



For Immediate Release

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**Health Insurance Companies Increase their use of Sales Incentives to Motivate Sales Force in the Wake of Healthcare Reform**

*HR+Survey Solutions' study findings reveal valuable data about competitive pay and incentives for sales force teams*

Reading, Pennsylvania (November 3, 2015) A 2015 study of health insurance companies revealed that sales force salaries are staying flat but total compensation (salary plus commission and bonus) has increased significantly since 2013. *The 2015 Health Insurance Industry Sales Force Compensation Survey*, conducted by HR+Survey Solutions ([www.hrssl.com](http://www.hrssl.com)), a specialty compensation consulting and research firm, provides health insurance executives with critical information for assessing the effectiveness of health insurance company sales force compensation plans, including detailed information about pay levels, plan design and pay for performance. Researchers at HR+Survey Solutions concluded that significant pay opportunities for all levels within health insurance sales organizations were created by recent industry turmoil.

**Change in Pay 2013 - 2015**

Position	Base Salary	Actual TCC
Sales Management	-1%	+26%
Representative - Sr.	+6%	+35%
Representative - Jr.	-3%	+22%

The in-depth study of twenty-five health insurance companies details competitive sales compensation and incentive plan designs characterizing all elements of pay (base salary, annual incentives/bonuses, commissions and long-term incentive eligibility).

The study found a strong correlation between pay and performance. On average, sales representatives receive as little as half of their potential income as salary. The other half of their income is “at risk” and must be earned through commissions or bonuses for sales and/or renewals. New sales representatives earn anywhere from \$45 to over \$200 per contract sold. Since much of a sales representative’s pay is “at risk”, the study found that reps that exceeded quota earned as much as double their target incentive and averaged about 20 percent more in total compensation (base + incentive) than target. In contrast, sales reps missing their quota earned less than half (about 40%) of their target bonus.

“Getting sales compensation “right” is challenging. It requires an effective design, proper communication and correct quota setting,” said Judy Canavan, managing partner, HR+Survey Solutions. “Setting appropriate quotas is paramount to making sure that pay reflects performance, and setting quotas is especially difficult when an industry is in as much turmoil as the Health Insurance Industry,” she added.

The survey results also demonstrate that compensation of sales force employees is impacted by the size of the company and area of specialization. Large health care insurance companies pay similar salaries as the industry as a whole but deliver significantly more pay through incentives. Incentives paid at large companies were about 25 percent greater than the average incentives for all companies surveyed. Sales force employees managing highly critical national accounts earned 35 percent more in salary and 80 percent more in total cash than average. Representatives selling to individual accounts earn as much as 25 percent less in salary. They make up some of the gap with their incentives but are still about 10 – 20 percent below the pay earned by their counterparts selling to other market segments.

### **Other Study Highlights**

- The size of goals and quota vary significantly for each sales representative and the reps with larger goals receive greater compensation.
- Companies use both commissions and sales bonuses to incentivize their sales team. About 75 percent of the companies use sales bonuses and about 75 percent use commissions to motivate their sales teams, while actual practices vary by position, often sales representative incentive plans have a combination of both commissions and sales bonuses.
- Overall, employee turnover for the sales team (7.7%) is less than company-wide turnover (10.6%). While sales team turnover has remained relatively stable over the last two years, company – wide turnover jumped up from 8% in 2013.

### **About the Methodology**

The *Health Insurance Industry Sales Force Compensation Survey* was conducted by HR+Survey Solutions in 2015. A total of 25 health insurance companies participated in the study. Participating companies had average revenue of \$20 billion, 20,900 employees and 7.8 million insured individuals. The compensation data was collected for almost 13,000 employees. If you would like more information or are interested in participating in the HR+Survey Solutions' *2016 Health Insurance Industry Sales Compensation Survey*, contact Judy Canavan at 866-252-6788 x902 or [jcanavan@hrssl.com](mailto:jcanavan@hrssl.com).

### **About HR+Survey Solutions**

HR+Survey Solutions conducts annual industry and custom client surveys and provides organizations with expert advisory services focused on compensation plan design and assessment of appropriate levels of compensation. Please visit [www.hrssl.com](http://www.hrssl.com) for more information.

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