

Opt In or Opt Out:
**Solving the Problem of Low
Employee Engagement in Passive
Voluntary Benefit Enrollments**

Introduction

Today's voluntary benefits elections are largely unrecognizable compared to those in previous decades. There are a number of reasons for this, and they contribute to lower engagement and participation. These include:

- Enrollments have fundamentally changed. Gone are the days when the enrollment entity was promised access to every employee at the worksite, where, crucially, an acceptance or decline could be collected.
- This leads to a disconnect between the insurer's expectation that all associates accept or decline coverage to ensure high enough participation and the employer's expectation that only interested employees participate.
- Passive strategies are hindered by clunky technology, poor communication, less effective call center interactions, and, with on-cycle enrollments, lower visibility for voluntary benefits.
- Without higher participation, it is increasingly difficult to avoid anti-selection within the population. This creates long-term problems for carriers as their products are priced and underwritten based on target participation levels that result from high engagement. How long will guaranteed issue be viable when only those with medical conditions engage with the platform?

The old saying is still true that in benefit elections, "no" means "maybe", "maybe" means "yes", and "yes" means a heart murmur.

With a dispersed working population, a trend toward more passive enrollments, and often poor technology that replaces the old "knee-to-knee" assisted enrollments, how can voluntary carriers overcome these challenges to increase employee engagement and participation?

The Solution

One promising and proven way is through Trustmark's Enroll For Life® platform.

With this approach you can acknowledge the reality of the self-service trend but overcome it by making it a proactive experience instead of a passive one. This mimics the in-person experience and solves some of the other issues related to administering life products.

Enroll For Life offers simplified enrollment with more effective communication on smaller permanent life cases, including hybrid life products with long-term care benefits. This solution appeals to brokers, particularly those serving smaller employee populations. In turn, this gives associates at smaller companies access to valuable financial protection products they might not otherwise receive.

“The Enroll for Life technology enhances process efficiency and utilizes benefit economics to simplify benefit selection and improve participation.”

– John Anderson
President, Trustmark

Why It Works

For our purposes, William Ury's famous negotiation book, *Getting Past No*, could be retitled: *At Least Get Us a No*.

This is the “secret sauce” of Enroll to Life, as associates are required to – at minimum – decline coverage.

Why is this so powerful? It can be attributed to the behavioral economics principle, “the power of the regret of no.” This takes an everyday consumer purchasing experience and makes it personal. The more the product or service affects life events, finances, or health, the more powerful the emotional response is during the evaluation.

This principle was crystalized for Trustmark's VP of Enrollment Services and creator of Enroll for Life, Tom Smith, after talking with Dan Ariely, a prominent Duke University professor and best-selling author. Ariely told him that Enroll For Life was an ideal example of the economic principle, the “power of the regret of no,” because consumers will say “yes” more often in an “accept or decline situation.”

Although powerful in any risk-based scenario, let's look at this as it relates to life insurance with a long-term care benefit.

Without the required response, the consumer may never consider the benefits of the product or the risks of not having it. They may not realize they have a need, much less take action to purchase coverage. In other words, without the requirement of at least a “no,” there might never be a “yes.”

By requiring the customer to accept or decline the product, they are forced to consider it, if only for a moment. When presented with a product and a price, that customers must actively accept or decline, they consciously or subconsciously start to evaluate scenarios. Simply reviewing the features of the product spurs them to imagine the consequences of not having it. One scenario might be: “What if I don't buy this and I'm confined to a nursing home? Will I have enough savings to cover living and health care expenses? Will my spouse be able to manage?”

These evaluations – whether just a split second or more in-depth – are only created through the act of engaging in a “yes” or “no” election. It's the “power of the regret of no” – imagining the consequences of not having (and regret of actively declining) the product if and when the need arises. As a result, more consumers will, after the evaluation process, check “yes.”

Some might counter that people go through this thoughtful evaluation anyway. However, being forced to decline and at least subconsciously consider the outcome is what triggers the “power of the regret of no,” particularly in risk-based scenarios.

Another benefit of forcing an election is that there can be no confusion if an employee (or beneficiary) claims they were not offered the plan. Having a decline on record when a product is offered protects all parties and can establish a historical record of the enrollment event.

How It Works

Simplicity and intuitiveness are hallmarks of Enroll For Life.

Enroll For Life is compatible with all benefit administration systems and is mobile friendly. It meets employees where they are, increasing communication effectiveness through text-based prompts and reminders, and offering the option to enroll via smartphone.

For brokers, it enables “technology-assisted” enrollment of smaller groups without an enrollment partner, generating higher participation rates than self-service enrollments, but with convenience and flexibility that eases the process for all parties.

Bottom line, it is built to make life easy for the broker, the employee and the employer.

Backed by Research

Daniel Kahneman and Amos Tversky prospect theory was formulated in 1979 and developed further in the 1990s.¹ It is a core tenant of behavioral economics, the study of how people make decisions in real life – and how those decisions often differ from what classic economic theory predicts. Kahneman and Tversky’s findings showed that when people have a chance to choose in terms of potential gain or potential loss, the emotional impact of the potential loss will resonate much stronger.

Over the years, there have been countless movies featuring auctions where the “winner” bids far more than they intended. While the scenes are dramatized for Hollywood, there is some real academic theory behind why people do this. A 2007 article in the American Economic Review found that, “bids might be driven from anticipated loser regret.”² The article states that if the bidder does not receive feedback about the size of the other bids, there is less regret. But they experience “loser regret condition” when they learn of the winning bid, if they lose.

Another relevant example is the Dutch postcode lottery. This example was explored in detail in a paper by authors from Tilburg University’s Department of Economic and Social Psychology in The Netherlands.³

The authors detail how in the postcode lottery, there is a weekly “street prize.” In this example, one postcode is drawn randomly and everyone who has that postcode and has bought into the game wins a monetary prize. As a result, anyone who has failed to buy a ticket could end up being “the only house on the block” that didn’t win. The authors compare this to the competing state lottery, which is a traditional one where you buy a ticket with a number printed on it. Their research found that “anticipations of post-decisional regret influence decisions to play the postcode lottery, but not the state lottery. These findings demonstrate the external and discriminant validity of anticipated regret for decision-making and indicate its pragmatic relevance.”

Personal responsibility is central to regret aversion. If you have no control over a decision, you can’t regret the outcome. But when you do, the feelings of regret can escalate. According to DecisionLab.com, “this makes regret aversion a non-trivial bias, as it can impact high stakes decisions.”⁴

Case Studies

One prime example is the success of Trustmark’s Enroll For Life with a medical office in Nebraska.

For this 110-life Trustmark Universal LifeEvents® case with a one-month enrollment, 80 percent of associates engaged with the platform. The participation rate was a strong 19.05 percent and the 23.81 percent active response participation rate was even stronger (those who completed enrollment and participated). Additional details and metrics are on the chart.

Case Study 1: Healthcare

Key metrics	Trustmark
Active response rate	80.00%
All eligible employee applications	105
Opt-In/Up	20
Opt-Out	64
Plan participation rate	19.05%
Active response participation rate	23.81%
Premium	\$29,934.12

“I don’t recall another solution or partnership in my history with Trustmark that has created more opportunities to present to employer decision makers.”

– Shaun Urista
Regional Sales Manager

Another example (please see chart) shows a 130-life Trustmark Life + Care case for a design firm specializing in architecture, interior design and planning.

Introducing Trustmark’s Enroll For Life for this off-cycle LTC enrollment process with commission splits based on active response rates was the catalyst for success. The participation rate of 11.54 percent was solid, but what really stands out is the 16.48 percent active response participation rate. Additional details and metrics are on the chart.

Case Study 2: Design Firm

Key metrics	Trustmark
Active response rate	70%
All eligible employee applications	130
Opt-In/Up	31
Opt-Out	60
Plan participation rate	11.54%
Active response participation rate	16.48%
Premium	\$17,910.72

For this case, Trustmark partnered with a large, regional brokerage firm. Trustmark has presented to close to a dozen clients of this broker and has earned about half of them as clients.

Key case study results

Healthcare

Participation Rate Active Participation Rate

19.05% **23.81%**

Design Firm

Participation Rate Active Participation Rate

11.54% **16.48%**

Summary

The world is increasingly moving towards self-service. But how do you replicate a more traditional enrollment experience in a way that also captures a decision?

Enroll For Life finds that sweet spot.

It's a self-service platform that is engaging and intuitive. Unlike other passive strategies that may frustrate people with poor technology and out-of-synch integrations, Enroll For Life is engaging, efficient and makes the best use of a person's time.

Crucially, by requiring an answer of yay or nay, thanks to behavioral economics and the principle of the regret of no, more people end up saying yes. By actively driving engagement, the resulting population of "yes" is more balanced.

Also, this technology reduces a key pain point for brokers by making it an efficient and seamless process to offer valuable voluntary benefits to employees at smaller companies. This leads to more people gaining valuable coverage that will provide substantial financial support as they age.

A Personal Experience with Regret of No

When Tom Smith's first child went to college – as you can imagine – it was an emotional and exciting time.

He kept receiving emails from the college reminding him to accept or decline tuition reimbursement insurance. Smith ignored the emails; he had already paid the tuition and had no interest in the option.

Wouldn't you know it, the emails persisted. Eventually, one came with this message: "your daughter cannot attend class until you accept or decline tuition reimbursement insurance."

Smith then visited the enrollment website with the intention of declining the tuition reimbursement option. But before making his election, he realized for the first time what the cost would be for the insurance. It was very affordable. So much so that he said, "I would be crazy not to purchase this insurance."

So he did.

Why did he purchase something he thought for sure he had no interest in? Because with such a reasonable price to cover worst-case scenarios, he experienced the fear of not purchasing.

He hadn't intended to purchase insurance, and yet, by being forced to make an election he ended up choosing "yes." He realized that this was the "power of the regret of no" in action.

Trustmark Enroll For Life can drive stronger enrollment results for your small groups. Get in touch and our team can show you how:



¹Prospect Theory: An Analysis of Decision under Risk. Kahneman & Tversky. Econometrica, vol. 47, no. 2, 1979.

²Auctions with Anticipated Regret: Theory and Experiment. Ozbay & Ozbay. American Economic Review vol. 97, no. 4, September 2007.

³Consequences of regret aversion in real life: The case of the Dutch postcode lottery. Zeelenberg & Pieters. Organizational Behavior and Human Decision Processes. 2004.

⁴Why do we anticipate regret before we make a decision? Pilat & Krastev. The Decision Lab. Accessed 2024.



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