



For Immediate Release

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## **Health Insurance Companies Challenged to Develop Sales Force Incentives that Motivate Talent in Wake of Healthcare Reform**

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

**Reading, Pennsylvania (January 7, 2014)** – A new study reveals important information critical for assessing the effectiveness of health insurance company sales force compensation plans. The study provides detailed information about sales compensation levels and plan design. Results of the study indicate that, on average, health insurance companies' revenue equates to over \$30 million per sales force employee. In addition, companies have over 12,000 members per sales employee. These numbers underscore how critical the sales function is to the insurance company and why the information from this study is so important to drive business success. The findings are particularly intriguing as health insurance companies are challenged with making major decisions about sales strategies as a consequence of massive changes taking place in the industry.

*The 2013 Health Insurance Industry Sales Force Compensation Survey*, conducted by HR+Survey Solutions ([www.hrssl.com](http://www.hrssl.com)), a leading compensation consulting and research firm, provides health insurance executives with valuable data about competitive pay for their sales team. The unique study of twenty-six 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 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 \$25 to over \$200 per contract sold. While much of a rep's pay is "at risk", the study found that reps that exceeded quota earned as much as double their target incentive and made about 30 percent more in total compensation (base + incentive) than the average sales rep. In contrast, sales reps missing their quota made about 20 percent less.

"Health insurance companies must determine ways to revise their business development approach to adapt to the changing marketplace. However, in some cases, uncertainty in the volatile landscape of healthcare reform has forced them (and their clients) to adopt a "wait and see" approach, said Judy Canavan, managing partner, HR+Survey Solutions. "The results of the study will help health insurance companies validate their commission and sales

incentive plans. Many of the markets that the sales teams target are in a state of flux so keeping the sales force motivated in the face of so much uncertainty while managing costs is a huge challenge," she added.

The survey results also demonstrate that compensation of sales force employees is significantly impacted by the size of the company and area of specialization. Large health care insurance companies pay similar salaries as smaller companies but provide significantly more incentives. The total cash compensation (TCC) paid at large companies was 15 percent greater than the average TCC of all companies surveyed. Total compensation for a new sales representative, specifically, averages 30 percent higher at the larger companies. Sales force employees managing major national accounts earned 40 percent more than average. Those representing large group sales were paid 25 percent more than those with small group sales. Sales representatives managing group accounts earned about 35 percent more than those with individual accounts.

### **Other Study Highlights**

- The size of goals and quota vary significantly for each sales representative and the reps with bigger goals receive greater compensation.
- Companies use both commissions and, even more commonly, sales bonuses to incentivize their sales team. Over 70 percent of the companies use sales bonuses and over 50 percent use commissions to motivate their sales teams, the actual practices vary by position.
- Overall, employee turnover for the sales team (7%) is similar to company-wide turnover (8%).

### **About the Methodology**

The *Health Insurance Industry Sales Compensation Survey* was conducted by HR+Survey Solutions in 2013. A total of 26 health insurance companies participated in the study. Participating companies had average revenue of \$14.4 billion, 16,400 employees and 5.6 million insured individuals. The compensation data was collected for over 13,500 employees. If you would like more information or are interested in participating in the HR+Survey Solutions' *2014 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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