



# 2020/2021 HEALTH INSURANCE SALES FORCE INSIGHTS REPORT:

Compensation Growth Highlights  
Value of Sales Teams

# Introduction

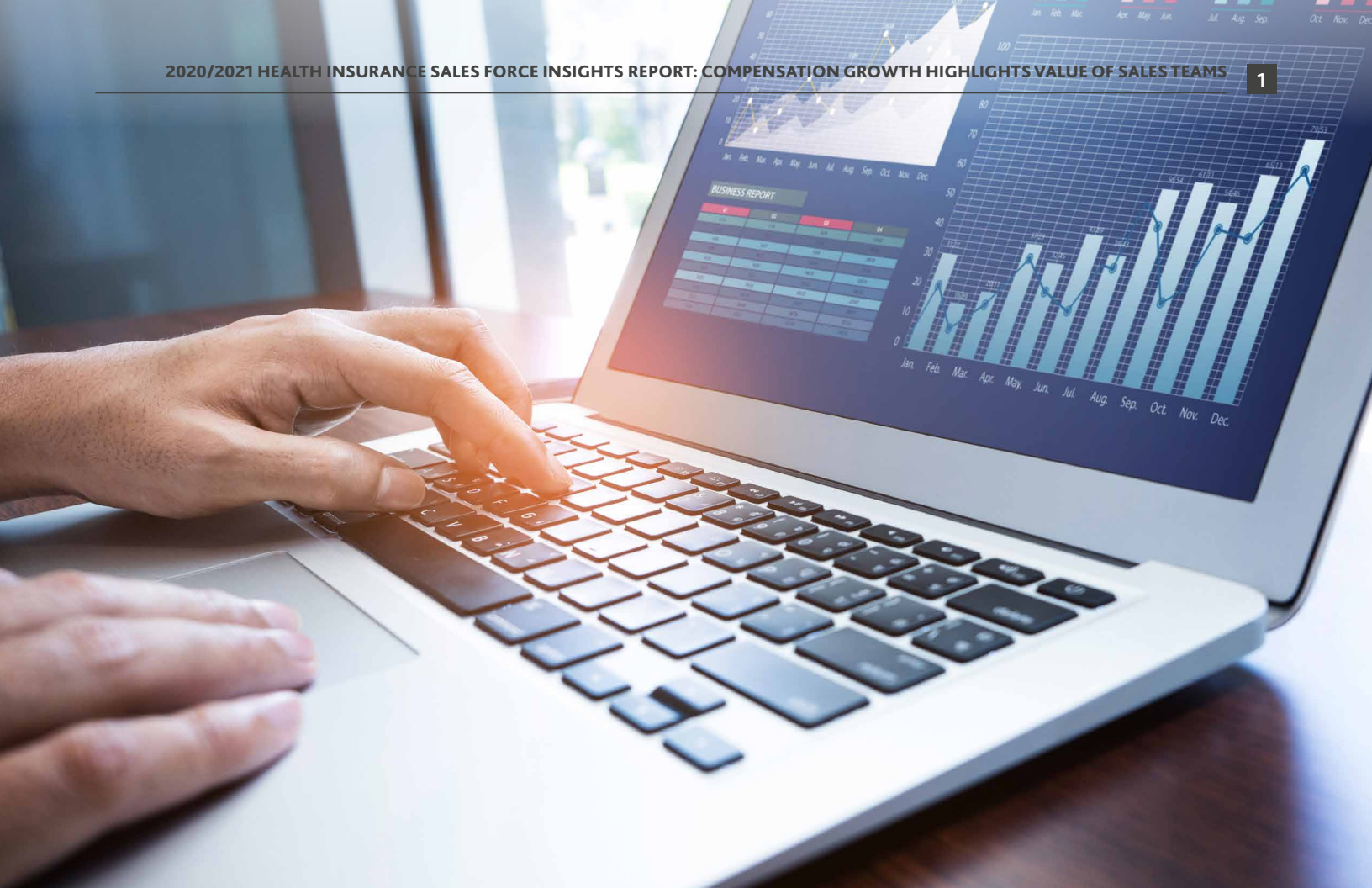
The recently published [2020 BDO Health Insurance Industry Sales Force Compensation \(HISC\) Survey](#) provides an in-depth look at compensation levels, plan designs and practices for sales positions. Companies regularly re-evaluate their sales incentive plans to ensure they reflect changes to the external market and changes to their internal go-to-market strategy. The survey is intended to provide health insurance companies with the data they need to assess market pay and compensation practices.

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

- ▶ How have pay levels changed year over year during the prior cycle?
- ▶ What are the key influencers of pay levels among sales positions by nature of sales roles, type of 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?



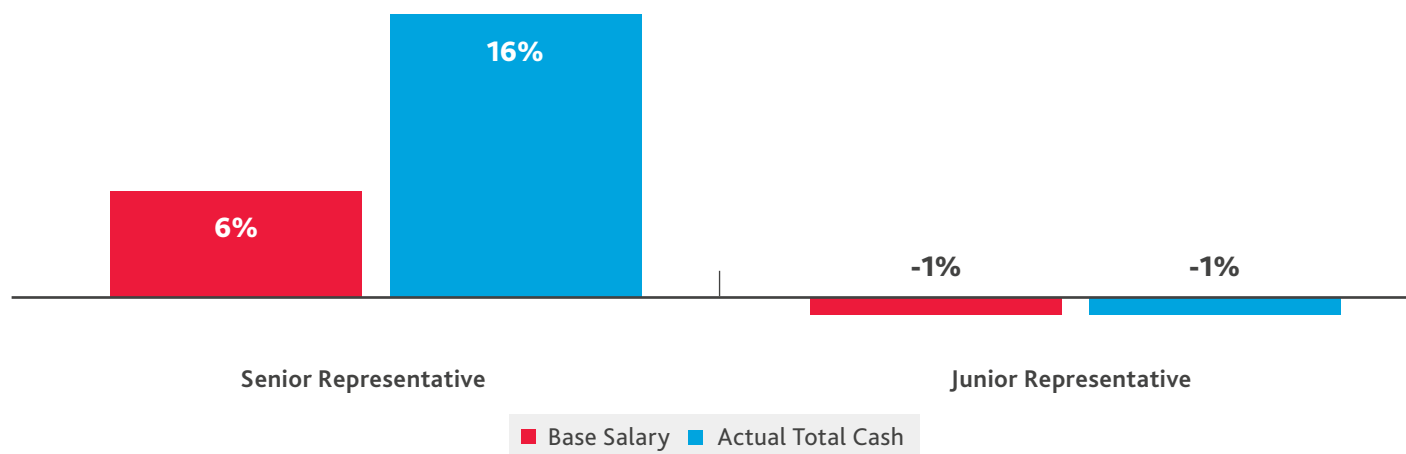




## Year-Over-Year Growth in Pay Levels

Senior-level sales representatives across all markets saw an increase in both base salary and actual total cash compensation (TCC), while junior-level sales representatives saw their pay remain relatively flat, experiencing a decrease of 1% in both base pay and actual total cash. Much of the growth seen by senior representatives was driven by pay increases in the Medicare market, including an average increase in total incentives of 35% expressed as a percentage of base salary.

### MEDIAN CHANGE IN PAY FROM 2019-2020



# Key Influencers of Pay Levels

The nature of the sales job influences how sales representatives are paid. Our survey revealed the following:

- ▶ Senior sales roles that focus on account management/renewals are paid more than roles that reflect new sales only or a combination of new sales and account management.

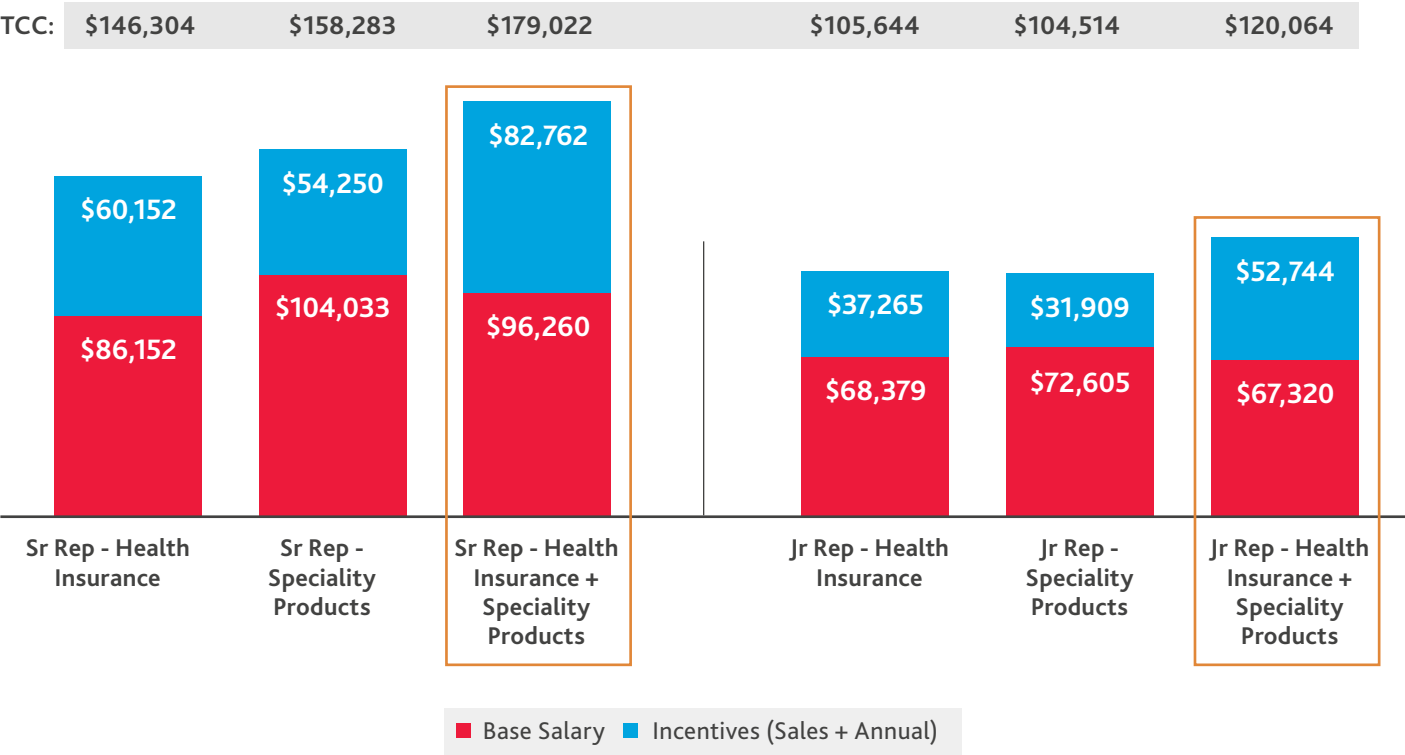
▶ Junior sales roles that focus on new sales only are paid more than roles that focus on account management/renewals or a combination of sales and account management.
- ▶ Sales representatives who sell both health insurance and specialty products are paid more than those who sell only one or the other.

▶ Sales representatives who focus on national and major accounts are the most highly paid team members. This finding is typical across most industries due to the skill set necessary for the role.

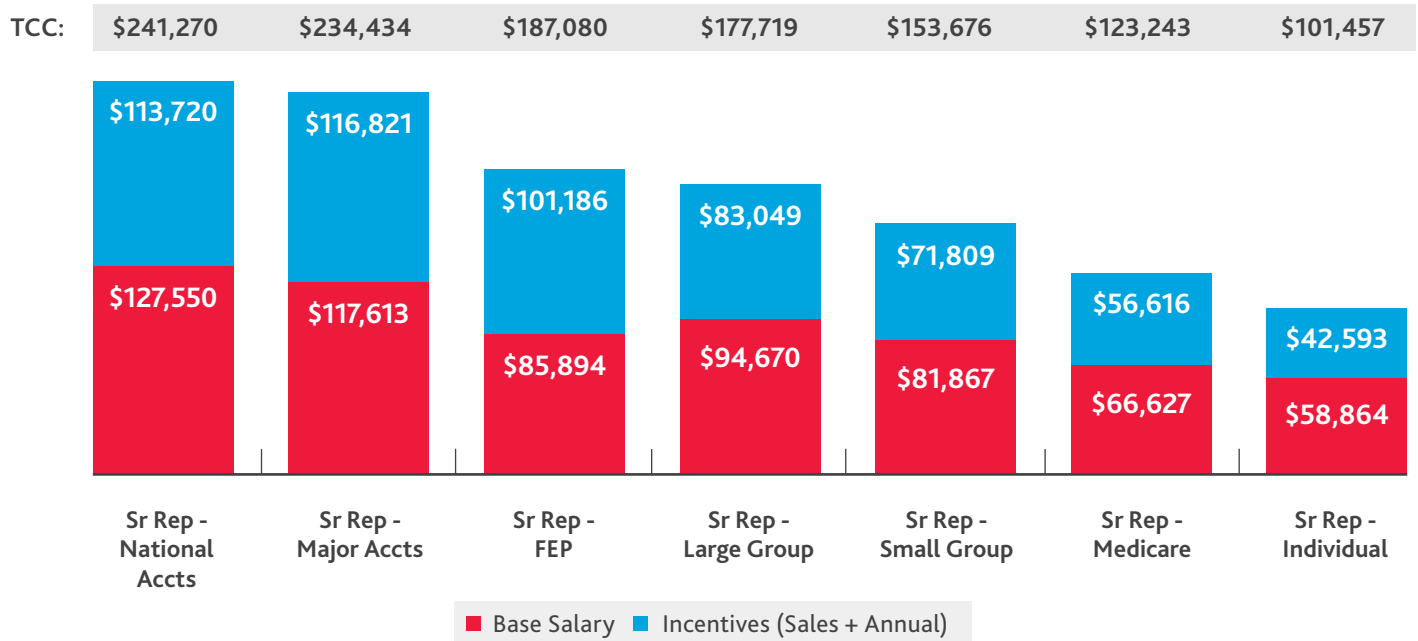
## TOTAL CASH COMPENSATION COMPARISON BY NATURE OF SALES ROLE

Nature of Sales Role	2020 Median Total Cash Compensation		
	Senior Representative	Junior Representative	Jr as % of Sr
New Sales	\$160,997	\$121,020	75%
Account Management / Renewals	\$172,128	\$119,944	70%
Sales and Account Management	\$126,945	\$95,793	75%

## MEDIAN TOTAL CASH COMPENSATION BY PRODUCT



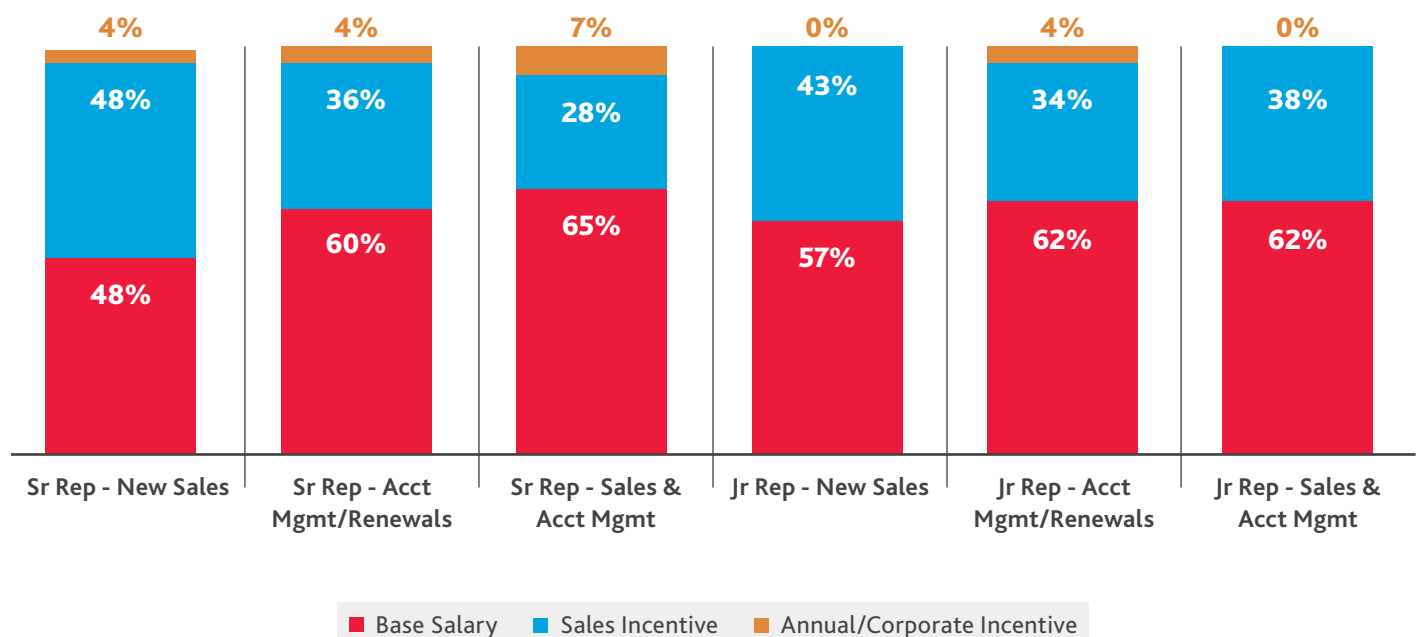
## PAY DIFFERENCES BY MARKET SEGMENT



## Key Influencers of Mix of Pay

The mix of pay refers to the amount of pay allocated to base salary relative to the amount allocated to incentives. Compensation plans are typically more leveraged (i.e., pay is more allocated to incentives) when sales representatives have a high impact on their sales results. As such, direct sales representatives tend to have more leveraged pay plans than account managers. However, sales representatives' target market segments have minimal impact on pay mix.

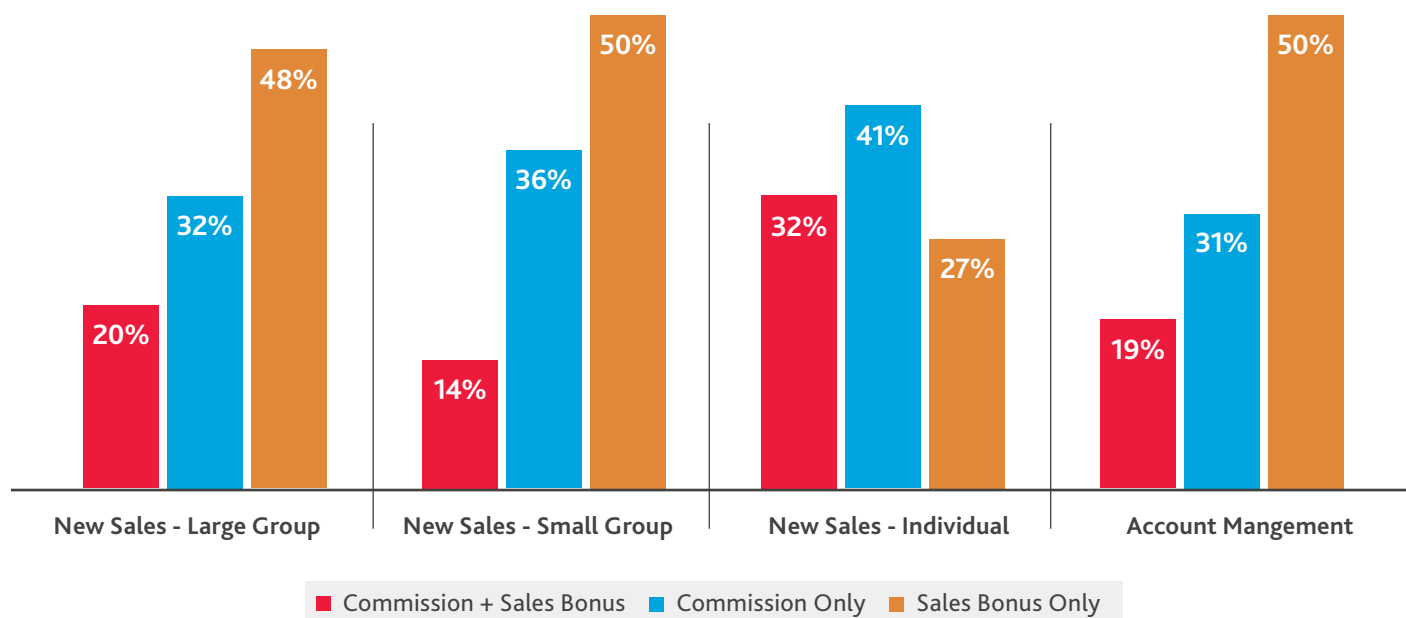
## MIX OF PAY BY NATURE OF SALES ROLE



## Types of Sales Incentive Plans

The companies surveyed slightly favor sales bonus only plans over commission only or combination plans. Sales bonus 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.

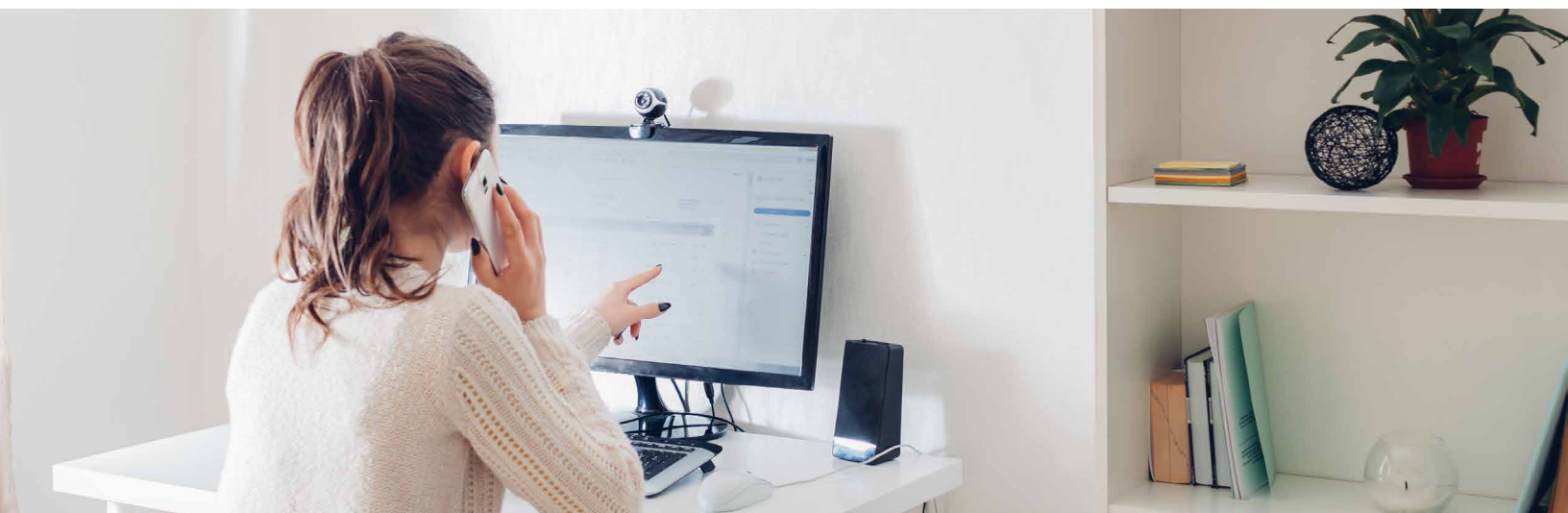
### SALES INCENTIVE PLAN TYPES



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

- ▶ Number of new health insurance contracts sold (96% prevalence)
- ▶ Number of dental contracts sold (72% prevalence)
- ▶ Number of vision and Rx contracts sold (60% prevalence)

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



## Conclusion

Developing effective sales incentive plans is one of the most complex compensation design challenges for a company, and the health insurance industry is no exception. Survey market data provide a starting place for establishing an effective plan design, and these data can help quantify decision making.

However, companies' specific offerings, size and strategies must be the primary drivers for plan design; this is the "art" of developing effective sales incentive plans. Ideally, sales incentive plans will drive behaviors that create results to ensure companies achieve their strategic objectives.

As industry models change, it is important that your sales plans are designed to incentivize the behaviors that will be effective in the new health insurance business environment.

[Learn more about BDO's Compensation Surveys, including how to participate.](#) ▶

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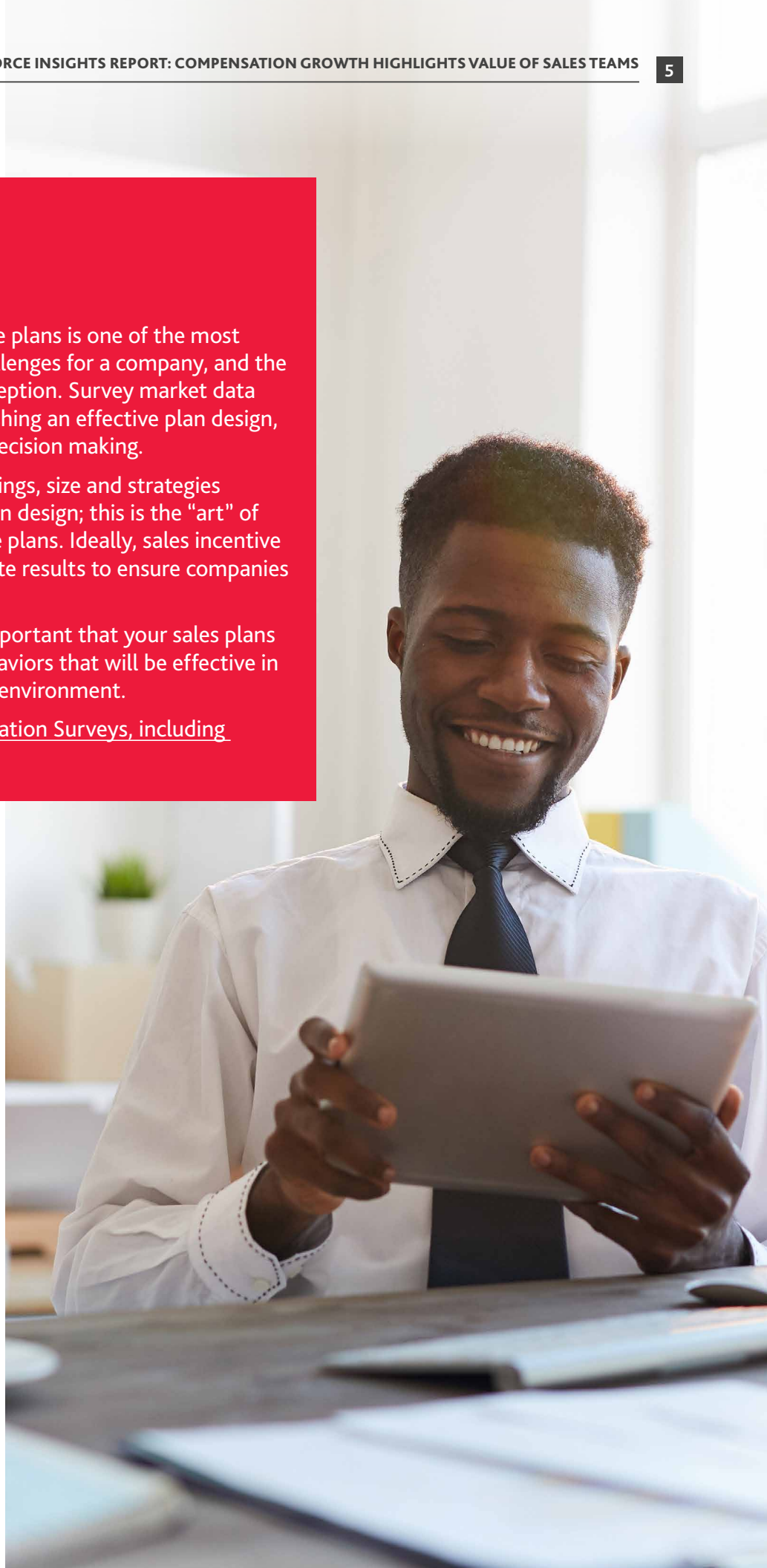
*Creating an effective sales compensation plan requires an in-depth assessment of the sales metrics and goals, as well as all the possible plan design features. There are typically many levers that can be shifted to align the plan with the company's go-to-market strategy and encourage employee performance.*



**JUDY CANAVAN**

Managing Director,  
Global Employer  
Services

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# 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:



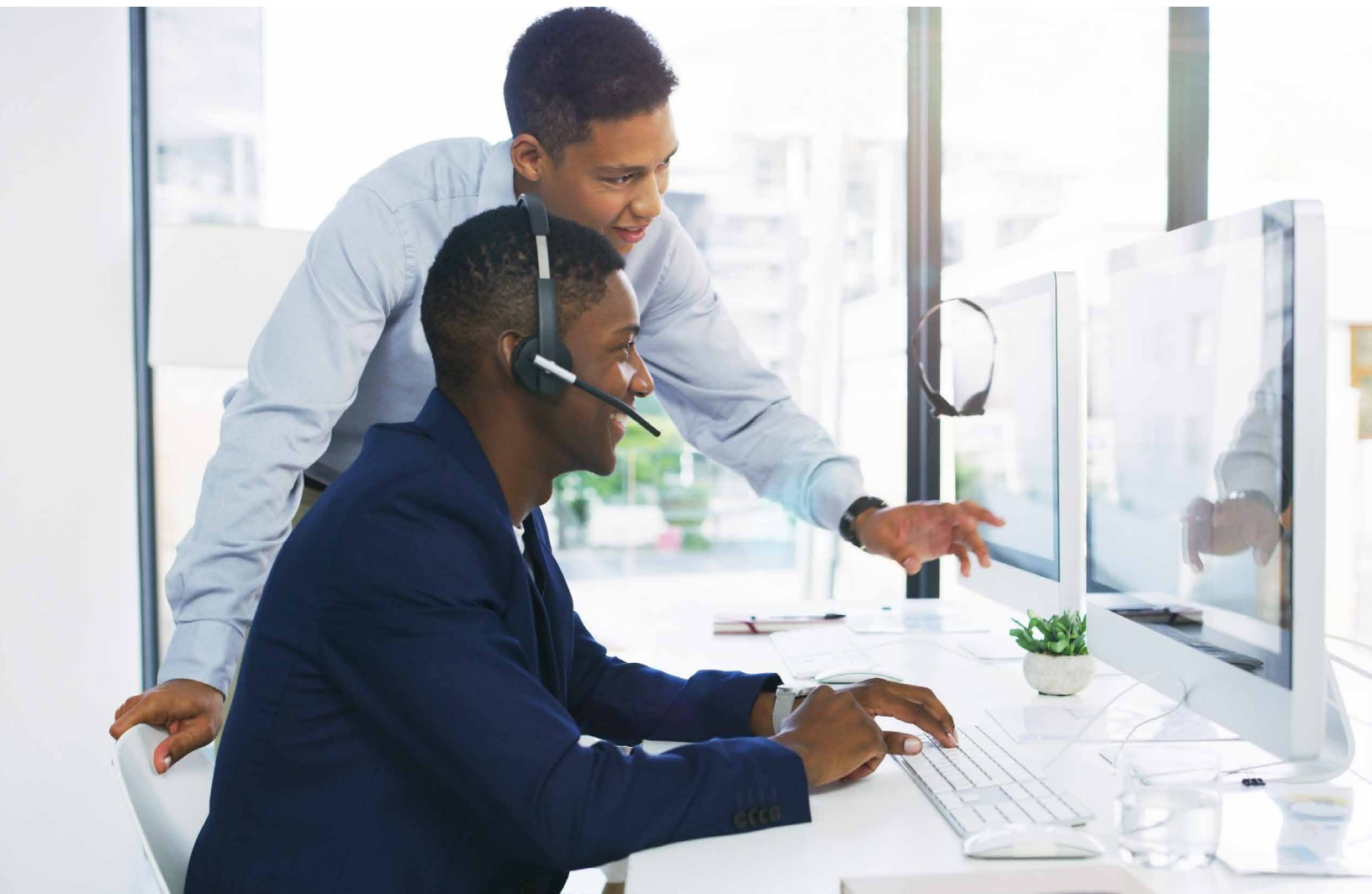
COMPENSATION LEVELS



SALES INCENTIVE PLAN DESIGN



PAY FOR PERFORMANCE





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Working with our clients on retirement programs which strategically align with short- and long-term business goals. We provide comprehensive design and operational support for all qualified retirement plans, including traditional defined benefit pension and cash balance plans, 401(k) and various profit sharing plans, and Employee Stock Ownership (ESOP) plans.	Tax consulting for nonqualified deferred compensation plans, stock options and other equity-based plans, golden parachute issues, transfer of partnership interests, and review for IRC 409A compliance.	Providing companies preliminary payroll review and recommendation, implementation, assignment benefit and compensation gathering, and compensation worksheets to reconcile U.S. and foreign payrolls.	Working with multinational companies to minimize tax burdens and compliance risk while providing integrated services and essential tools, such as our business travelers tracking application to enable seamless global and domestic employee transitions.
ESOP Advisory Services	Compensation Consulting	Employment Tax Services	Global Mobility Consulting
Helping companies evaluate and transition to a shared ownership with employees. ESOPs are one of the most tax-advantaged mechanisms for business owners who are looking for liquidity for part or all of their business, while maintaining a legacy for valued employees.	Providing total compensation program design and benchmarking, long-term incentive strategy development, Board briefings and support on the executive compensation regulatory environment, preparation of executive compensation disclosures, and performance management.	Identifying and implementing reductions in current and future employment tax burden and exposures, and taking advantage of federal, state, and local opportunities to recover overpayments from previous years.	Developing strategies with a company's stakeholders to determine key objectives and create or modify a Global Mobility Program to meet these objectives through enhanced assignee selection criteria, policy design, repatriation strategies, cost analysis, market analysis, and effective communication.
Global Equity Services	Compensation Surveys		
Helping employers around the globe minimize tax burdens and compliance risk through BDO's international network and tools like our BDO Global Equity Mobility Solution and Global Equity Rewards Matrix.	Delivering valuable insights and benchmarking data that can be used to design industry-specific and data-driven compensation programs.		

# Contact Us

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



**JUDY CANAVAN**  
215-636-5635  
jcanavan@bdo.com



**KEOLANI BRADLEY**  
312-730-1278  
kbradley@bdo.com

FIRST NAME

LAST NAME

EMAIL

PHONE

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