

Small Business: Big Benefits

Sharpening the competitive edge
with voluntary benefits



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Executive summary



The challenges felt by small business owners closely parallel the pain points cited by big business leaders: economic uncertainty, finding and keeping qualified workers, the cost of providing benefits, and the burden of regulatory compliance. But these challenges are more acutely felt by leaders of firms with fewer than 100 employees. Small businesses tend to be led by sole owners who must wear many hats: financial expert, team captain and benefits expert among them. Managing small firms requires a keen focus on core business needs, but ignoring employee benefits needs puts them at risk of losing workers — and their competitive edge.

A lot of recent attention has focused on the effect of the Affordable Care Act on employee health benefits. Unless grandfathered in, fully insured plans (few small employers are self-insured) must meet mandated coverage requirements that can greatly increase cost. Depending on company size, employers are watching the federal health care marketplaces and state exchanges carefully to see if benefits there may offer employees more choices and lower costs than what they can provide through employer coverage.

Nonmedical benefits maintain their attraction and value for employees. But small firms need competitive benefits choices that protect the financial health and security of their personnel — and keep their eyes from wandering to larger firms. In fact, a strong majority of employees in small businesses (80 percent) are interested in additional benefits.¹

The cost, resource and convenience factors that challenge small employers in the benefits arena need not exclude them from these offerings. By partnering with a qualified benefits provider, small businesses can offer a wider range of choices for life, supplemental health, disability and financial security. What's more, outside vendors are often better equipped to manage the logistics of benefits education and enrollment, at no charge to the employer. Voluntary benefits are not only an option, they are desired by today's small-business work force — and small businesses can realize big benefits from the voluntary benefits solution.

Small firms need competitive benefits that protect the financial health and security of their personnel.

Small business: A profile

Small business: A look at the numbers

Firm size	Number of firms	Total employment
1-4	3,532,058	5,857,662
5-9	978,993	6,431,931
10-19	592,963	7,961,281
20-99	481,496	18,880,001

SOURCE: U.S. Census Bureau. 2011 County Business Patterns.

In America, small business is a big deal. Of the nation's private business enterprises, only 2 percent employ 100 or more workers. Ninety percent employ no more than 20.²

The U.S. Small Business Administration's Office of Advocacy expands the category to businesses with fewer than 500 employees. That definition enlarges the reach of small businesses to nearly half of those employed by private enterprise and 99.7 percent of all employer firms.³

The recent recession and slow economic recovery underscore both the precarious financial life of small business and its critical role in job creation as the nation struggles to replace lost jobs. More than 200,000 small businesses closed between 2008 and 2010,⁴ but small firms also accounted for 60 percent of new jobs during the recovery.⁵

Small firms are as diverse as the entrepreneurs who start and nurture them. More than half are home-based, and 72 percent are owned by an individual.⁶ Their work ranges from home-based small businesses in the construction sector⁷ to the myriad small firms that employ 37 percent of high tech workers in the U.S.⁸ Small firms are often the incubator for innovative new products and services.⁹ Compared to large companies, small businesses produce 16 times more patents per employee.¹⁰

Small firm employees also vary demographically from those employed by large businesses, and in important ways. They tend to be younger and have fewer years of formal education. They are more likely to be single and yet providing for children in the household. Average household income also tends to be lower for those employed in businesses with 100 or fewer employees.¹¹

**Small firms accounted for
60 percent of new jobs
between 2008 and 2010.**

Both sides of the small business coin

Although the nature of small businesses varies widely, they share certain advantages and challenges. On the plus side, smaller size often translates into faster change management and creative agility. Fewer management layers — often a sole decision maker at the top — lends itself to faster decision-making and fewer steps to respond to market changes. And with fewer layers, front-line employees often have greater access to leadership for idea exchange, mentoring and advancement.¹²

But big firms often hold a resource advantage over their smaller counterparts. Thirty percent of small businesses report an inability to access needed financing for expansion. Although that number has shrunk since the beginning of the recession, the ability to quickly scale up is an ongoing concern.¹³ Small businesses also report difficulty finding qualified applicants for job openings, making retention of current, well-trained employees a high priority.¹⁴

Small business depends on employee loyalty to keep the engine running, yet these firms may be missing the critical employee benefits that can enhance loyalty and retention. While salary remains the top loyalty driver, the majority of employees in small firms value health and retirement benefits more than their employers know, and 44 percent say nonmedical benefits are also key to keeping them loyal.¹⁵

Small firms tend to have fewer resources with the training, experience or time to proactively manage employee benefits. In 2013, less than half of businesses with fewer than 100 employees offered insurance benefits. Those that do offer benefits tend to give fewer choices than their larger counterparts.¹⁶ But offering a range of benefit choices — even if the employee bears the cost burden — is an investment small business can't afford to ignore.

Small Business Employers*



- **Fewer than 10 employees**
(80% employ between 1 and 9 workers.)
- **Family-owned**
(78% are owned by a family member.)
- **Established**
(51% have been in business 20 years or more.)
- **Less likely to offer benefits**
(Only 47% offer some type of group insurance benefits.)
- **Offer these benefits most often**
(Medical—44%, Prescription drug—40%, Dental—25%; Life—25%)

*Companies with fewer than 100 employees

Source: LIMRA. Small World: Trends in the U.S. Small Business Market. 2012.

Small Business Employees*



How do small business employees differ from larger companies?

- **More females**
- **Younger**
- **More part-time employees**
- **More likely to be single**
- **More likely to have children under 18 in the household**
- **Less likely to be a college graduate**
- **Tend to have lower personal and household incomes**
- **Tend to participate in employee benefits at a lower rate**

*Companies with fewer than 100 employees compared to those with more than 100 employees

Source: Unum online Employee Education and Enrollment survey conducted by Harris Poll. 2013.¹¹



Overview of small business benefits landscape

Size matters: Insurance and firm size	
Size of firm	Percentage offering insurance
2-9	35%
10-24	76%
25-49	83%
>50	85%

Source: LIMRA, Small World: Trends US Small Business Market 2013.

Employer issues

Small businesses must recruit and retain productive employees, just like large businesses. Competitive benefits that meet employee needs are an essential part of hiring and keeping high-quality workers, and 85 percent of businesses with 50 to 99 employees offer employee benefits. Yet the rising cost of insurance — both health care and other benefits — continues to top the list of concerns facing small employers that offer benefits.¹⁷

Small employers don't enjoy the economy of scale of larger firms when it comes to keeping up with regulatory and legal changes — they typically pay more per employee to keep in compliance.^{18,19} Passage of the Affordable Care Act produced changes designed to help small businesses purchase health insurance in particular. But compliance has been complicated by delays in the very mechanisms intended to ease the benefits burden.

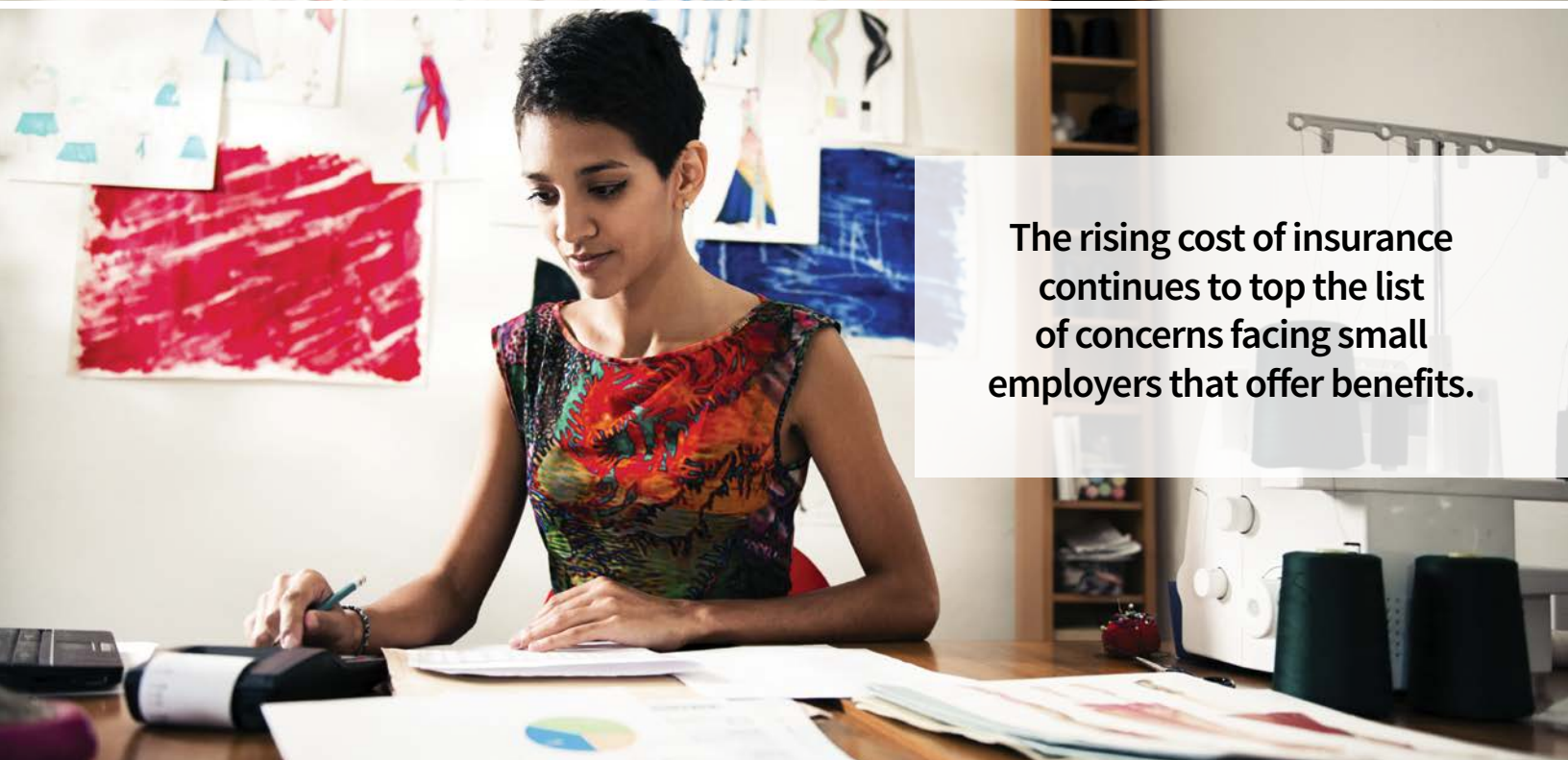
The ACA's Small Business Health Options Program exchanges were envisioned to level the core benefits playing field by offering small businesses with up to 100 employees the chance to buy standard health care coverage — the most important employee benefit aside from their salary — at large-pool rates. However, due to technical problems with the launch of the federal individual health insurance marketplace, the Department of Health and Human Services delayed the start of the federally run SHOP exchanges until 2015.²⁰

All employers with 100 or more employees will be required to offer health benefits to full-time employees starting in January of 2015. Employers with 50 to 99 employees have been given a further extension until 2016 before they will be mandated to provide coverage. Noncompliance will result in a fine of \$2,000 per full-time employee, excluding the first 30 employees (80 in 2015), if at least one full-time employee receives a health insurance premium tax credit. But the smallest of firms — those with 25 or fewer employees — may be eligible for temporary tax credits designed to offset the cost and encourage employers to provide coverage.²¹

Small employers are understandably concerned about the cost of compliance with the ACA, and for good reason. New rate requirements for nongrandfathered health insurance customers must now be guaranteed issue and guaranteed renewable, so employers with healthy populations will no longer benefit from lower rates. The Center for Medicare & Medicaid Services estimates rates for roughly 11 million people will increase while about six million will experience rate reductions because of the change in community rating.²²

In addition, 2014 also ushered in the Health Insurance Tax. Although levied against health insurance companies, small businesses that purchase insurance in the fully insured market will encounter cost increases as insurers look to recoup the cost of the tax (an estimated \$350 to \$400 per year for a family premium in 2016).²³ Since 88 percent of small businesses purchase coverage through the fully insured market, the Health Insurance Tax is anticipated to be a significant burden on small business and stymie small business growth potential.

In a struggling economy and with anticipated new regulatory burdens, small employers are understandably hesitant to add new benefits. A 2013 survey found only 7 percent of small firms (those with 100 or fewer employees) planned to add an insurance benefit within the next two years, while another 8 percent were considering it. Interestingly, only 1 percent of firms in the same survey planned to drop a benefit.²⁴ If benefits must be cut, small firms are more likely to drop nonmedical insurance benefits — or find ways to transfer these to the menu of voluntary, employee-funded choices.²⁵



The rising cost of insurance continues to top the list of concerns facing small employers that offer benefits.

Making informed decisions

In small firms, the owner greatly influences benefits decisions, carrying more weight than any other party.²⁶ The chief financial officer or finance area is also very influential. Brokers or advisors tend to have more influence than internal human resources personnel — perhaps because many small firms don't have in-house benefits expertise.

And employees themselves exercise some or a lot of decision-making influence with regard to benefits. In fact, nearly half of small business employees (47 percent) say they're taking on a bigger role in benefits decision-making today.²⁷

But competing demands of operating a small business leave little time or bandwidth for owners to focus on employee benefits. The process of comparing insurance plans and selecting a benefits package that provides value is complicated and time-consuming. As a result, many are simply unaware of the options available outside of core health benefits. Voluntary benefits, in particular, get little attention. While 57 percent of large employers say voluntary benefits are an important part of the company's benefits strategy, only 31 percent of those with 500 or fewer employees assign a similar value.²⁸ Most employers believe workers value take-home pay over other benefits, but there is a demonstrated gap between what employers believe and what their workers say. Employees value nonmedical insurance benefits and voluntary benefits almost twice as much as employers believe.²⁹

Small firms that don't offer benefits say affordability is the top reason. Employers also believe they may not have enough employees to qualify for a group policy — especially firms with fewer than 10 employees. Administration of a benefits plan may be perceived as too complex or costly, as well.³⁰

What employers often don't take into account is the real cost of unmanaged chronic disease or preventable injury. Employee absenteeism or presenteeism is more keenly felt in a 20-person enterprise than in a large business where co-workers can step in to fill the gaps. When health and disability benefits are too lean or not offered at all, employees who cannot afford insurance on their own don't seek needed care. Lack of access to preventive and screening services may result in slower treatment of serious conditions such as heart disease, diabetes and cancer. These can go undiagnosed until the employee or a family member develops symptoms they can no longer ignore.

Even when employees are present at work, unmanaged chronic disease lowers productivity. Research demonstrates that up to 60 percent of the total cost of employee illnesses comes from people continuing to work despite illnesses that reduce their productivity.³¹

Employees have more decision-making responsibility for their benefits today.

47% of small business employees say they have a bigger role in their benefits decisions.

Source: Colonial Life online survey of employees by Harris Poll. Mar. 28-Apr. 1, 2014.

Concerns of small business employees

When it comes to your personal finances, which of the following financial concerns do you have?*

Not having enough savings to retire as planned **50%**

Not having enough savings to cover an emergency **39%**

Not having enough savings to cover a period of being unable to work due to an illness or injury **39%**

Losing my job **33%**

Not being able to afford medical costs not covered by my health insurance **32%**

*Multiple responses allowed

Source: Colonial Life online survey of employees by Harris Poll. Mar. 28-Apr. 1, 2014.

Small firms report availability of benefits other than health insurance at roughly half the level of larger firms.

Employee-reported benefits access by firm size

	Firms with <10 employees	Firms with <100 employees	Firms with 100+ employees
Health insurance	24%	50%	87%
Dental	19%	43%	83%
Vision	16%	39%	77%
Life insurance	17%	37%	76%
Long-term disability	13%	33%	68%
Short-term disability	14%	31%	66%
Accident	15%	27%	57%
Critical illness	11%	21%	37%
Hospital indemnity	5%	16%	29%

Percentage of workers reporting access to benefits (among total population of workers)

Source: Unum online Employee Education and Enrollment survey conducted by Harris Poll. 2013.¹¹

Employee issues

Hard economic times are felt by employees of small businesses, too. Over the last several years, loyal workers kept operations running and helped firms take on more work. Thirty-one percent of small business employers reported productivity growth between 2010 and 2011.³² Employees now feel the unrelieved strain of high demands. Fifty-eight percent of small firm employees report one or more negative factors from driving too hard for too long, such as increased stress, less job security, heavier workloads and lower quality work.³³ These factors contribute to flagging morale and the temptation to move to larger, better-resourced organizations.

Employees at small firms are less likely to get the information they need to make informed enrollment decisions.

Large companies can better afford to offer rich benefits packages to attract talent because of the lower per-employee cost. Employees in firms with fewer than 100 employees report availability of benefits other than health insurance at roughly half the level of larger firms, and the smallest firms — those with fewer than 10 workers — are even less likely to offer benefits common in large companies.³⁴

Although the difference is not as stark, employees in small firms that do offer benefits tend to participate at a lower rate than those at larger firms. Employees cite cost as the overriding factor for declining to enroll, but cultural myths persist. Twenty percent of those in smaller firms say they're too young to need disability benefits, compared to just 8 percent in large firms.³⁵

Injury or illness are universal risks. For workers without adequate benefits options, an unexpected life event could mean financial ruin for the household, especially for the 36 percent of workers who report living paycheck to paycheck.³⁶ A Colonial Life online survey conducted by Harris Poll finds more than a third of small business employees are concerned about having enough savings if they're unable to work. One-third are concerned about having enough savings to cover medical costs not covered by insurance.³⁷

Employees at small firms are less likely to get the information they need to make informed enrollment decisions. Workers at firms with 100 or fewer employees consistently report less familiarity with different types of insurance — such as life, vision and disability. Employees of smaller firms report a lower level of understanding of the benefits offered by their employer and a lower perceived value of these benefits.³⁸ When employees don't understand or fully appreciate the benefits available, employers lose an opportunity to bolster morale and increase loyalty.

Small business and benefits challenges



Small employers value their workers and demonstrate interest in offering more benefits if they fit their culture, employee needs and budget. Among small firms that do not currently offer insurance benefits, 41 percent have considered it.³⁹

Small employers are often willing to consider adding benefits — when time and opportunity allow. A 2012 survey among small employers that didn't offer benefits found only a third were approached by an agent, broker, carrier rep or anyone else about purchasing benefits within the previous year, but nearly half of those (45 percent) agreed to meet with an agent when contacted.⁴⁰ Benefits management for small business takes a back seat to core business concerns, but it persists as an area of keen interest.

Cost for benefits is a real barrier, and uncertain times ahead compound the concern. As employers with 100 or more workers are required to provide qualified health coverage or pay a penalty in 2015, nonmedical benefits may need to be trimmed or eliminated. Cutting benefits, however, can negatively affect employee retention and morale.

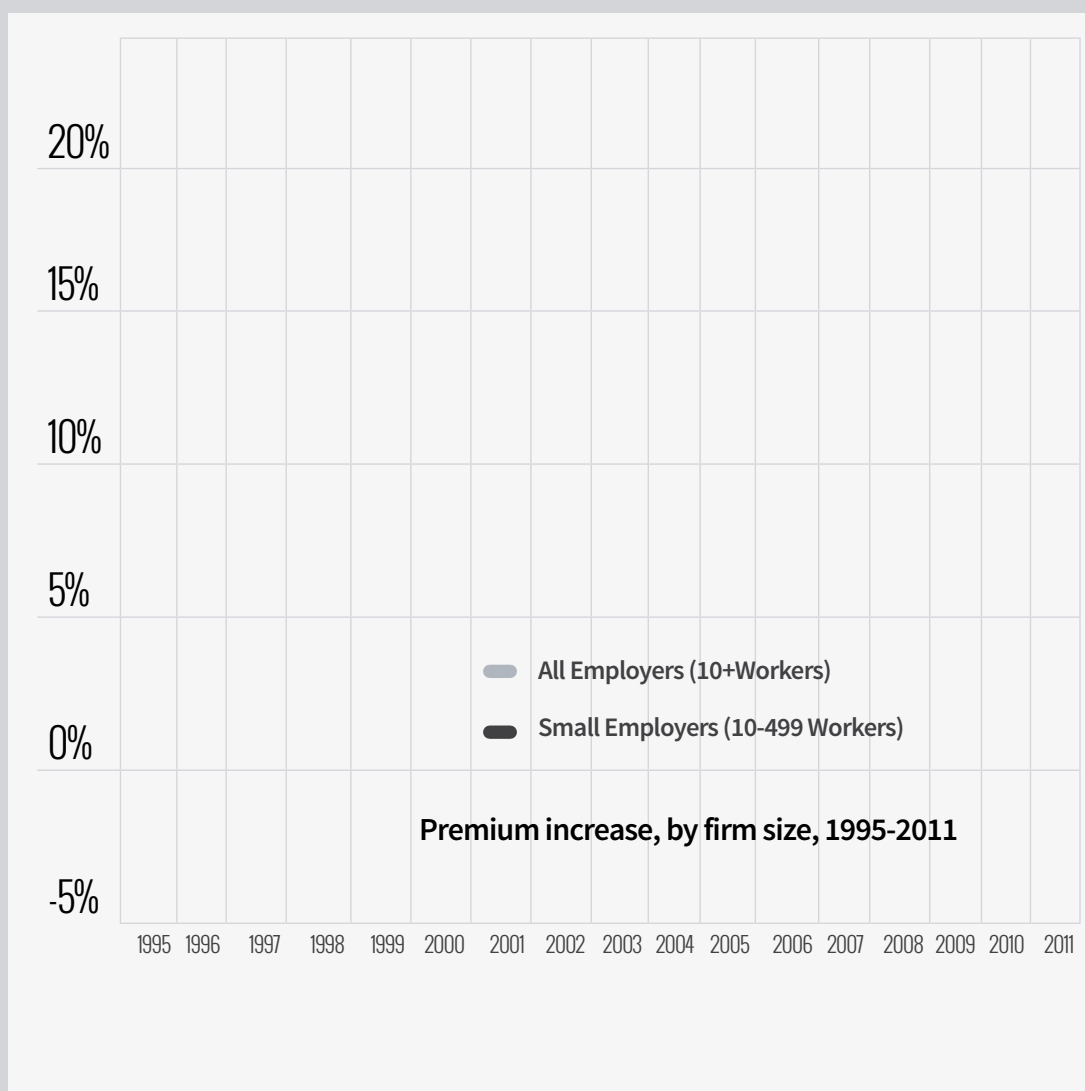
Insurance premiums for small businesses are often significantly higher than for businesses with large employee pools to offset risk. Small firms typically pay more for lesser benefits than what larger companies can offer at a lower price. For that reason, it is much more common for small firms to offer health, dental/vision and life insurance benefits, but to leave employees without group benefits options for disability and accident insurance.

Employee hiring and retention remains among the top five most important challenges facing business owners, and for good reason. The cost of hiring and training a new employee can range from \$4,000 to \$40,000.

Price volatility is also a challenge for small employers. While private employers overall encountered an average 14.7 percent health insurance premium increase in 2002, small employers staggered under the weight of an 18.1 percent increase that year. Just two years later, the premium increase for small employers was 5.5 percent, while larger employers experienced a 7.5 percent increase.⁴¹ The yo-yo pattern of premium adjustments for small employers makes planning for the future and maintaining a cost-effective benefits program a significant challenge.

But offering competitive benefits is a factor employers must negotiate to keep employees engaged. Employee hiring and retention remains among the top five most important challenges facing business owners, and for good reason.⁴² The cost of hiring and training a new employee can range from \$4,000 to \$40,000, depending on qualifications. For small employers, the cost is compounded by lost productivity and lower morale during the strain of an onboarding period.⁴³

The yo-yo pattern of premium adjustments for small employers makes benefits planning a challenge.



Source: Mercer National Survey of Employer-Sponsored Health Plans as published in Sept. 2012 survey by Employee Benefit Research Institution.

How voluntary benefits provide a solution for small business

Small business employees show considerable interest in purchasing additional insurance benefits if they had access to them through their employers.

Life	49%
Short-term disability	46%
Critical illness	40%
Accident	36%
Cancer	21%

Source: Colonial Life online survey of employees conducted by Harris Poll. Mar. 8-Apr. 4, 2014.

Voluntary benefits — insurance products that workers may buy through employers at a lower rate than they could get on their own — are a means for small business to overcome many common competitive compensation challenges:



Cost: Voluntary benefits are funded in whole or in part by the employee, so employers can control how much they want to spend while at the same time adding to the menu of benefits options available to employees. Moving some benefits to voluntary coverage can also support a health plan design strategy by helping alleviate some of the potential for employees to experience higher out-of-pocket costs associated with higher deductibles and co-insurance that may be part of a new core benefits plan.



Choice: Individuals' insurance needs are unique. By offering a range of low-cost options, the small employer helps workers become more engaged in their benefits arrangement — to pick and choose the options that fit their budgets and life needs.



Convenience: Qualified benefits carriers often take the burden of employee education, enrollment and administration off of the employer. Small business leadership can leave communication, group and individual counseling and technical details to the experts — and concentrate more fully on growing their core business.

Voluntary benefits are valuable to employees for a range of reasons, even if workers shoulder the entire cost. Group rates, payroll deduction and the prospect of portability make benefits affordable and attractive. Baby boomers and younger workers are particularly interested in choices that voluntary benefits provide. That can translate into greater employee retention: Small business workers who are satisfied with their benefits are more likely to report greater job satisfaction and loyalty — especially among younger workers.⁴⁴

Types of voluntary benefits

Voluntary benefits are numerous in type and can range from identity theft protection to pet insurance. The most popular voluntary benefits are those that address critical life needs: health and financial security. They provide a financial safety net for employees when they need it most.

- **Disability insurance** provides a portion of an employee's salary while out of work due to a covered injury, sickness or childbirth. It includes short-term and long-term types of coverage, and supplements workers' compensation by providing off-the-job coverage.
- **Life insurance** helps provide financial security in the event of death of the employee or a covered family member. Term life insurance provides for coverage during an individual's working years. Whole life and universal life insurance offer affordable coverage through retirement.
- **Accident insurance** offsets unexpected medical expenses that result from injury, as well as unforeseen out-of-pocket expenses, with a lump-sum benefit.
- **Cancer insurance** helps offset the out-of-pocket medical and indirect, nonmedical expenses related to cancer that most medical plans don't cover.
- **Critical illness insurance** is designed to alleviate the financial strain of an unexpected, serious illness — such as cancer, stroke or heart attack — that can mean substantial time away from work. This coverage offers a strong complement to the high-deductible health plans that are gaining traction since ACA implementation.
- **Supplemental health insurance** (such as hospital confinement indemnity insurance) helps employees cover the cost of deductibles, co-payments and other nonmedical expenses from a covered hospital stay.
- **Dental/vision insurance** offers defined benefits for services outside normal health insurance coverage, often with a specified network of participating providers.

Voluntary benefits can be funded in whole or in part by the employee. For example, while small employers are more likely to fully fund medical and dental benefits, they may offer critical illness and long-term disability coverage using contributory or employee-funded methods. That flexibility enhances the range of choices for employees without significantly adding to the employer cost. Ease of administration through payroll deduction enhances affordability.

Eighty percent of employees in small businesses show interest in purchasing additional insurance benefits if they were made available at work, with short-term disability and life insurance garnering the most interest.⁴⁵



Understanding the choices

Benefits education often requires more than a brochure or website can offer. Employees need help assessing and selecting the options they need and can afford. But in firms with fewer than 100 employees, there is seldom a dedicated benefits manager who can adequately educate and manage enrollment. As a result, overall satisfaction in these smaller firms is lower than in larger companies. Employees in small firms are less likely to say they were provided all the information needed to understand their benefits and make a good decision. Employees of small firms also report more difficulty completing enrollment than their larger firm counterparts.⁴⁶

Customization and personalization — taking into account the individual's financial, health and family situation — require a deep understanding of benefits that small business owners typically cannot bring to the process. Voluntary benefits providers are often willing and qualified to provide these education resources on behalf of the employer. Most insurers, retirement account and health care providers offer online tools, such as retirement calculators or health care assessments for employees to better prepare for one-to-one education sessions. Vendors may also be able to set individual or group appointments with employees and administer the enrollment process for a range of products.

Working with a benefits vendor for employee education offers several advantages:

- **They are benefits experts** — it's their core business.
- **They have access to informational and decision-making resources** — explanatory materials in multiple foreign languages, online tools and calculators, for example — to support benefits education.
- Employers must take care when offering access to financial planning to avoid appearing to steer people toward specific products, but **vendors typically offer a range of options and can clearly lay out their strengths and weaknesses.**
- **Vendors must deliver high-quality services to keep the employer's business, so they measure employee satisfaction with benefits education.** For example, Colonial Life regularly surveys employees after benefits education sessions. Ninety-eight percent of those surveyed report the one-to-one experience as either important or very important, and 97 percent report it improved or significantly improved their understanding of benefits.⁴⁷

For employees, benefits education means more than just learning about specific products. It can also be an opportunity to reflect and evaluate how they are planning for their future. Almost three out of four (72 percent) small business employees report they are interested in their employer providing financial education programs, yet only 29 percent of small employers offer them.⁴⁸ Providing financial education alongside voluntary benefits options can meet this need. Younger employees, in particular, value skills that improve budgeting, credit management and saving for the future.

Benefits education also demonstrates that employers are listening to employee needs and working with them to find a solution.

Benefits education demonstrates that employers are listening to employee needs and working with them to find a solution.



Employees value personal benefits counseling.

Employees surveyed after their benefits enrollment rate the value of personal benefits counseling sessions.

98% say the sessions were important.

97% say the sessions improved or significantly improved understanding of their benefits.

Source: Colonial Life Post-enrollment survey, 2014.

What to look for in a small business voluntary benefits partner



Entrusting benefits communication to a vendor is a partnership and demands careful evaluation of the vendor's suitability to the task. Key characteristics employers should look for when selecting a partner for employee benefits education include:

- **Special experience in the small employer landscape.** There is a world of difference between a company with 50 employees and one with 500. Employers should look for a vendor with expertise in businesses that look like theirs.
- **A consultative approach.** Every company's culture is unique. Employers should select a vendor partner that will take the time to get to know their goals for benefits communication, and that will work closely with them as part of a team. They should be evaluated in the same way as any other consultant. Are they well-informed, honest, disciplined, creative and open to leadership?
- **Ability to make the employer's job easier.** A qualified partner can handle the benefits information, education and enrollment process. Check to see if the vendor can verify employee and dependent information to help keep company records current and ensure employees and dependents are eligible for benefits.
- **Strong benefits education and communications program.** A benefits provider should be able to bring a range of communication methods, from personal, face-to-face counseling sessions to paper brochures and e-based technologies. Materials should be offered in simple-to-understand terms employees can understand. Communication can help reinforce the value of employee benefits — and enhance an employer's retention efforts.
- **A full portfolio of benefits offerings.** Companies may only be interested in voluntary disability and life insurance benefits this year, but next year may bring the opportunity to expand. Employers should select a vendor with a range of benefits offerings that can grow with their needs.

Conclusion

Hiring and keeping strong employees is the first and perhaps most challenging task for small business. Benefits not only play an important role in keeping employees healthy and secure, but they also are a tool to attract and retain good workers.

Slow economic growth and implementation of mandatory health benefit coverage in 2015 for many small firms will create new challenges for employers that want to offer the range of medical and nonmedical benefits employees desire. As employers turn the focus of benefits dollars to the areas of greatest impact, voluntary benefits are a means to offer more choices and positively steer employee morale and job satisfaction. Lower-cost voluntary benefits, such as disability, life, accidental injury and critical illness coverage, offer an avenue for employers to satisfy employees and balance business needs.

Voluntary benefits are a means to offer more choices and positively steer employee morale and job satisfaction.





Case Studies

Harris Construction redesigns health plan; saves money with voluntary benefits

Harris Construction, a leader in building construction services in central California, found a cost-savings solution with voluntary benefits.

In April 2012, Harris Construction employed about 30 workers. Faced with rising benefits costs, the company knew that changes must be made to its current benefits program, which consisted of health, disability and life insurance. The owner decided to increase the deductible for its health insurance plan from \$750 to \$2,500.

To ease the financial sting to employees, the company added a group hospital confinement indemnity policy. Harris Construction paid 100 percent of the cost of this group plan. The new benefit helped protect employees against the cost of a hospital stay and other out-of-pocket medical expenses, paying \$2,000 for a hospital stay, \$3,000 for outpatient surgery and \$1,000 for diagnostic tests, including health screenings. The company's employees qualified for coverage with no health questions being asked and no preexisting condition clauses.

Redesigning its health plan to add this new voluntary insurance saved the company more than \$5,000 a month in premiums, with a yearly savings of \$62,000. Employees also received free one-to-one benefits counseling to learn more about their new coverage and how it supplements their existing health plan.

Derrell's Garage & Equipment turns to voluntary benefits to enhance employee satisfaction

Established in 1994, Derrell's Garage began as a side business in the garage of the owner's home in Amarillo, Texas. The business quickly grew, becoming a full-time, thriving auto repair facility that now occupies 12,000 square feet of space with a workforce of 17 employees.

Owner Derrell Eggert wanted to keep his workers happy and understood the importance of good employee benefits. A fatal accident involving an employee at a local business brought home the need for accident protection for his own staff. Although his company already provided life insurance, Eggert felt the addition of voluntary accident coverage to provide on- and off-the job protection was necessary. Concerned for his workers' welfare, he even contributed toward the premium for all employees.

Voluntary benefits addressed Eggert's desire to give his employees the benefits they need and want, while providing them with financial protection from an unexpected accident or injury.

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About Colonial Life

Colonial Life & Accident Insurance Company is a market leader in providing financial protection benefits through the workplace, including disability, life, accident, cancer, critical illness and supplemental health insurance. The company's individual benefits education, innovative enrollment technology and personal service support more than 80,000 businesses and organizations, representing more than 3 million working Americans and their families.

We help our customers design benefit programs to address their business needs. In one-to-one counseling sessions with employees, we offer simple, straightforward advice about the benefits they have and those they may need to fit their individual lifestyles and budgets.

Colonial Life's 7,500 career agents work in one of the fastest-growing segments of the insurance industry. The company has received national recognition for excellent training programs, and annually receives top recognition in a national awards program as brokers' partner of choice in the workplace benefits market.

Colonial Life is a business unit of Unum, a world leader in employee benefits, which has been recognized as one of Forbes' 150 Most Reputable Companies, the Best Place to Work in Insurance, Best Employers for Healthy Lifestyles and Newsweek's Green Company listing. Colonial Life has been named one of the Best Places to Work in South Carolina. Its national headquarters building in Columbia, S.C., has earned the Environmental Protection Agency's ENERGY STAR® certification.

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