



2021/2022 HEALTH INSURANCE SALES  
FORCE INSIGHTS REPORT:

**MARKET COMPETITIVENESS  
REFLECTS NEED FOR  
ATTRACTIVE AND EFFECTIVE  
SALES COMPENSATION PLANS**



# Introduction

The recently published [2021 BDO Health Insurance Industry Sales Force Compensation \(HISC\) Survey](#) provides an in-depth look at compensation levels, plan designs and incentive practices for sales positions. Health insurance companies use this survey to assess market pay and compensation practices for their sales force. It is always recommended to regularly re-evaluate sales incentive plans to ensure they reflect changes to the external market as well as changes to the company's go-to-market strategy.

This Insights Report highlights key findings from the full survey report, which addresses critical compensation issues and questions, such as appropriately incentivizing the sales force to drive business results while minimizing turnover of high caliber sales professionals, specifically:



How have pay levels changed year over year during the prior cycle?



What are the key drivers of pay levels for various sales positions by types of sales roles, product(s) sold and market segment?



What factors impact the decisions regarding the amount of pay that should be at risk?



What type of sales incentive plan(s) should be used? Are companies using sales bonuses, commissions or a combination of both?

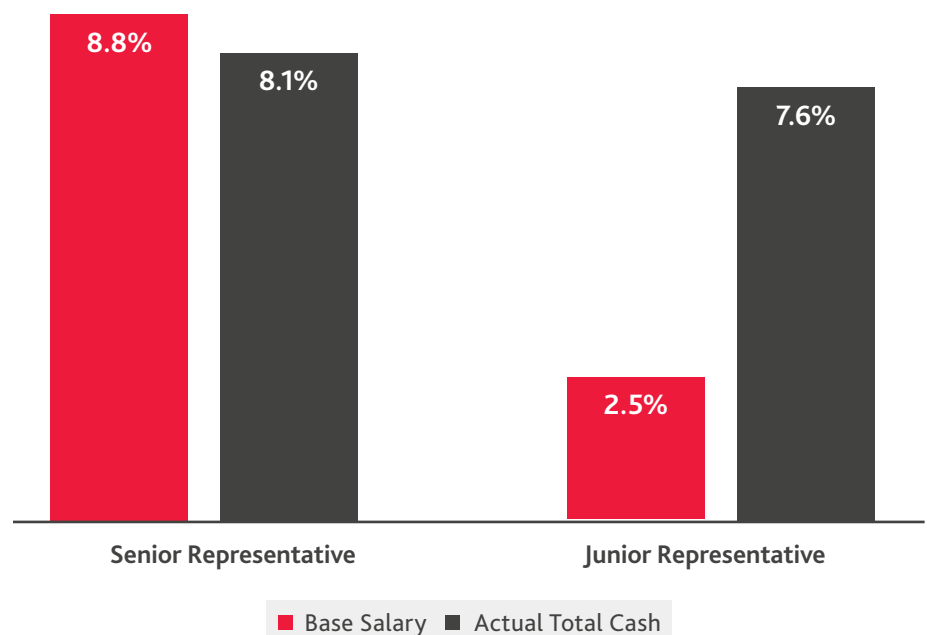
# Year-Over-Year Growth in Pay Levels

As the economy rebounded, year-over-year pay levels increased more in 2021 than in 2020.

- ▶ Senior level sales representatives across all markets had a more significant increase in salary, almost 9% in 2021 versus 6% in 2020, though total cash compensation (TCC<sup>1</sup>) did not increase as much as it did in 2020 (8% versus 16%).
  - Much of the growth seen by senior representatives was driven by pay increases in the Individual market, including an average increase in base salary of 16% and in total incentives of 37% (expressed as a percentage of base salary).
- ▶ Junior level sales representatives' base pay increased by 2.5% versus a 1% decrease in 2020, and TCC went up by 7.6% versus losing ground by 1% last year.

Figure One below shows the year-over-year change in pay levels from 2020 to 2021. Changes in survey participation and job matching are controlled by conducting a "same company" analysis. This means comparing the data from only companies who participated in both 2020 and 2021, thus excluding those companies for which there is not two years of data for the jobs being analyzed.

**FIGURE 1: MEDIAN CHANGE IN ACTUAL PAY FROM 2020-2021**



<sup>1</sup> Base salary plus annual and sales incentives

# Key Influencers of Pay Levels

The nature of sales responsibility (e.g., new sales versus renewals) has a direct impact on pay levels. The survey revealed the following key findings:

- ▶ Senior sales roles that focus on account management/renewals are paid more than roles that reflect new sales only or a combination of both new sales and account management (see figure 2). This reflects the need for expertise in long-term client relationship management.
- ▶ Junior sales roles that focus on new sales are paid the highest when compared to those that focus on account management/renewals or a combination of sales and account management (see figure 2). This is primarily due to the focus on incentive pay for the new sales — the goal being to bring in new members/contracts.
- ▶ Sales representatives who sell both health insurance and specialty products are paid more than those who sell one or the other (see figure 3).
- ▶ Sales representatives who focus on national and major accounts are the most highly paid team members (see figure 4). This finding is typical across most industries due to the skill set necessary for the scope of responsibility and the need to interface with client decision makers.

**FIGURE 2: TOTAL CASH COMPENSATION BY NATURE OF SALES RESPONSIBILITY**

NATURE OF SALES ROLE	2021 Median Total Cash Compensation*		
	SENIOR REPRESENTATIVE	JUNIOR REPRESENTATIVE	JR AS % OF SR
New Sales	\$160.4	<b>\$138.8</b>	87%
Account Management / Renewals	<b>\$179.0</b>	\$126.5	71%
Sales and Account Management	\$136.3	\$ 97.5	72%

\*All compensation figures in this report are in thousands (000s).

**FIGURE 3: MEDIAN TOTAL CASH COMPENSATION BY PRODUCT**

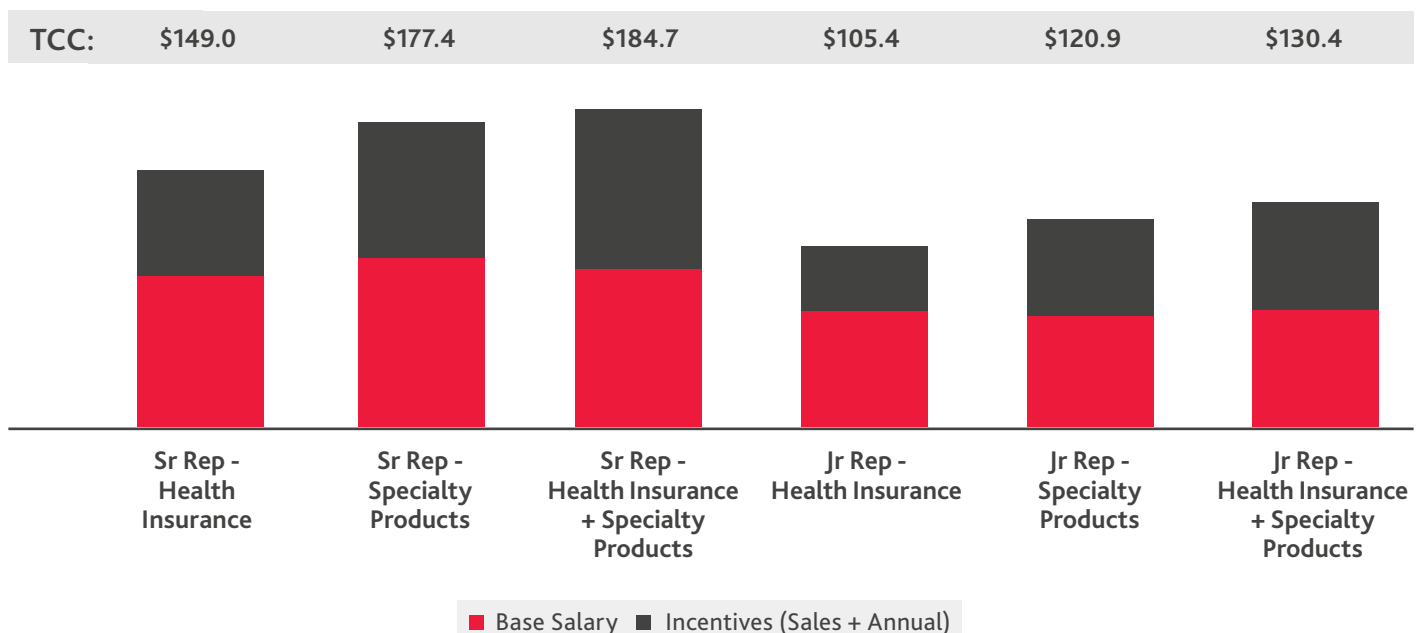
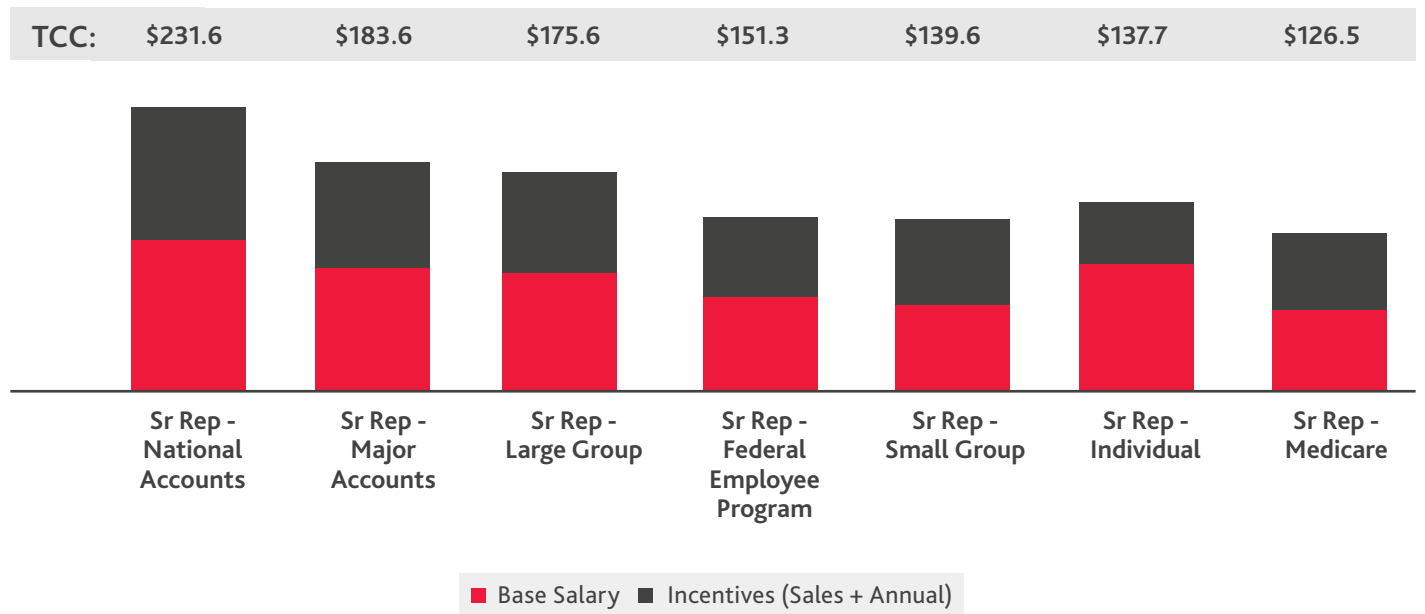


FIGURE 4: MEDIAN TOTAL CASH COMPENSATION BY MARKET SEGMENT





## Influence of Company Size on Pay

The size of the company has an impact on pay levels for sales representatives. A comparison of the pay levels for sales representatives at the ten largest participants in the survey relative to the overall data set shows that large companies pay slightly more in salary and between 10% and 16% more, on average, in TCC. This is likely a result of more lucrative pay practices as well as the sales volume expectations for the roles. For the smaller players it is important to note that they may be competing head-to-head for talent with a larger company and therefore may have to adjust pay levels to retain employees.

**FIGURE 5: AVERAGE LARGE COMPANY PAY AS A PERCENT OF ALL COMPANY PAY**

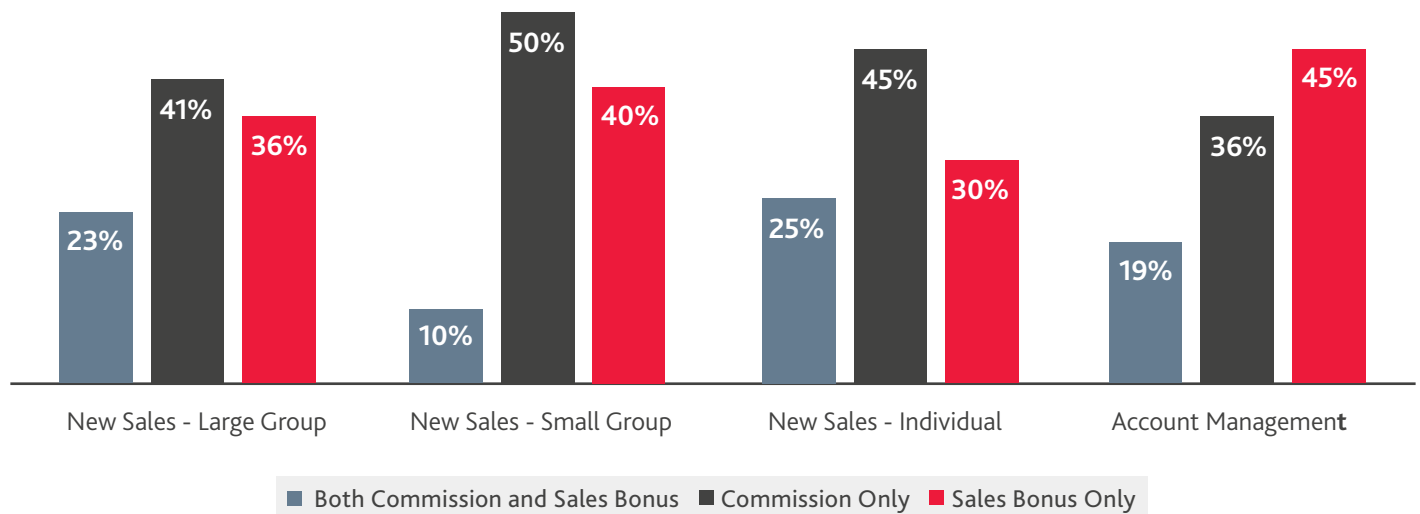
POSITION	BASE SALARY	TOTAL CASH COMPENSATION
Sales & Account Management: Senior Representative	106%	116%
Sales & Account Management: Junior Representative	101%	110%

# Types of Sales Incentive Plans

This year there was a shift away from sales bonus plans and towards commission plans. Historically, companies' plan design had been more often using sales bonuses or a combination. This year the prevalence of commissions exceeded the prevalence of sales bonus plans for three of the four roles. This likely reflects companies' uncertainty about the impact of COVID-19 and a desire to focus on sales volume.

Account Management roles continue to have incentives that are based more on sales bonuses. These plans allow companies to focus their sales force on both product sales as well as other strategic priorities, such as product type, customer type or profitability. Although, the prevalence shifted slightly towards commissions since 2020.

**FIGURE 6: SALES INCENTIVE PLAN TYPES**



When designing sales bonus plans, selecting the correct performance metrics is critical in the achievement of performance goals. Among companies surveyed, New Sales Representatives - Large Group reported that the top three metrics include:

- ▶ Number of new health insurance contracts sold (100% prevalence)
- ▶ Number of dental contracts sold (73% prevalence)
- ▶ Number of Rx/pharmacy contracts sold (64% prevalence)

Clearly, most companies would focus on new health insurance contracts sold. Strategically, however, companies also encourage sales teams to sell dental and Rx/pharmacy contracts as part of a full-service suite of insurance products.

*Even the best-designed sales incentive plan is at risk of becoming misaligned with company goals and strategy during times of change. The last 20 months have been fraught with uncertainty and constant change. Savvy practitioners will audit the effectiveness of their sales incentive plans. While overhauls may not be necessary, plans are likely to need updates to keep abreast of current conditions.*

**JUDY CANAVAN**

Managing Director, Global Employer Services





## Conclusion

Developing effective sales incentive plans is one of the most complex compensation design challenges for any company. Using credible survey market data is a critical starting point for designing an effective plan.

Companies should combine market data with an internal review of their company's long-term strategy and use both to inform their analysis and plan construct. The development of any sales incentive plan is an "art" and is intended to ultimately drive the behaviors that enable achievement of business goals. Keep in mind, though, that as industry models and economic forces change, incentive plans may need to change as well to ensure success in new health insurance business environments.

## About Our Survey

BDO's annual [Health Insurance Industry Sales Force Compensation Survey](#) of 1,900 positions, reports compensation data including base salary, sales incentives, commissions and corporate incentives. It provides details about the use of long-term incentives (LTI) and plan design information for sales representatives, account managers, inside sales and customer service staff. The survey also explores pay-for-performance relationships that are fundamental to developing effective sales incentive plans. Survey responses are gathered annually from participating health insurance organizations with three categories of analyses:



COMPENSATION  
LEVELS



SALES INCENTIVE  
PLAN DESIGN



PAY FOR  
PERFORMANCE

**LEARN MORE** about BDO's Compensation Surveys, including how to participate ►



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Working with multinational employers to minimize tax burdens and compliance risk while providing integrated services and essential tools, such as our business traveler tracking application, to enable seamless global and domestic employee transitions.

### Mobility Consulting

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### Global Equity

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# Contact Us

If you have any questions, comments or suggestions, please contact us.



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