as too rich of a benefit. They may be able to save money buying a plan that doesn't include major services. On the other side of the spectrum, if crowns and root canals are common for an employee, they may need a richer benefit. If employees don't have a preferred provider, they may save money by choosing a DHMO. All of these examples are potential reasons why the previous plan design may not work as a voluntary option. When employers are paying for the benefit, employees are willing to accept what has been deemed as the best plan for all. When employees are paying the bill, they want more options so they can make the best choice for their needs.

As a result of this shift, many brokers are offering more robust plans and additional options. Dual option or high/low plans give employees more choice when picking the plan that works best for them. Including DHMO (if available), offering PPO and indemnity options is also a great way to give employees choice in how they utilize their benefits. If these options are not offered, participation will eventually suffer and employees may look to the individual market to meet their needs. In addition to high/low plans, worksite benefits and individual plans are growing in popularity, especially for small groups with lower salaries or high employee turnover. In these instances, worksite or individual offerings may work better because employees can keep their insurance when they leave the company. At the same time, worksite and individual benefits usually include a host of plans to pick from. This is just one of the reasons why worksite products have grown so dramatically in popularity.

At the end of the day, this truly isn't a plan design discussion. It is a matter of understanding how the changing industry affects the solutions and advice we bring to our clients. Understanding your clients' needs, educating them on the choices, and being an advisor to their business is what it truly comes down to. The employee-benefit world was

very much a one-size-fits-all approach when it pertained to the plan designs. In my opinion, this is the true catalyst that will cause a continued shift toward the group market becoming an individual decision making process. In other words, this is why the traditional group market will continue to see a shift towards the voluntary/worksite market, at least in the small-group market. I believe this trend will continue and we have only scratched the surface so far.

This concept and evolution has been ongoing for the past few years and is not a novel idea. However, in some ways, the Affordable Care Act (ACA) has put this conversation on the back burner, delaying the inevitable. It is easier to keep things status quo with ancillary benefits, while the group continues to figure out its ACA strategy, but I would argue that ACA has made this an even larger issue. For small groups under 50 lives (100 lives in Calif.), adding the essential-health benefits has increased the health premium. This increased cost has put more of a spotlight on how the group pays for not only health, but also ancillary benefits. If you haven't done so already, have this conversation with your groups during this renewal season. Come up with an ancillary strategy that is more conducive to our changing industry. If you are proactive, you will retain and grow your ancillary business.

Our industry has evolved dramatically due to the ACA. Regardless of how our industry continues to change, the need to navigate this complexity will always exist. Just because employee-benefit products have become a commodity, doesn't mean that the value that an agent brings is also a commodity. To me, the value lies in being an expert and partner for your client's business. If conversations are positioned this way, price is no longer the most important thing to the client. By staying educated on the changing market and being an advisor to your clients, you will have a successful agency regardless of benefits and rates. ★

Bryan S. Derheim is regional vice president of sales at Security Life Insurance Company of America. His LinkedIn profile is [LinkedIn.com/in/bryanderheim](https://www.linkedin.com/in/bryanderheim).



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WHY IT'S DEFINITELY WORTH YOUR WHILEby **ROXANNE ANDERSON**

When you consider that about 10,000 people will turn 65 every day for the next 17 years, one thing becomes clear; it's definitely worth your time to sell to the senior market. If you are a health insurance agent who is not selling Medicare products, you should consider doing so. There are several advantages to working in the Medicare field. Let's examine some of them.

YOU WILL HAVE A STEADY SUPPLY OF POTENTIAL CLIENTS

More and more people age into Medicare every day. It's not a cycle that's ending anytime soon. After World War II ended in 1945, U.S. troops came home, settled down, and started making babies—lots of babies. Now, 70 years later, the roughly 75 million Baby Boomers born from 1946 to 1964 are reaching the age of retirement. And, since many employers have dropped their retiree health plans, a large number of seniors will be looking within the private Medicare market for health insurance.

Still not convinced? A 2013 report by the Centers for Disease Control and Prevention reveals that, while the total number of U.S. births has remained relatively constant, the number of children born per-person has decreased. By 2030, 18% of Americans will be eligible for Medicare. According to a report by the Pew Research Center, that's an increase of 7% compared to the 13% who are eligible today. With the promise of thousands of people turning 65 every day, sales opportunities in the senior market will remain plentiful for quite a long time.

The private Medicare market has become increasingly popular among shoppers. When established in 1965, Medicare was only administered by the government. Now, more than 30% of the 55 million Medicare beneficiaries are enrolled in private health plans, according to report by the Kaiser Family Foundation. The number of beneficiaries enrolled in private Medicare plans has more than tripled from 2004 to 2015, increasing from 5.3 million to 16.8 million. Medicare Advantage enrollment has increased 50% since the enactment of the Affordable Care Act (ACA), despite belief that the law's payment reductions would cripple Medicare Advantage enrollment. Statistics don't lie; it's evident that shoppers are interested in doing business in the private Medicare market, and that the time is ripe for agents to offer those plans.

WORKING WITH THE OVER-65 CROWD IS A REWARDING EXPERIENCE

Turning 65 is not a highly anticipated event for many people. It can be quite the opposite. Besides facing lifestyle changes, financial planning, and legal worries, seniors must also try to find affordable health coverage that meets their needs. With dozens of Medicare Advantage and prescription drug plans available, it's often easier said than done.

Modern tools and web services complicate matters for seniors who aren't as web savvy. A 2014 study by the Kaiser Family Foundation reveals that many seniors are frustrated and confused when they try to compare plans. By offering just a little expertise, you can help seniors stop spending their golden years worrying about their health care while providing financially for yourself.

THE PRIVATE MEDICARE MARKET IS BUILT WITH ETHICAL INTERESTS IN MIND

The marketing guidelines established by the Centers for Medicare and Medicaid (CMS) can be challenging. However, the fact that the Medicare market is federally regulated should be considered a blessing. CMS' marketing guidelines clearly outline appropriate selling practices for agents. They also help hold agents accountable for selling in an ethical manner, a fact that's valued by the seniors in your market.

Retired seniors must enroll in Medicare Part B and begin paying the premium or risk paying a late-enrollment penalty. The private Medicare market fulfills that requirement while providing more extensive benefits. Knowing what's available through government-provided Parts A and B lets you know how to fill those gaps with a private plan.

YOU CAN SELL A WIDE-ARRAY OF PRODUCTS TO OVER-65 CLIENTS

Once they have the proper licenses, certifications, and contracts with carriers, agents can sell Medicare Advantage plans, Medicare Advantage Part D plans, stand-alone prescription drug plans, or Medicare supplement plans to people turning 65 or those over 65. They can also cross-sell additional coverage options including hospital-indemnity plans, cancer plans, life insurance, final-expense insurance, and vision and dental insurance. There is an opportunity to double or triple your commission.

YOU'RE NOT ALONE IN YOUR EFFORTS

There have been many advances in the market over the past 50 years. As a result, selling Medicare is easier than ever before, especially with the help of field marketing organizations. These organizations connect agents to the prospects and tools they need to improve their books of business. From lead programs to quote engines to customer relationship management systems, FMOs act as go-betweens for agents and carriers so brokers' jobs are as simple as possible.

The health insurance market and the world have changed significantly for America's seniors since the establishment of Medicare. The promise of thousands of people turning 65 every day, seniors' increasing interest in private Medicare plans. Advances in legislation and technology created the perfect market conditions for Medicare products. If you are not working in the Medicare field, reconsider your sales strategy before you miss out on this great opportunity to secure a successful selling career. ★

Roxanne Anderson is a digital copywriter at Ritter Insurance Marketing (Ritter). She received her B.A. in English from Elizabethtown College. Ritter is a national field marketing organization that solves the distribution needs of more than 80 insurance companies in the Senior Life and Health Insurance markets. An industry leader in technology, Ritter has developed proprietary services, including a customized CRM system and Medicare quoting system, to help their agents serve their clients faster, better, smarter. For more information, visit RitterIM.com.



INDIVIDUAL DENTAL PPO AND HMO

The Guardian is offering individual dental coverage at mydental.guardianlife.com. Consumers can save up to 30% off standard dental fees with Guardian dental insurance. Depending on the plan, check-ups and cleanings may have little or no out-of-pocket expenses and participants can expect cost-reductions for more advanced procedures like root canals or crowns. Consumers can choose from a dental PPO or DHMO. For more information, visit mydental.guardianlife.com.

DISABILITY INSURANCE TOOL

The Guardian launched an online disability income (DI) insurance tool to help consumers build their own insurance package online. Guardian's online DI insurance quoting tool provides consumers with transparency into pricing and allows them to personalize their level of coverage. The tool can be accessed at guardianlife.com.

RETIREMENT OFFERING FOR SMALLER COMPANIES

Transamerica Retirement Solutions launched a 401(k) retirement plan that offers large-plan features to smaller businesses and their employees. With the Transamerica FastTrack Retirement Plan, participants can enjoy clear savings strategies and personalized online progress reports. Employers can take advantage of the new retirement plan starting with a commitment of \$50,000 in first-year deposits or plan assets. The plan offers a menu of diversified, quality investment choices, a service model that includes third party administrators for efficient and expert compliance support, along with

the fiduciary protection offered by the ERISA section 3(21) fiduciary service from Mesirow Financial Investment Management, Inc. For more information, visit transamerica.com.

GLOBAL FIXED-INCOME MUTUAL FUNDS

Nationwide is offering two new mutual funds that allow investors to diversify their bond exposure into the international markets. Amundi Smith Breeden will sub-advise the Nationwide Amundi Global High Yield and the Nationwide Amundi Strategic Income Funds. Amundi Smith Breeden has managed multi-sector fixed-income strategies since 1990 and will leverage a global investment management platform. For more information, call 877-877-5083, option 3.

STOP-LOSS BENCHMARK

Sun Life Financial is giving employers customized demographic and financial information to help them choose self-insurance and stop-loss coverage options. For more information, visit bit.ly/pr10-stoplossbenchmark.

DEFERRED INCOME ANNUITY

Principal Financial Group introduced a deferred income annuity as an option in a defined contribution plan. It allows pre-retirees to purchase guaranteed income ahead of time. Principal Pension Builder lets participants direct a portion of their contributions into a deferred income annuity. They can transfer part of their retirement plan account balance to purchase guaranteed income or direct a portion of contributions toward purchasing guaranteed income. For more information, visit principal.com.

COMBINED INSURANCE CONTINUES TO GROW LATINO MARKETS

Combined Insurance continues to grow its Latino initiative by continuing to hire bilingual sales agents and staff. The company provides individual supplemental accident, disability, health, and life insurance products. Earlier this year, it launched a Spanish new agent development program for sales agents who serve customers in Texas, California, Florida, and New York. Since the Latino initiative launched, Combined

Insurance has hired more than 450 bilingual sales agents. For more information, visit combinedinsurance.com.

LIFE SETTLEMENTS WITH RETAINED LIFE BENEFITS

The Lifeline Program announced plans to provide new liquidity solutions for consumers by purchasing a portion of their life insurance policies. By selling only a portion of a policy, beneficiaries retain a percentage of the policy death benefit without any future premium obligation. The Lifeline Program is actively acquiring life insurance policies with face values ranging from \$1 million to \$20 million as well as life settlement portfolios from the tertiary market.

In New York and California, regulations require companies to pay the policy beneficiary the contracted death benefit if the policy lapses, intentionally or by mistake. Scott Page, president and CEO of the Lifeline Program said, "We applaud insurance regulators in New York and California for adding these important consumer protections for retained life benefit transactions."

"We are bullish about life settlements and retained death benefit contracts. Our long-haul, buy-and-hold strategy positions our company as the best solution for seniors and wealth managers who are exploring life settlement options," he said. For more information, visit thelifeline.com. ★



IN E W S



HEALTHCARE

Brokers Report Steady Revenue from Individual Policies

Sixty percent of brokers say they are selling more non-group coverage today than they did before 2014, according to a study by the Kaiser Family Foundation (KFF). Most say it takes more time to sell a policy, and the revenue they earn per-policy is less, but 40% earn more income overall from non-group commissions than they did before implementation of the ACA marketplaces. Twenty percent say their non-group commission income is about the same.

Brokers have continued their traditional role of helping consumers in the non-group market. They are an important source of assistance for consumers seeking marketplace coverage, according to KFF. Most in this space sold non-group coverage before the ACA. Brokers also continue to help consumers buy coverage outside of the marketplace. On average, brokers sell one policy outside for every two marketplace policies they sell in the marketplace.

The second open-enrollment period went better than the first, according to 82% of assister programs and 79% of brokers. Both brokers and assisters help consumers complete marketplace applications, compare plan choices, and answer tax-related questions. Both also help consumers with post-enrollment problems. However, brokers often engage in less public outreach and educational activities. Brokers also provide less help to consumers applying for Medicaid and more help to small businesses seeking small-group coverage.

Brokers are less likely than are assister programs to serve Latinos, consumers who need language translation, consumers who don't have internet access at home or consumers who are eligible for Medicaid. Brokers are also less likely to say that most of their clients were uninsured at the time they sought help.

However, returning brokers reported more client continuity compared to assister programs, indicating that they may be establishing more ongoing relationships with their clients than assister programs have been able to do so far. The implication for marketplaces would seem to be that

brokers and assister programs are not interchangeable. To ensure that all consumers who need help get it, both types of professionals will need to continue their key roles, according to the report. For more information, visit kff.org.

Why Private Exchanges Don't Threaten the ACA

A report by the Robert Wood Johnson Foundation failed to uncover any substantial evidence that private exchanges pose any serious threats to public policy. It is important to note that the Foundation is not a conservative think tank. In fact, it has been bashed in the conservative media for being left wing. The following is a summary of the report. Private exchanges don't appear to threaten the ACA's regulatory structure. Private exchanges are not a pathway for employers to drop or radically reduce coverage. They are not being offered as a way to circumvent or exploit other federal or state regulatory standards. Private exchanges, so far, have not degraded employer sponsorship of health benefits, and experts believe this is not likely to happen.

Instead, there is good reason to believe that private exchanges might enhance employers' willingness to continue offering health benefits.

They don't pose a threat to the public exchanges. For the most part, they are not in direct competition with the small-employer component of the public exchanges, the Small Business Health Options Program (SHOP). Instead, private exchanges appear to hold real promise for improving choice and competition in the group insurance markets. Seldom in the history of health care public policy has a major development in health care finance failed to prompt a major regulatory response. The initial growth of health insurance prompted state regulation of covered benefits. The spread of employer-sponsored health insurance yielded ERISA. The managed care revolution sparked a regulatory backlash against restrictive coverage. And the ACA's creation of public health insurance exchanges carried with it a host of regulatory requirements for qualified health plans that participate in public exchanges.

Private insurance exchanges have not yet achieved the same level of significance, but some analysts predict they will. If so, it would be surprising if private exchanges did not merit some attention from regulators.

Private exchanges appear to be an exceptional case in which regulatory restraint is the wisest course of action. None of the potential concerns that one might conjure for private exchanges appears to have materialized or to be a real threat. Views were more divided on enacting laws and regulations to facilitate or promote private exchanges. The dominant view is that private exchanges face no substantial regulatory barriers or uncertainties, and thus they are able to succeed in the market if they demonstrate their inherent economic value. Others say that adoption of private exchanges would accelerate if laws were enacted to give employers safe harbor from certain regulatory requirements. The strongest accelerant would be if tax law changed to allow workers to use pre-tax employer contributions to purchase individual insurance.

The promise is sufficiently attractive that lawmakers might consider measures that facilitate changes to ERISA and to

the tax treatment of individual insurance. The government has reason to prevent double dipping by using pre-tax dollars to purchase subsidized insurance. The best course of action, at the moment, appears to be simply standing back to monitor how private exchanges develop within existing market conditions and regulatory pathways. For more information, visit hcfo.org/files/hcfo/HCFOReporHall2015.pdf.

The Challenges Faced by Self-Employed Baby Boomers

Twenty-six percent of self-insured Baby Boomers say that rising healthcare costs have reduced their ability to save, and 35% say that the rising cost of health insurance has hurt their business, according to a survey by Ameritrade. The study also reveals the following about self-employed Baby Boomers:

- 63% don't have the benefits of traditional employment (paid vacation, a better health benefit package, better insurance, professional support).
- 51% want the next president to reduce healthcare costs, 64% don't expect their needs to be among the president's top five priorities.
- 52% work long hours; 41% are never able to completely turn off work; 40% cope with constant financial pressure; 39% have had to prioritize their business over their personal life; and 30% have had to spend less time with their family.
- 76% were traditionally employed before they set up their own businesses.
- 77% say they could still be traditionally employed if they wanted.
- 57% say that political and economic changes over the past three to five years are affecting their business.
- 40% don't support a \$15 minimum wage hike. Thirty percent say it could hurt their business.
- 20% say that the effects of government regulations have worsened compared to three to five years ago.
- 61% are more anxious about saving money for retirement now; 59% are more anxious about earning a steady income from their business; and 53% are more anxious about expanding their business.
- 57% say that political and economic changes, over the past three to five years, are affecting their business.

For more information, visit TD Ameritrade.com.

LONG TERM CARE INSURANCE

The IRS Increases Deduction Limits for Long Term Care Insurance

A couple with tax-qualified long-term care insurance coverage could enjoy a maximum \$9,500 tax deduction in 2015. The potential tax deduction increases to \$9,740 in 2016 according to a just-released IRS revenue procedure. "The potential tax deductibility of tax-qualified long-term care insurance costs is one of the most overlooked benefits, especially for older retired Americans," states Jesse Slome, director of the American Association for Long-Term Care Insurance (AALTCI).

The IRS permits deductions for long-term care insurance policies that meet certain eligibility standards. Life insur-



ance policies that offer a long-term care benefit are generally not eligible for a tax deduction. The allowable maximum deduction is based on the policyholder's age before the end of the taxable year. A couple ages 64 and 66 could be eligible to deduct \$3,800 each from their 2015 taxes. The deduction may be possible even if they paid for the policy now before the end of the year.

For 2016, the IRS approved a 2.5% increase. "This is a positive indication of the government's commitment to encourage more individuals to do some planning. The government recently announced that 60 million people on Social Security will not receive any cost-of-living increase in their 2016 benefits," he said. Tax-deductible limits for long term care insurance premiums vary by age. The 2015 limit for someone age 55 is \$1,430 in 2015 (increasing to \$1,460 in 2016).

Slome notes, "You likely will not qualify for a tax deduction while you are still working but you could benefit when you are retired. After retirement, your income is low; the age-based tax deductible maximum limit for long term care insurance is high; and your ability to deduct costs is more likely and much more valuable."

Slome contends that few individuals are aware of the tax deductibility of long-term care insurance premiums, "We find most people are completely unaware of the opportunity and rules that apply for individuals and self-employed individuals."

Certain owners of businesses are able to take advantage of special rules that apply to tax qualified long-term care insurance. A small business, established as a C-corporation may be able to deduct the full cost of long term care insurance premiums, even if the cost is above the stated yearly

tax limits. Plus, the company can designate who is covered even when the employer pays the full cost.

While deductions may not apply for individuals who are still working, they often can be taken during retirement when income stops and medical expenses often occur. For more information, visit aaltci.org.

EMPLOYEE BENEFITS

Voluntary Long-Term Disability Plans Are Getting More Popular

As employers move away from fully funding products, they are becoming more interested in voluntary long-term disability (VLTD) solutions to fill benefit gaps. In fact, the number of employers that fully fund LTD benefits has decreased from 51% in 2009 to only 24% in 2014, according to a 2014 Eastbridge study.

With this increased interest comes the demand for more flexible and innovative VLTD plans. Some innovations include higher maximums, new benefit options, more hybrid products, and plans that can meet the needs of not only the middle and large-employer market, but also smaller employers. In 2011, carriers added survivor benefits and cost-of-living adjustments. Since that time, carriers have also added optional benefits, such as employee-assistance programs, ADL increases, and financial counseling.

Although the majority of benefit options are chosen at the employer level, carriers are also looking at ways to offer more options at the employee level. These include more choices of benefit amounts, varying benefit durations, and the ability to buy less than the amount for which the employee is eligible.

More features and benefits offered by carriers, both at the employer and employee levels, have helped meet much of the increased demand for voluntary long-term disability coverage. Carriers should continue to look for ways to truly differentiate their product from others on the market, according to the report. For more information, visit eastbridge.com.

IN CALIFORNIA

Healthcare Company CEO Arrested For Insurance Fraud

Peter Lira, 53, CEO of Am-Pro Prosthetics & Orthotics in Whittier, was arrested on three felony counts of insurance fraud for allegedly billing Anthem Blue Cross for a \$170,000 prosthetic arm after Lira was notified the patient had died. Suspecting fraud, Anthem referred the claim to the Dept. of Insurance for investigation. Detectives found evidence that Lira allegedly submitted fraudulent invoices and forged the deceased patient's signature on the delivery receipt to collect payment for manufacturing a prosthetic arm.

Commissioner Dave Jones said, "Losses from health insurance fraud are larger than all other types of insurance fraud. Fraud committed by healthcare providers is particularly egregious and contributes to increased health insurance costs when insurers pass their losses along to consumers through higher premiums." Lira was arrested on Friday and booked into Men's Central Jail in Los Angeles. He faces five years in prison, if convicted on all counts. This case is being prosecuted by the Los Angeles County District Attorney's Office. ★

Voluntary Benefits Survey - Continued from page 35

in-class solutions. Aflac is a leader in guaranteed-renewable insurance policies sold on a voluntary basis that pay cash benefits directly to insureds, unless otherwise assigned. With a broad range of policies and value-added services, Aflac's offerings suit virtually every business size and type. From three employees to 320,000, Aflac fits easily within any benefit package. Many times in the voluntary insurance business, companies tend to use the same approach to market similar benefits. Aflac is different. We back our unique plans up with the following:

- Innovative marketing campaigns.
- Strong financial stability.
- Brand recognition.
- A solid company reputation.
- Industry recognized and rewarded claims and customer service.

One Day Pay is available for most properly documented, individual claims submitted online through Aflac SmartClaim by 3:00 PM ET. Aflac SmartClaim not available on the following: short term disability (excluding accident and sickness riders), life, vision, dental, Medicare Supplement, long term care/home health care, Aflac plus rider and group policies. Processing time is based on business days after all required documentation needed to render a decision is received & no further validation and/or research is required.

Chimienti & Associates: Yes, Chimienti & Associates has more than 35 years of experience specializing in voluntary benefits.

Colonial Life: Yes, when Colonial Life was founded in 1939, it sold accidental death coverage to individuals. In fact, the company pioneered the concept of offering voluntary benefits at the worksite in the 1950s. Colonial Life has always marketed only voluntary benefits, and during the 76 years it has been in business, the company has developed strong expertise and experience in the voluntary benefits industry.

Delta Dental: Yes, Delta Dental has 60 years' experience providing non-voluntary, partially voluntary, and totally voluntary dental benefits.

EyeMed: Yes, the majority of our membership is under a voluntary vision plan.

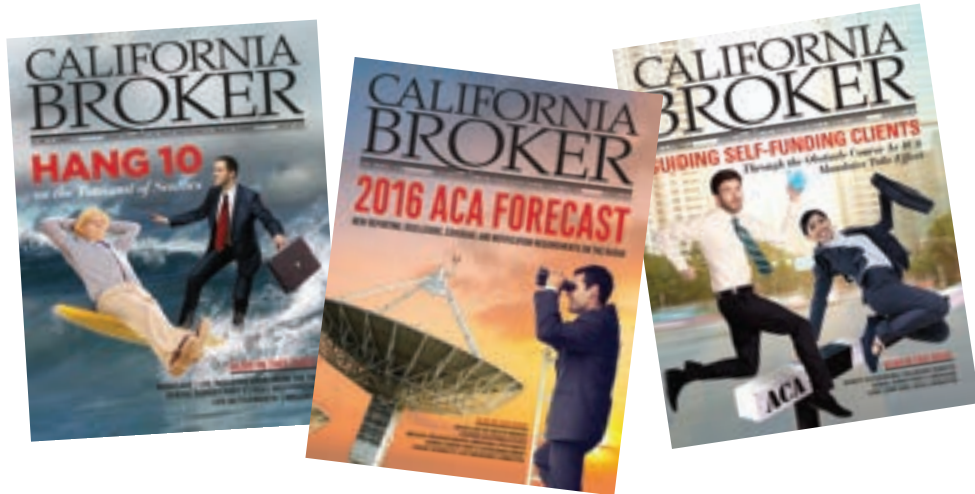
Guardian: Voluntary benefits are an incredibly important part of our group business. Our insurance products include dental, vision, life, disability, accident, cancer and critical illness that can be funded on a voluntary or employer paid/contributed basis.

Unum: Yes, Unum is ranked third in in-force premium in the voluntary benefit market as reported by Eastbridge Consulting Group in 2015. Unum leads the voluntary market in sales of whole life insurance. We believe our singular focus on employee benefits and broad portfolio of group and voluntary solutions helps us respond to client needs.

VSP: Yes, a significant part of our membership is voluntary. Members sign up because they find the VSP benefit incredibly easy to use and they value the low out-of-pocket costs when compared to other vision plans. ★

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