

2010 Employee Benefits Compensation Survey: Ancillary Group Reps

Summary of Results:

The 217 respondents were group reps at the top 10 - 15 ancillary carriers whose main products are group life and disability. However, they may sell additional products including dental or worksite/voluntary, etc. We included managers believed to be producing managers, and did not include managers we believed to be non-producing. Health reps or dental only reps, were not included in the survey.

The Spencer James team was surprised by the results. Based on the anecdotal conversations we've been having, our expectation was to see a bigger drop off in compensation. It was down 1 - 4% for reps with 15 or less years of experience and actually up by 16% for those with over 15 years experience. We thought the stock market drop off in 2008 would have a larger impact. If you trace things back, the compensation numbers for 2010 included bonuses paid in January, February and March of 2010 which was for 2009 production. 2009 production included business written January 1, 2009. Business with 1/1/2009 effective dates was worked on in the summer of 2008 when the stuff hit the fan and some of the big names in this space had brokers and clients wondering about their stability. The big drop came in September of 2008, so perhaps the business was already written and we'll see the drop off in comp for 2011.

Regardless of whether you were up, down or even, many of you will look at the results and feel that you are not being paid as well as reps from other companies. Hold on! Before you talk to your manager, consider the following:

- We hear that from someone at practically every company. Most people seem to think that their competitors are being paid more than they are. If everyone is thinking this, is it really true?
- There are so many variables it's difficult to make a totally fair comparison. Perhaps your competitor really does pay a higher percentage of premium, but you get more sales and service support at your company. You are able to get out and sell more, while they are involved in installing sold cases or handling service issues or renewals on in-force cases.
- Perhaps your company markets more or has greater brand recognition that wins you a few extra cases when the decision makers want to go with a company they are more familiar with.

Also, bear in mind some companies have comp plans that seem to pay a high percentage of premium written, but those same companies are writing lots of business under 1000 lives and perhaps a significant amount of that under 200 lives. If that's the business they want to write, there seems to be some recognition that it takes more work to write \$2.5 million or \$3 million with 130 lines of coverage than it takes to write the same amount of business with 20 lines of coverage. Large case reps will earn a lower percentage of premium, in return for having the tools to write that higher premium.

Finally, our survey indicates ‘median’ not ‘average’. Median is defined as the middle number of a group of numbers; that is, half the numbers have values greater than the median and half the numbers have values that are less than the median. The traditional average, on the other hand, can be thrown off by one high earner. For example, if 9 out of 10 people earn \$200k but one person earns \$1 million, the average will come out to \$280k, which does not show the clearer picture that most people are earning \$200k.

The Spencer James team hopes you find the results interesting. If you enjoy receiving this, but didn’t participate, please do so next year. The more responses we receive, the more credible and meaningful the resulting report.

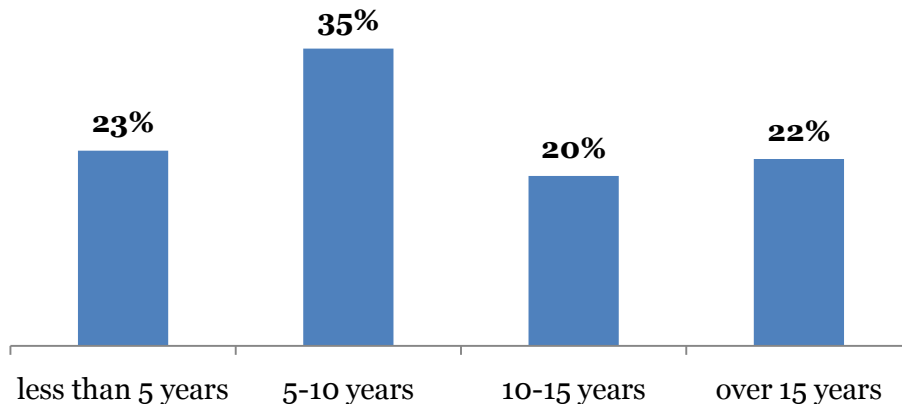
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Summary of Results:

Years in Industry:	Less than 5 years	5-10 years	10-15 years	Over 15 years
Median Total Comp*	\$109,000	\$197,500	\$250,000	\$300,000
Median Premium Sold*	\$1,190,000	\$2,500,000	\$3,300,000	\$4,000,000
Median number of lines sold*	65	80	81	49
Comp as a percent of premium sold	9%	8%	7.5%	7.5%

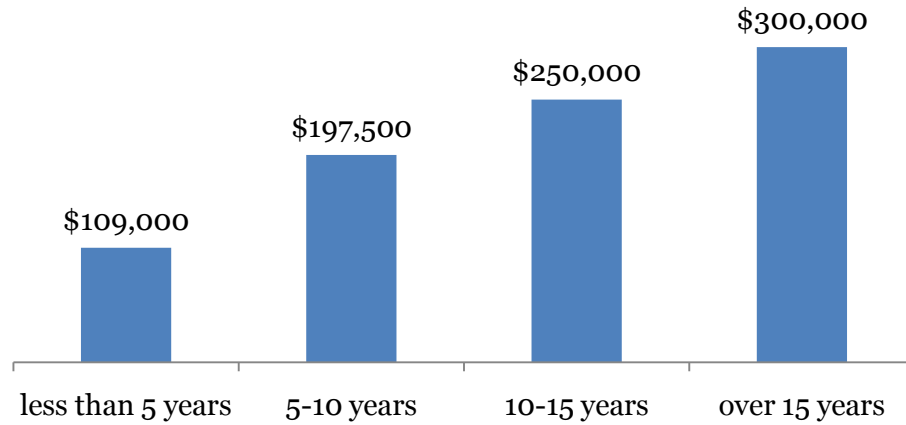
*Median is defined as the middle number of a group of numbers; that is, half the numbers have values that are greater than the median and half the numbers have values that are less than the median.

How many years have you worked in group insurance?

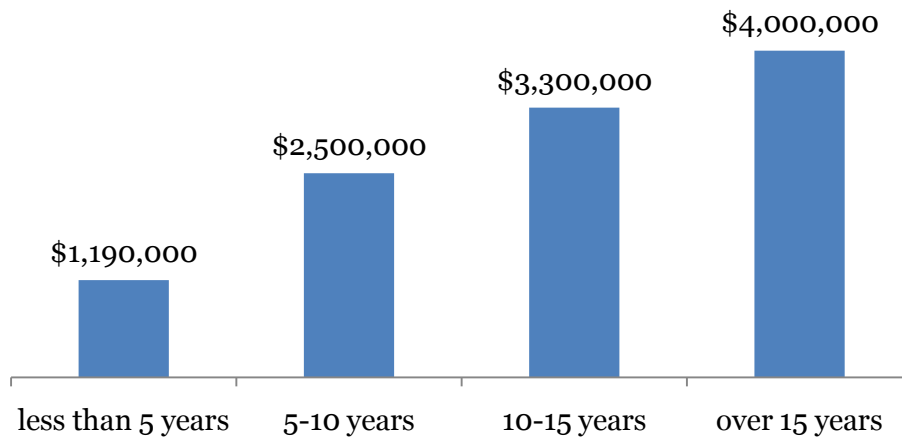




Median Total Compensation by Years of Experience

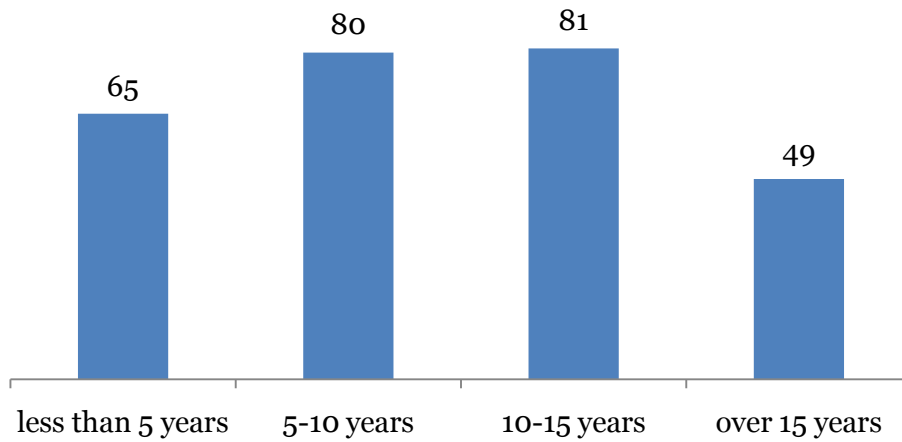


Median Premium Sold by Years of Industry Experience

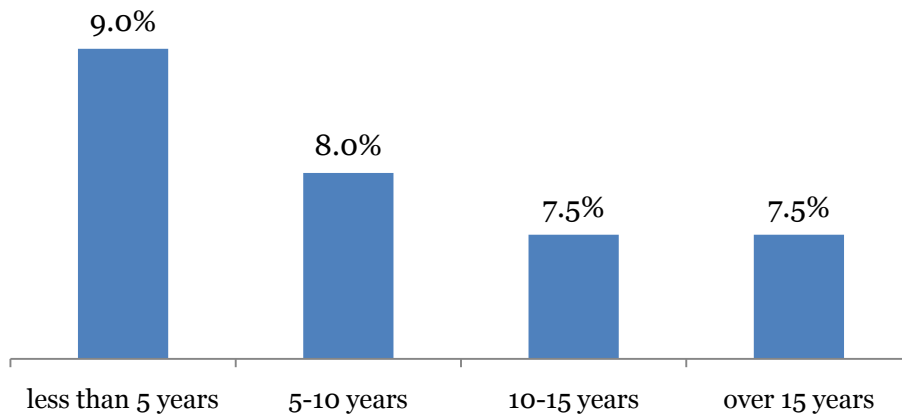




Median Number of Lines Sold by Years of Experience



Total Compensation as a Percent of Premium Sold





Distribution of Compensation: Number of Individual Responses

