

MARKETING INDIVIDUAL HEALTH TO TODAY'S CONSUMERS

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Why Does Marketing Matter?

Every agent has almost limitless opportunities to sell more in today's individual health marketplace. The total number of uninsured has risen to nearly 45 million, and one-fifth of these earn \$50,000 or more. This potential for new business is simply outstanding!

With more consumers seeking their own coverage from a wide range of products, not to mention easy access Internet insurance resources, agents need a plan-of-action to penetrate the market.

Agents who take the time to develop and execute a simple marketing plan will build their business. Yet "marketing" means more than passing out flyers or asking for referrals. Effective marketing involves understanding the marketplace, having clear objectives, and executing a strategy.

When coordinated, the components of a marketing plan help agents:

- attract new customers
- strengthen relationships with existing clients
- increase visibility in their community (or online!)
- drive traffic to agency or website
- promote expertise and customer service
- distinguish themselves from competition



"(Insurance agents) should communicate effectively and inspire customer confidence. They must be able to plan their time well and have the initiative to locate new clients."

-U.S. Department of Labor's Bureau of Labor Statistics. www.bls.gov

The 5 Habits of Successful Marketers

1. Do an annual assessment of your business environment, noting its strengths and weaknesses, before developing a marketing plan. Consider your target market(s), competition, the economy, and your current client base and marketing/prospecting efforts. This will help you develop goals and direction and answer the question: *What do I want to accomplish?*

2. Commit your marketing plan to writing. Doing so helps you think through your plans and set them down sequentially. Use a calendar and stick to a marketing activity schedule that works with your time and budget.

3. Make your goals and objectives measurable so you can learn what works and what doesn't work.

4. Get in front of the right people at the right time in the right way with the right solutions. Selling is a numbers game and the more people you reach with your message the more successful you will be.

5. Embrace technology to help you do your job better, faster, and more accurately. Cell phones, personal data assistants (PDAs), laptops, portable projectors, customer relationship management (CRM) software, and the Internet can help you work efficiently and effectively.

Source: "Five Steps to Developing a Powerful Sales and Marketing Plan" by Rochelle Lamm. *Insurance Marketing* February/March 2003.

Popular Agent Marketing Activities

Send a letter to clients explaining the value of individual health coverage and attach a carrier's flyer or brochure.

Staple business cards to a carrier's marketing brochures and leave a stack at a health club or local college.

Purchase Internet leads or capture consumers' contact information directly on agency website—and follow up.

Buy a list of good prospects, such as entrepreneurs or early retirees, and send them a personalized mailing.

Place a personalized ad in newspapers or bulletins to attract potential clients.

Determine follow-up strategies and "work" each lead in a systematic way using telephone and e-mail.

Target Markets in Today's Individual Health Marketplace

One of the key components of an agent's marketing strategy is the identification of target markets. Focusing on one or more distinct market segments helps agents tailor their lead-generation methods and communication messages.



Consider breaking up the large market of "individuals and families" who are seeking individual coverage into smaller, more targeted segments. The following market segments are good candidates for individual health insurance.

Young Adults

The fastest-growing market segment is usually considered healthy and upwardly-mobile. Health insurance can be a door opener for more lucrative products as these clients' lives change over time. Research suggests that there will be continued growth with the younger consumers.

- Over 59% of the uninsured market is between the ages of 19-34
- 40% of uninsureds earning more than \$75,000 annually are young adults under 35
- Half of the HSA-qualified enrollees in the IH market are ages 39 and below

In regard to Health Savings Accounts (HSAs), 2005 showed a shift toward younger buyers when compared with those who purchased HSA-eligible plans in 2004. The segment of 21-29 year olds has grown by 5.9 percentage points, totaling 24.2 percent of HSA-eligible plan purchasers.

College Students and Recent Graduates

Consumers aged 19-24 represent the largest percentage of Americans with individual health coverage. They are excellent clients for cross-selling and many start off their insurance portfolio with an individual health plan.

Individuals in this market segment may be:

- losing dependent status on their parents' group health plans
- newly employed and waiting for group coverage to begin
- taking time off to travel or search for employment and need coverage for an indefinite period of time

Workers Without Access to Group Coverage

Many workers are no longer being offered employer-sponsored health coverage. It's becoming too expensive for some employers to offer and for many employees to afford.

- About 60% of businesses offered health plans to their employees in 2005, down from 69% in 2000
- Of the workers who still get health coverage through their employer, they paid an average of 79% more in 2003 than they did in 1996
- Of the 4.8 million uninsured people earning more than \$75,000 per year, 48% are workers or dependents in small firms

Entrepreneurs

13% of the 4.8 million uninsured people earning over \$75,000 per year are self-employed.

Women

This segment represents the country's predominant consumers—and users—of health care services. Women are more likely than men to seek medical care and they often act as their family "caretaker" and health care decision-maker. What's more, women own 48% of all privately-held U.S. companies and one in eleven adult women is an entrepreneur.

However, nearly one in five (19%) of 92 million women ages 18 to 64 in the U.S. is uninsured. Women are less likely than men to be eligible for and to participate in their employer's health plan (because they are more likely to work part-time, have lower incomes, and rely on spousal coverage), so they are more vulnerable to losing their insurance should they become divorced or widowed.

Children

Today, many employer-sponsored group health plans don't include dependent coverage, or the coverage they do offer is very costly. A child-only individual health plan might be the ideal solution for them. Some individual plans, including benefit-rich comprehensive plans, use special child-only rates and have much lower monthly premiums than those for group policies.

Sources: Actuarial Research Corp. (ARC) Analysis of March 2004 CPS data; AHIP Census; ehealthinsurance.com; The Henry J. Kaiser Family Foundation 2000-2006; The Employee Benefits Research Institute, 2005; Center for Women's Business Research