



Health Insurance Surveys:

Real Estate Firms and Agents

**NATIONAL ASSOCIATION OF
REALTORS®**

April 1994

Table of Contents

Introduction	i
Section I	Summary of Findings	I-1
Section II	Tabular Results of the Agent Survey	II-1
Section III	Tabular Results of the Firm Survey	III-1
Section IV	Comments	IV-1
Appendix A	Demographics of the Respondents	A-1
Appendix B	Methodology/ Survey Instruments	B-1

Introduction

It appears that comprehensive health care reform legislation will likely be enacted in 1994. While health care reform clearly reaches beyond the NATIONAL ASSOCIATION OF REALTORS®'s traditional focus on real estate issues, it will likely affect every business owner, employee and self-employed person in our country. As a consequence, the Board of Directors and elected leadership have requested a cross-sectional survey of our membership in an effort to become better informed about our industry's business practices with respect to health insurance coverage and about our members' views on the subject of health care.

This report presents the results of two surveys of health insurance coverage practices in the real estate brokerage industry.

Scope of the Study

In February 1994, we mailed questionnaires to two segments of the REALTOR® organization – real estate sales agents and owners of real estate firms. We surveyed over 17,000 real estate agents and 5,000 real estate firms and received more than 4,400 agent and 1,000 firm questionnaires back resulting in response rates of 26 and 22 percent, respectively.

Organization of Report

This report consists of four main sections. Section I provides an overview of the survey results. Section II discusses the findings of the Agent Survey, while Section III discusses the results of the Firm Survey. Section IV presents representative comments from the Firm Survey. Finally, Appendix A provides demographics of the respondents, and Appendix B contains the survey questionnaires as well as a discussion of how we conduct the survey.

Note

The median is used in this report to represent the typical value of the response. The median is determined by arranging the survey data in ascending or descending order and selecting the observation in the middle of the range, i.e., at the 50th percentile. Because the median is not sensitive to extreme values, it is often a preferred measure of central tendency.

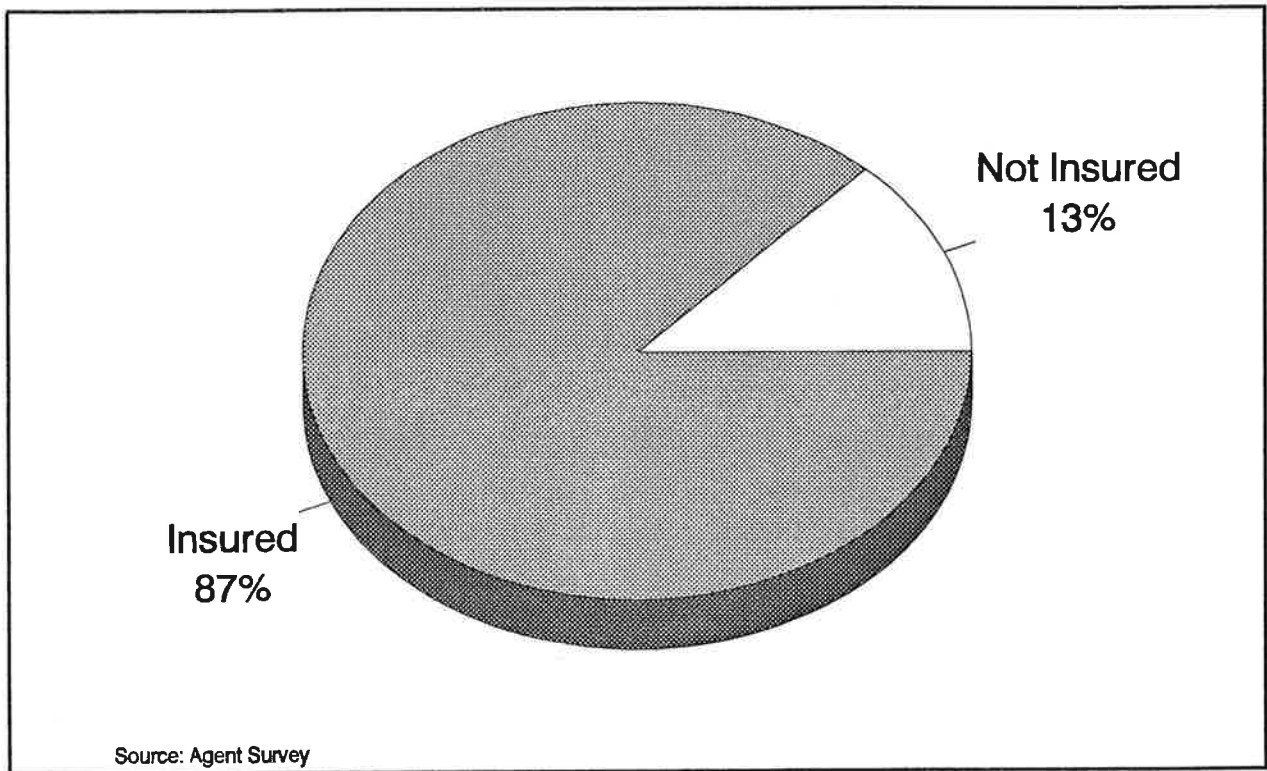
For questions regarding the survey, please contact the report's authors – Forrest Pafenberg, Orawin Velz and Jeffrey Wharff of Research, NATIONAL ASSOCIATION OF REALTORS®.

Summary of Findings

How many real estate sales agents have health insurance?

The ability to obtain health insurance for the typical real estate agent is an important issue because sales agents are generally independent contractors and do not usually enjoy the fringe benefits associated with an employee/employer relationship. When agents are insured, they generally obtain health insurance from a source other than their real estate firm. Nearly 9 out of every 10 real estate agents have some form of health insurance coverage (see Figure I-1).

Figure I-1
Health Insurance Coverage
(Percentage Distribution)

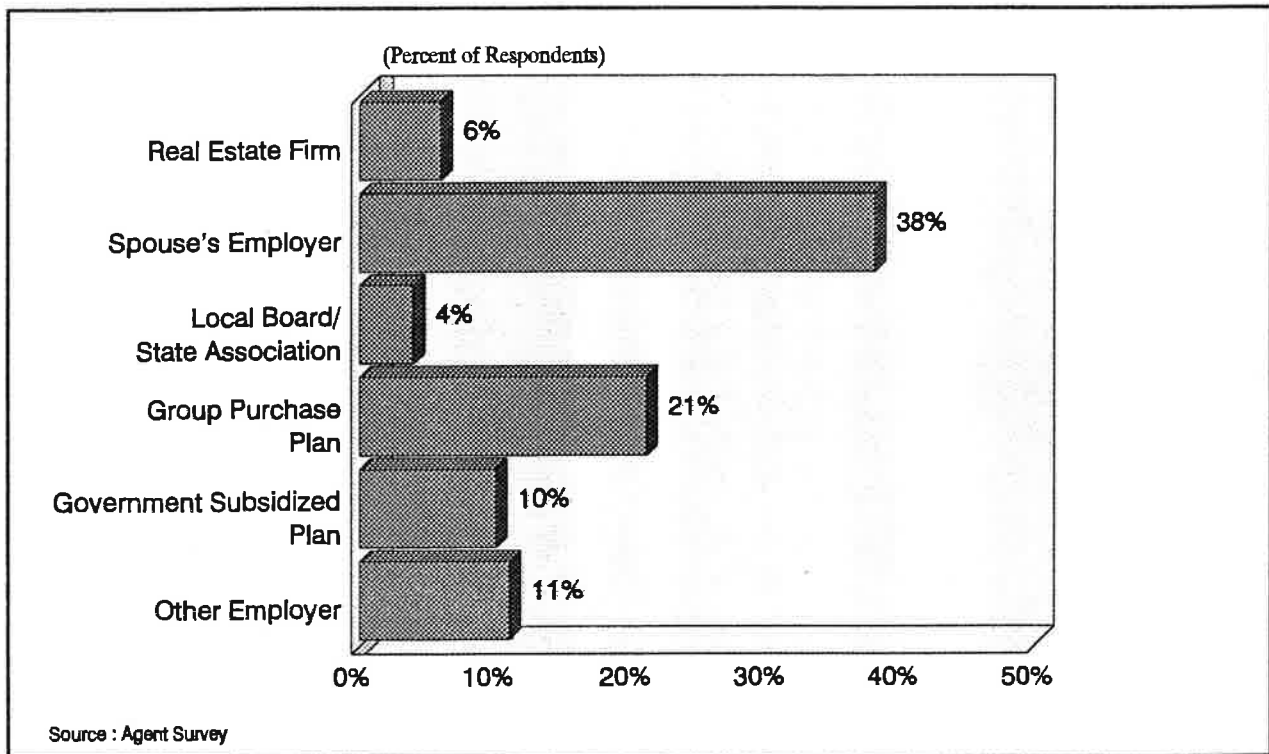


What are the sources of the agent's insurance coverage?

A variety of insurance sources are available to the independent real estate agent. These range from group purchase plans to supplemental policies. The biggest source of health insurance is the spouse's employer – 38 percent of the insured agents cite their spouse's employer as the source. Furthermore, 21 percent indicate that they purchase into a group

purchase plan; 11 percent report another employer or organization as the source; and an additional 10 percent report the government (e.g., Medicare, Medicaid, VA) as the source of their insurance. Only 6 percent of agents report their real estate firm as the source of their health insurance coverage (see Figure I-2).

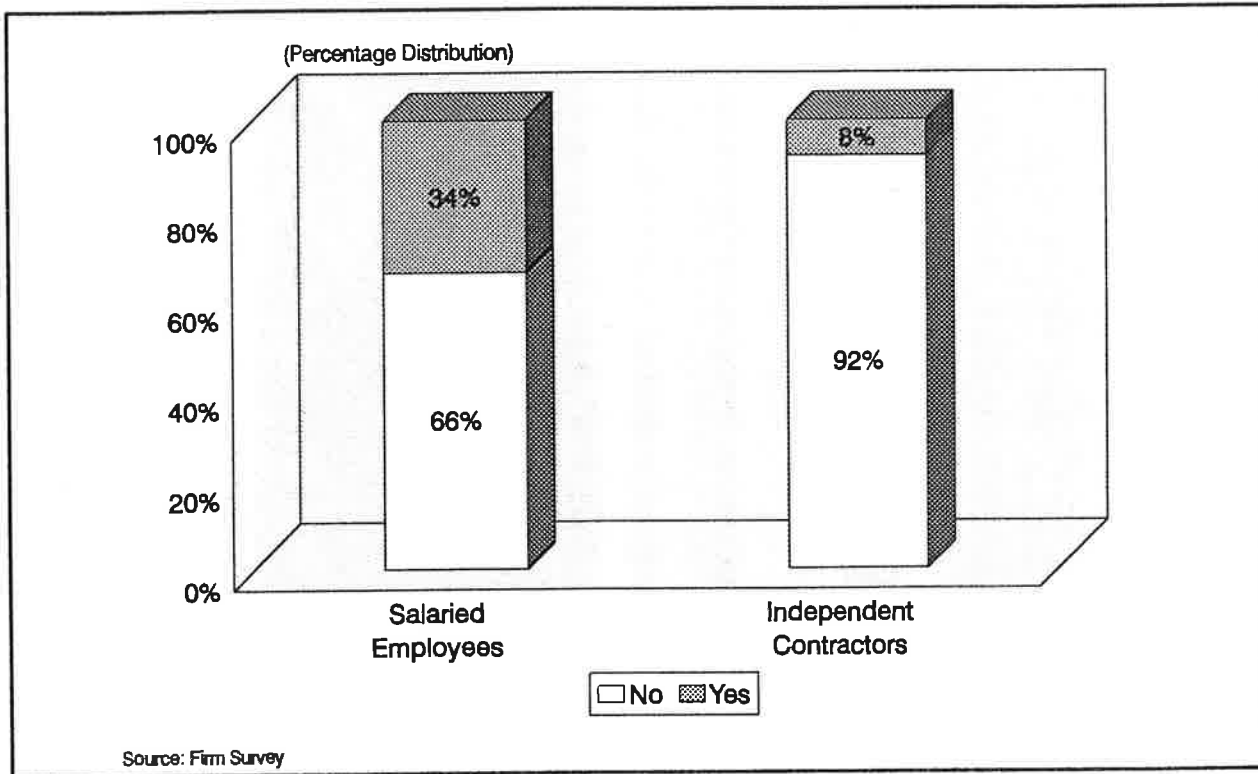
Figure I-2
Source of Health Insurance Coverage
(Agent Survey)



How many real estate firms offer health insurance?

Real estate firms are more likely to offer health insurance coverage to their salaried employees than to their independent sales agents. This is not surprising because health insurance is an expensive benefit. Many broker/owners express great concern about being required to provide health insurance coverage to independent contractors because it would add additional pressure to an already thin profit margin. To date, only 8 percent of all firms report that they offer health insurance coverage to their independent sales agents, while only 34 percent of all firms offer insurance coverage to their salaried employees (see Figure I-3).

Figure I-3
Does Firm Offer Health Insurance?
 (Percentage Distribution)



What kinds of health insurance coverage do agents acquire?

Real estate agents generally obtain health insurance that includes various types of coverage. More than eight out of every ten insured agents report that their health insurance policy covers hospitalization and major medical. To a lesser extent, their policy covers prescription drugs, mental health, dental, drug/alcohol treatment and vision care.

TABLE I-1 COVERAGE BY HEALTH INSURANCE (Percent of Respondents)	
Hospitalization	84%
Mental Health	45
Major Medical	82
Vision Care	26
Dental	33
Drug/Alcohol Treatment	30
Prescription Drugs	56

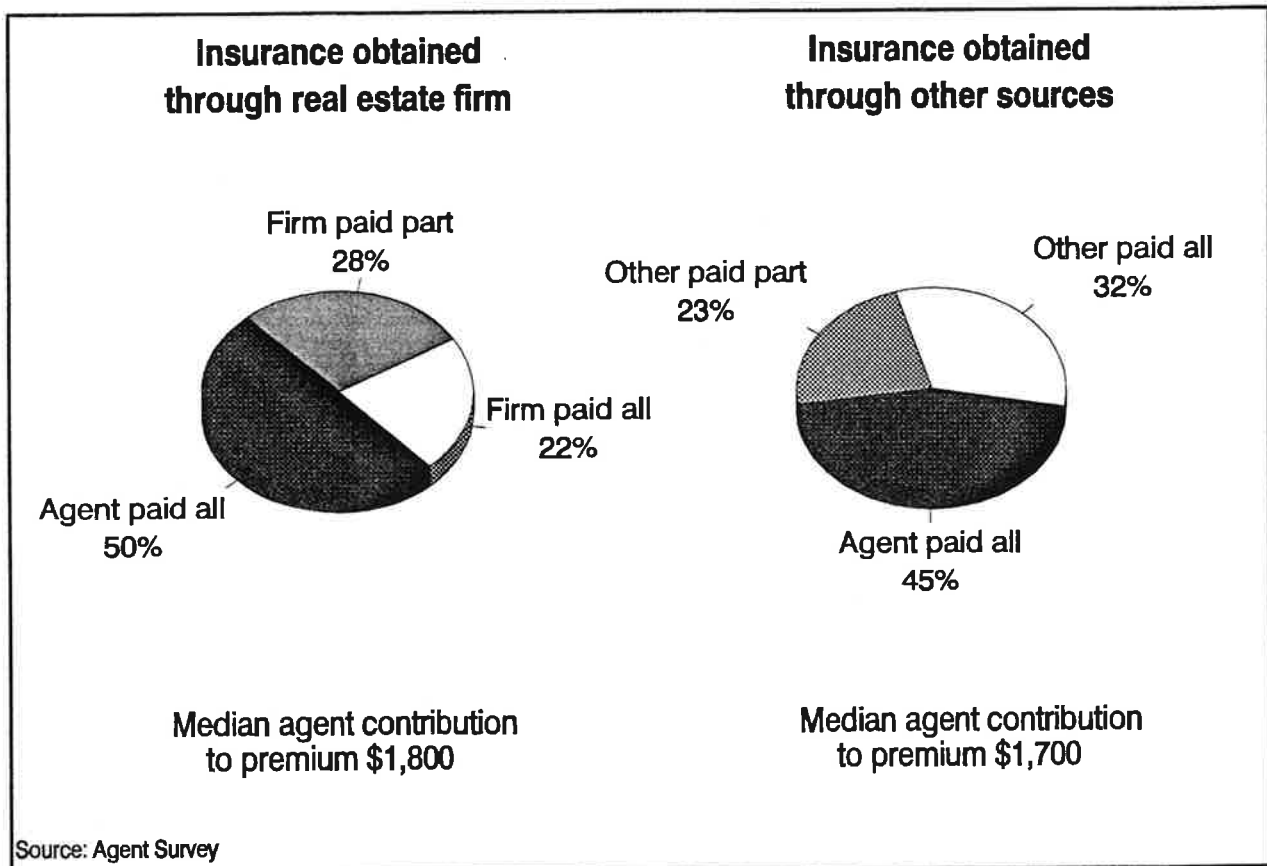
Who pays for health insurance?

Because health insurance is relatively expensive, who pays the insurance premium is an important issue that faces the real estate agent. Survey results indicate that irrespective of where health insurance is obtained, the real estate agent pays the majority of the insurance premium.

Agents who have acquired their insurance through their real estate firm

Only 6 percent of the respondents in the Agent Survey obtain their insurance through their firm. Of these agents, 50 percent pay the entire insurance premium, and 28 percent report paying a portion of the premium. They report a typical contribution of \$1,800 for the health insurance premium in 1993 (see Figure I-4).

Figure I-4
Who Paid the Premium for Agents?
(Percentage Distribution)



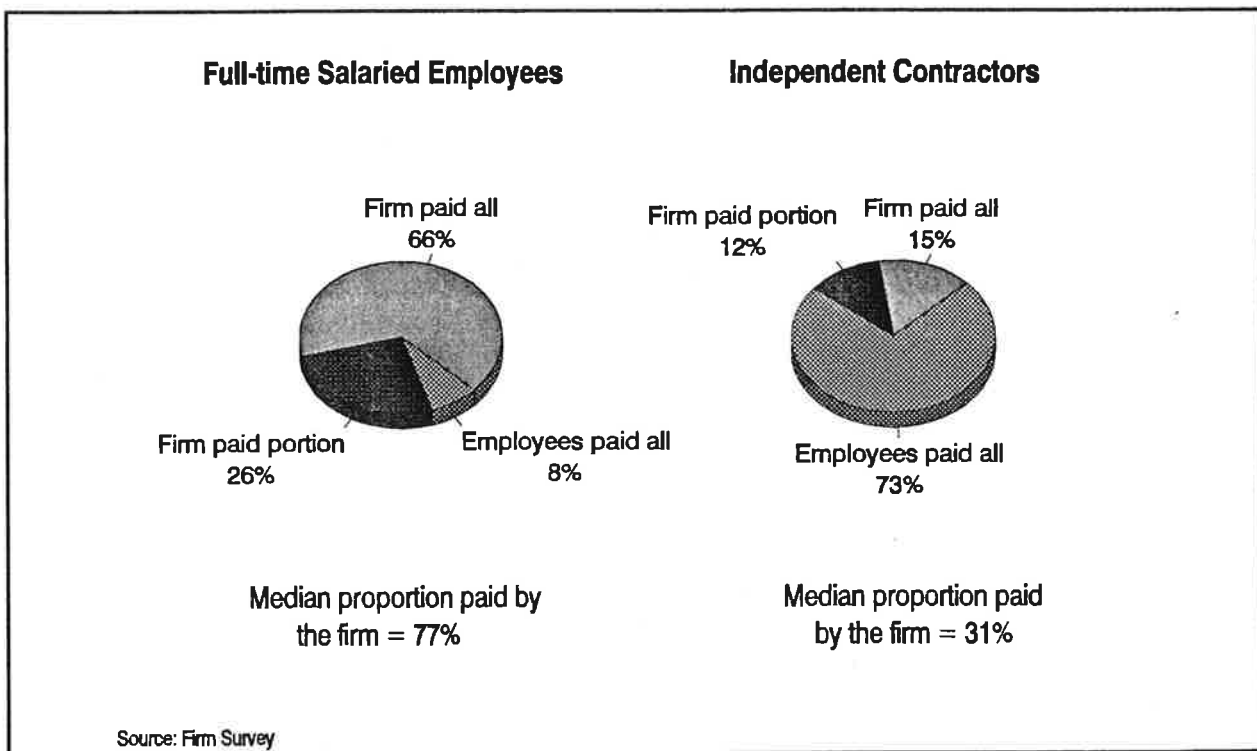
Agents who have acquired their insurance through other sources

Of these agents who account for 94 percent of the Agent Survey respondents, 45 percent pay the entire insurance premium, and 23 percent pay a portion of the premium. These real estate agents report that they paid a typical contribution of \$1,700 for the health insurance premium in 1993 (see Figure I-4).

Firms that offer health coverage to full-time salaried employees and independent sales agents

When the real estate firm offers health insurance coverage to both full-time salaried and independent sales agents, they are more likely to pay the insurance premium of the salaried employee rather than the independent contractor.

Figure I-5
Who Paid the Premium for Full-time Salaried Employees and Independent Contractors?
(Percentage Distribution)



Over 90 percent of these firms pay all or part of the insurance premium for salaried employees. This is in stark contrast to only 27 percent who pay all or part of the premium for the independent contractors (see Figure I-5).

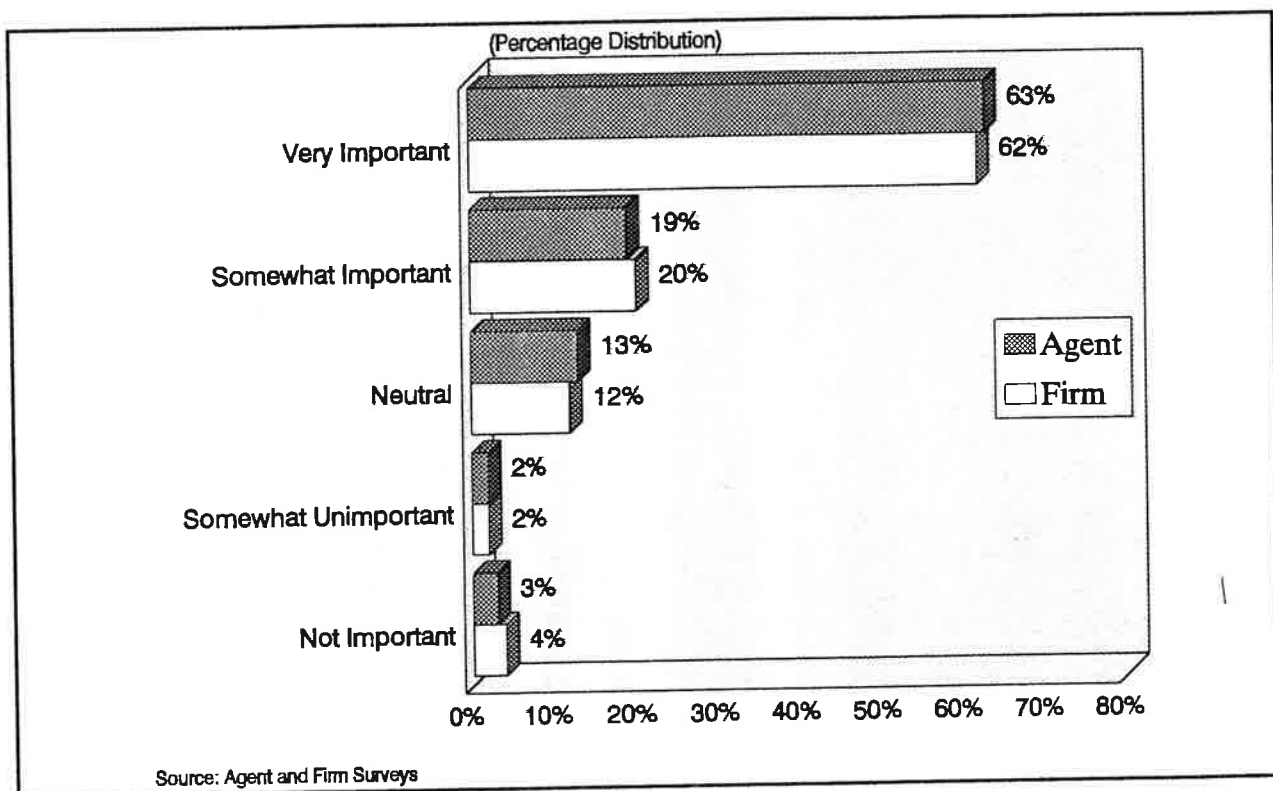
Are personal assistants offered health insurance coverage?

An important aspect of the real estate business that is typically overlooked is the use of personal assistants. It is becoming more common for REALTORS® to employ personal assistants. Thus what benefits are offered to the assistants is of practical concern for the real estate profession. Of the 11 percent of REALTORS® who employ a personal assistant, most (86 percent) do not offer health insurance coverage. Only 7 percent of personal assistants are provided with paid health insurance.

Is physician choice important?

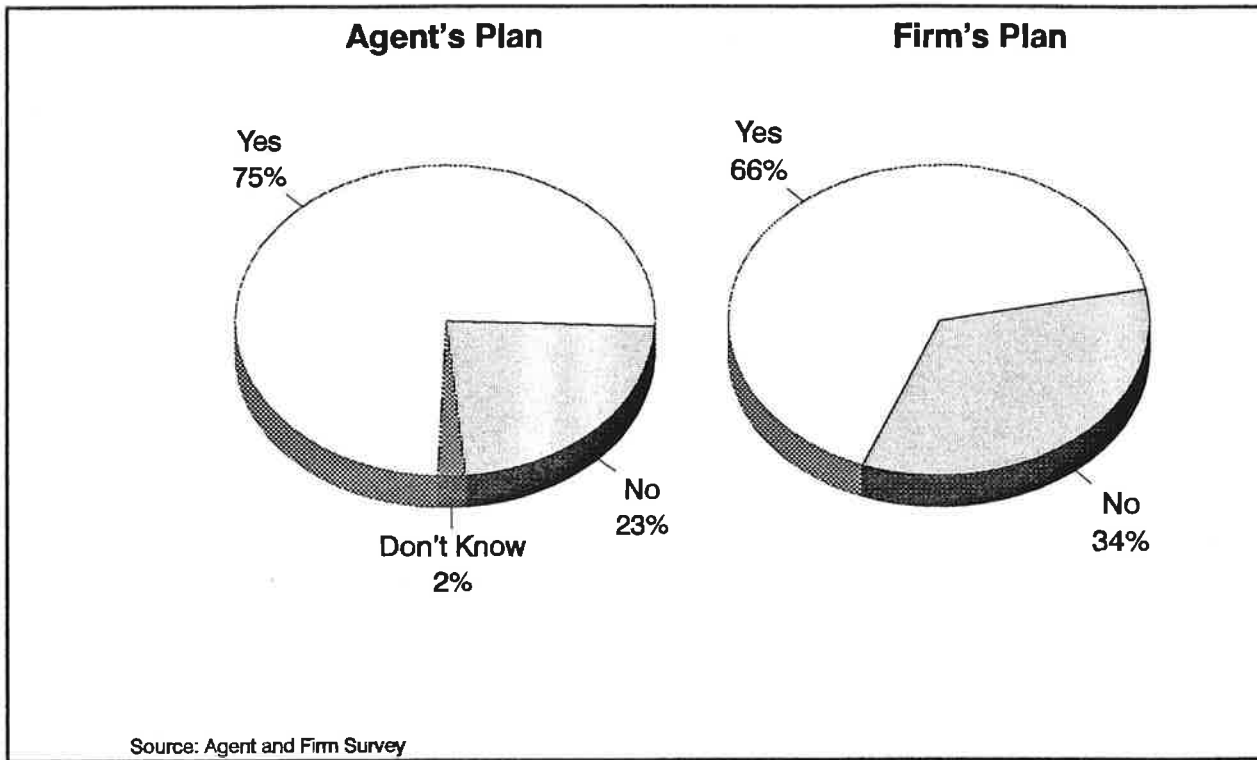
Respondents to both surveys highly value the ability to choose their own doctor. Only about 5 percent of the respondents deem physician choice as unimportant (see Figure I-6).

Figure I-6
Importance of Physician Choice
(Percentage Distribution)



The results from both surveys show that agents generally can choose their own doctors. Currently, 3 out of 4 insured respondents to the Agent Survey have the ability to choose their own doctor. According to the Firm Survey, two-thirds of the insurance policies offered by real estate firms allow for participants to choose their own physician (see Figure I-7).

Figure I-7
Does the Health Insurance Plan Allow Participants to Choose Their Own Doctor?
 (Percentage Distribution)



What are the reasons for not having health insurance coverage?

Despite the fact that most REALTORS® have health insurance, there are those who want health insurance but do not have it. High cost and pre-existing conditions appear to be the main reasons why uninsured REALTORS® do not have health insurance. For those respondents who currently are uninsured, 77 percent indicate that the premium is too costly, while 13 percent report that the premium is too expensive due to pre-existing conditions. An additional 3 percent indicate that they have been denied health insurance due to pre-existing conditions (see Table I-2).

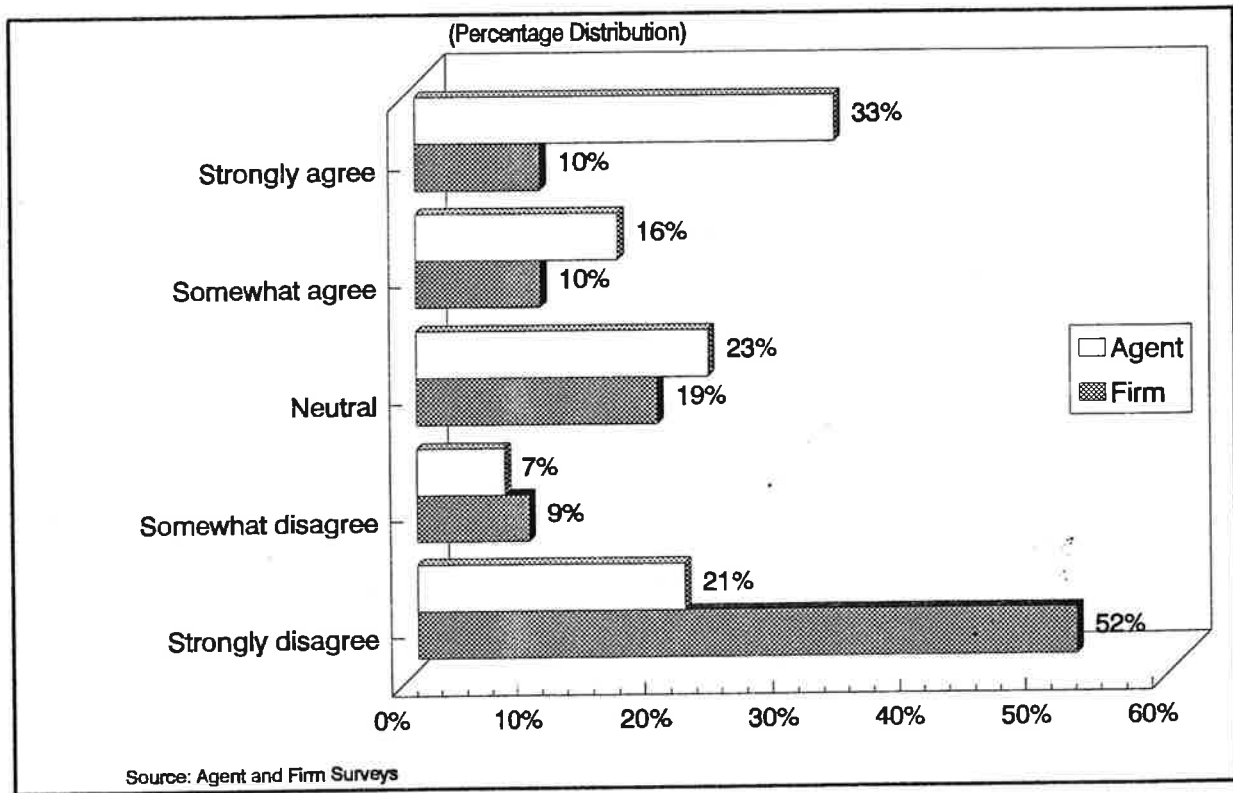
Premium too costly due to pre-existing conditions	13%
Premium is just too costly	77
Insurance coverage denied due to pre-existing conditions	3
Other	7
Total	100

The number of months that the typical uninsured REALTOR® has been without insurance is 6 months. The majority of the uninsured REALTORS® have been without insurance for less than one year – 43 percent have been without insurance for 6 months or less, while 18 percent have been without insurance between 7 and 12 months. Almost 4 out of 10 uninsured respondents report that they have been without insurance for more than two years.

Should real estate firms be required to pay a portion of the health insurance premium for their *salaried employees*?

Real estate broker/owners (Firm Survey) and members (Agent Survey) tend to disagree on this question. Half of the broker/owners strongly disagree that real estate firms should be required to pay a portion of the health insurance premium for their salaried employees. In contrast, 21 percent of real estate agents strongly disagree with the statement (see Figure I-8).

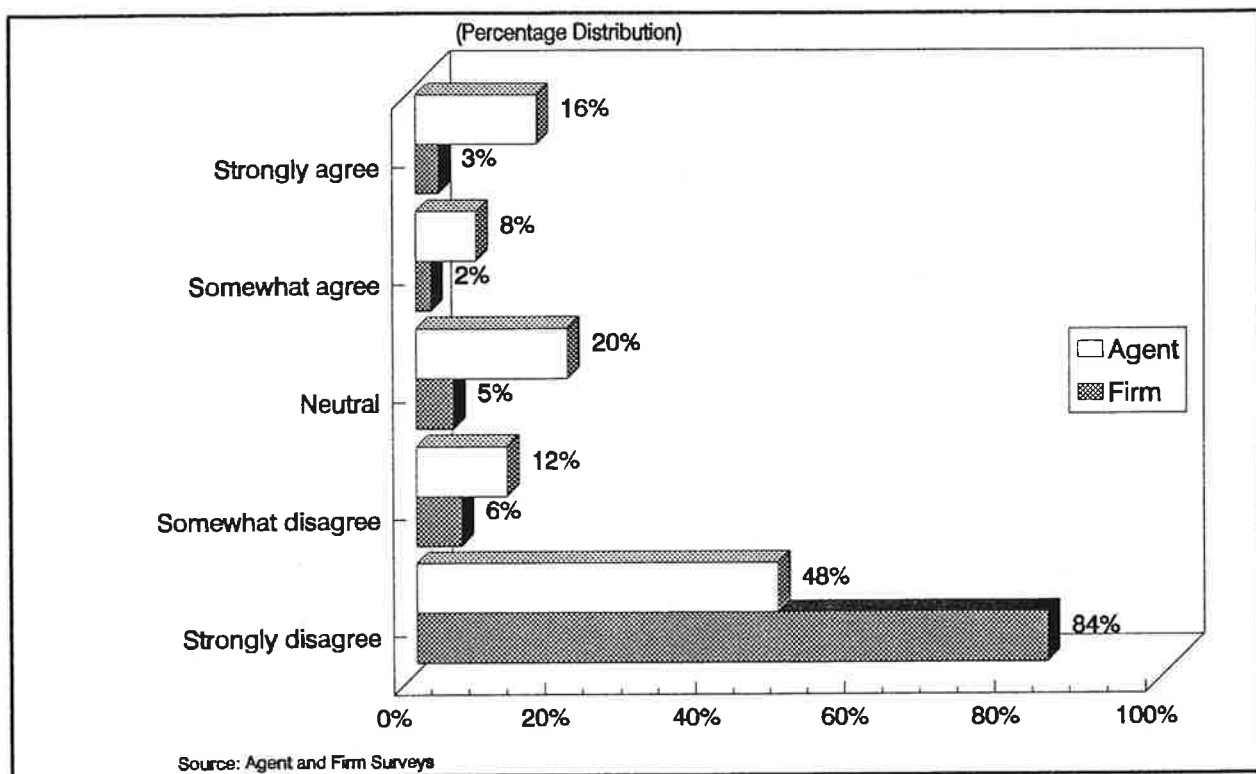
Figure I-8
Firms Should Be Required to Pay a Portion of the Health Insurance Premium for their Salaried Employees



Should real estate firms be required to pay a portion of the health insurance premium for their *independent contractors*?

Respondents to both surveys generally disagree that real estate firms should be required to pay a portion of the health insurance premium for their independent contractors. Firm respondents are much more likely to disagree with this statement than are Agent Survey respondents. Eighty-four percent of firm respondents strongly disagree, while 48 percent of agent respondents indicate strong disagreement (see Figure I-9).

Figure I-9
Firms Should Be Required to Pay a Portion of the Health Insurance Premium for their Independent Contractors



Should real estate agents have the option to obtain or maintain insurance coverage through their spouse?

Real estate broker/owners and Agent Survey respondents generally agree on this question. About 80 percent of the respondents for both surveys agree that real estate agents should have the option to obtain or maintain insurance coverage through their spouse. This option is not available with a health care reform requiring universal coverage.

Tabular Results of the Agent Survey

TABLE II-1 COVERAGE BY HEALTH INSURANCE PLAN (Percent of Respondents)	
Hospitalization	84%
Mental Health	45
Major Medical	82
Vision Care	26
Dental	33
Drug/Alcohol Treatment	30
Prescription Drugs	56

The primary reason to obtain health insurance is to protect oneself from the possible financial burden associated with a major illness, e.g., hospitalization and a major medical expense. This fact is evident from the above table. More than 8 out of 10 insured REALTORS® have health insurance that covers hospitalization and major medical. Fifty-six percent indicate their policy covers prescription drugs, while 45 percent have mental health benefits. Far less indicate that vision care is covered (26 percent).

TABLE II-2
DOES YOUR HEALTH INSURANCE PROGRAM ALLOW YOU THE OPTION
OF CHOOSING ANY DOCTOR?
 (Percentage Distribution)

Yes	75 %
No	23
Don't Know	2
Total	100

The ability to choose one's doctor has been an important aspect of health care in the United States. Choice is generally believed to be an important right of the insured. Currently, 75 percent of the insured REALTORS® are allowed to choose their own doctor under their current health insurance policy, while 23 percent indicate they do not have this option.

TABLE II-3
HEALTH INSURANCE COVERAGE OFFERED
THROUGH REAL ESTATE FIRM
 (Percentage Distribution)

Individual	2%
Family	16
None	82
Total	100

Because providing health insurance coverage is an expensive proposition for any business, especially small companies, most real estate firms do not provide health insurance. When coverage through the firm is available, most policies offer both individual and family options. Only 2 percent of the insured members indicate that their firm offers only individual coverage.

TABLE II-4
WHAT IS THE PRIMARY REASON YOU DO NOT
CURRENTLY HAVE HEALTH INSURANCE COVERAGE?
 (Percentage Distribution)

Premium too costly due to pre-existing conditions	13%
Premium is just too costly	77
Insurance coverage denied due to pre-existing conditions	3
Other	7
Total	100

Despite the fact that most REALTORS® have health insurance, there are those who want health insurance but indicate that they cannot obtain it. High cost and pre-existing conditions appear to be the main reasons why REALTORS® do not have health insurance. For those respondents who currently are uninsured, 77 percent indicate that the premium is too costly, while 13 percent report that the premium is too expensive due to pre-existing condition. An additional 3 percent indicate that they have been denied health insurance due to pre-existing conditions. Seven percent have other reasons for not having health insurance.

TABLE II-5 HOW LONG HAVE YOU BEEN WITHOUT COVERAGE? (Percent Distribution)	
6 Months or Less	43 %
7 to 12 Months	18
13 to 24 Months	*
25 Months or More	39
Total	100
Median number of months	6

* Less than one percent

While there exists considerable variations in the length of time members report that they have been without insurance coverage, the typical uninsured REALTOR® has been without insurance coverage for only six months. The majority of uninsured REALTORS® have been without insurance for less than one year – 43 percent have been without insurance for 6 months or less while 18 percent have been without insurance between 7 and 12 months. Almost 4 out of 10 uninsured REALTORS® report that they have been without insurance for more than 2 years.

TABLE II-6
SOURCE OF HEALTH INSURANCE COVERAGE
 (Percent of Respondents)

	Region of the Country			
	Northeast	Midwest	South	West
Your Real Estate Firm	5%	7%	6%	6%
Spouse's Employer	37	50	34	28
Local Board/State Assoc.	4	5	3	5
Group Purchase Plan	20	22	19	21
Government Subsidized Care	7	8	14	8
Other Employer	13	14	10	7

Only a small portion of real estate firms offer health insurance to their sales agents. Thus REALTORS® obtain health insurance through a variety of other sources. The most frequently cited source of coverage is through the spouse's employer (see Figure I-2). This trend holds true for every region of the country. However, regional variations are evident – 50 percent of insured REALTORS® in the Midwest have insurance coverage through their spouse's employer, compared with 28 percent in the West.

Group purchase plans and insurance coverage offered by other employers are also important sources of coverage. One out of 5 insured REALTORS® obtains health insurance coverage from a group purchase plan. In contrast, only one out of 20 insured REALTORS® obtain insurance coverage through a real estate firm.

TABLE II-7
SOURCE OF HEALTH INSURANCE COVERAGE
 (Percent of Respondents)

	Size of Firm					Franchise Affiliation	
	5 or fewer	6-10	11-20	21-50	51 or More	Yes	No
Your Real Estate Firm	8%	7%	4%	4%	5%	3%	7%
Spouse's Employer	27	34	28	35	36	34	32
Local Board/State Assoc.	3	3	3	3	5	4	4
Group Purchase Plan	18	19	20	19	17	17	20
Government Subsidized Care	10	13	9	6	7	7	10
Other Employer	11	10	13	7	9	8	11

Size and franchise affiliation of real estate firms generally appear to have little impact on the source of insurance coverage chosen by REALTORS®. One notable exception, however, exists. Members affiliated with smaller and non-franchised firms appear more likely to obtain insurance coverage through their real estate firm than do REALTORS® affiliated with larger and franchised firms. For example, 8 percent of the insured REALTORS® who have health insurance coverage through their firm are associated with the smallest firms, compared to five percent who are associated with the biggest firms.

TABLE II-8
SOURCE OF HEALTH INSURANCE COVERAGE
 (Percent of Respondents)

	Gender		Working Status	
	Male	Female	Full-Time	Part-Time
Your Real Estate Firm	7%	4%	6%	3%
Spouse's Employer	24	41	34	27
Local Board/State Assoc.	4	4	4	1
Group Purchase Plan	21	17	18	19
Government Subsidized Care	12	6	8	16
Other Employer	12	8	6	34

Insured female REALTORS® are more likely to obtain insurance coverage from their spouse's employer than are male REALTORS®. Forty-one percent of all insured female REALTORS® obtain insurance coverage through their husband's employer, compared to only 24 percent of the insured male REALTORS®. Twenty-one percent of the insured male REALTORS® are covered by group purchase plan, compared with 17 percent of the insured female REALTORS®.

There are some minor differences in insurance coverage by working status (full or part-time). The biggest difference occurs in the "Other Employer" category. Six percent of the insured full-time REALTORS® report they obtain insurance coverage from another employer, while 34 percent of the insured part-time REALTORS® report coverage through another employer.

TABLE II-9
SOURCE OF HEALTH INSURANCE COVERAGE
 (Percent of Respondents)

	Type of License			Employment Status	
	Sales Agent	Broker-Associate	Broker	Independent contractor	Salaried Employee
Your Real Estate Firm	3%	6%	11%	3%	41%
Spouse's Employer	35	32	27	34	20
Local Board/State Assoc.	3	5	4	4	3
Group Purchase Plan	18	19	22	18	24
Government Subsidized Care	7	11	11	9	3
Other Employer	12	7	6	10	9

Brokers are more likely to obtain insurance coverage from their real estate firm than are sales agents and broker-associates. Eleven percent of the insured brokers report coverage through their firm as compared with 6 percent of the insured broker-associates and 3 percent of the insured sales agents.

Like brokers, salaried employees are also more likely to obtain insurance coverage from their real estate firm than are independent contractors. Forty-one percent of the insured salaried agents report coverage through their real estate firm as compared with only three percent of the independent sales agents. Sales agents, on the other hand, are more likely to obtain insurance coverage through their spouse and other employer than are broker-associates and brokers.

TABLE II-10
IF YOUR HEALTH INSURANCE IS OBTAINED
THROUGH YOUR REAL ESTATE FIRM
WHO PAID THE PREMIUM?
 (Percentage Distribution)

	Region of the Country			
	Northeast	Midwest	South	West
Firm Paid All	35%	26%	31%	36%
Firm Paid part	32	15	28	20
I Paid All	33	59	41	44
Total	100	100	100	100
Amount I Paid in 1993 (Median)	\$1,550	\$1,950	\$1,856	\$1,914

Because most real estate firms do not provide their independent sales agents with paid health insurance coverage, the issue of who pays the premium and the premium amount is of critical importance to the sales agent. Furthermore, even when real estate firms offer insurance coverage, they are unlikely to pay the entire insurance premium. This is reflected in the above table. With the notable exception of the Midwest, approximately only one-third of insured REALTORS® indicate that their firm paid the entire health insurance premium. The Northeast has the lowest number of REALTORS® who paid the entire premium.

TABLE II-11
IF YOUR HEALTH INSURANCE IS OBTAINED
THROUGH YOUR REAL ESTATE FIRM
WHO PAID THE PREMIUM?
(Percentage Distribution)

	Size of Firm					Franchise Affiliation	
	5 or fewer	6 - 10	11 - 20	21 - 50	51 or More	Yes	No
Firm Paid All	47%	55%	36%	27%	14%	22%	36%
Firm Paid part	21	21	18	15	33	18	24
I Paid All	32	24	46	58	53	60	40
Total	100	100	100	100	100	100	100
Amount I Paid in 1993 (Median)	\$2,400	\$1,425	\$1,908	\$1,764	\$1,800	\$1,800	\$2,002

Agents affiliated with smaller and non-franchised real estate firms appear more likely to have their entire health insurance premium paid by their firm than those affiliated with larger and franchised firms. However, the contributions to the insurance premium paid by REALTORS® affiliated with smaller and non-franchised firms are significantly larger than those contributions from larger and franchised firms. REALTORS® associated with the smallest firms (5 or fewer REALTORS®) report a median contribution to the insurance premium of \$2,400 in 1993 while those in the largest firms (51 or more REALTORS®) contributed only \$1,800. Likewise members with no franchise affiliation report a median contribution of \$2,200, compared to the \$1,800 contribution made by members in franchised firms.

TABLE II-12
IF YOUR HEALTH INSURANCE IS OBTAINED
THROUGH YOUR REAL ESTATE FIRM
WHO PAID THE PREMIUM?
 (Percentage Distribution)

	Gender		Working Status	
	Male	Female	Full-Time	Part-Time
Firm Paid All	32%	31%	29%	42%
Firm Paid part	28	18	23	24
I Paid All	40	51	48	34
Total	100	100	100	100
Amount I Paid in 1993 (Median)	\$1,500	\$2,000	\$1,908	\$1,303

Male REALTORS® are more likely than females to have their real estate firm pay for all or part of their insurance premium. To some extent this can be explained by the fact that the majority of brokers are male, and brokers tend to have their insurance premium paid by the firm. Male REALTORS® report a median contribution of \$1,500 toward their insurance premium in 1993, while females report a \$2,000 contribution. Full-time REALTORS® who have coverage through their real estate firm pay a median contribution of \$1,908 compared with a median contribution of \$1,303 for part-timers.

TABLE II-13
IF YOUR HEALTH INSURANCE IS OBTAINED
THROUGH YOUR REAL ESTATE FIRM
WHO PAID THE PREMIUM?
(Percentage Distribution)

	Type of License			Employment Status	
	Sales Agent	Broker-Associate	Broker	Independent Contractor	Salaried Employee
Firm Paid All	25 %	21 %	51 %	20 %	54 %
Firm Paid part	22	30	20	16	40
I Paid All	53	49	29	64	6
Total	100	100	100	100	100
Amount I Paid in 1993 (Median)	\$1,812	\$1,836	\$1,950	\$1,950	\$1,200

More brokers report that their firm paid for their insurance premium than do broker-associates and sales agents. Fifty-one percent of brokers report that their entire health insurance premium is paid for by their firm, compared to only 25 percent for sales agents and 21 percent for broker associates. In terms of dollars, however, brokers report higher contributions than sales agents and broker-associates. The median contribution to the insurance premium for brokers was \$1,950 in 1993, while sales agents and broker-associates contributed \$1,812 and \$1,836, respectively.

The difference in health insurance premiums by employment status is also striking. Fifty-four percent salaried employees report that their entire health insurance premium is paid for by their firm, compared with only 20 percent of independent contractors. Sixty-four percent independent contracts paid for their entire health insurance premium, compared to 6 percent for salaried employees. As a result, salaried employees report a much lower contribution than do independent contractors. The median contribution to the insurance premium of salaried employees was \$1,200 in 1993, compared with \$1,950 for independent contractors.

Tables II-10, II-11, II-12 and II-13 present information on who paid the insurance premium by various criteria – region of the country, size of firm, franchise affiliation, gender, working status, license type and employment status – when health insurance is obtained from the real estate firm. The following 3 tables provide the same information (where applicable) when health insurance is obtained from a source other than the real estate firm.

TABLE II-14 IF YOUR HEALTH INSURANCE IS OBTAINED THROUGH A SOURCE OTHER THAN THROUGH YOUR REAL ESTATE FIRM WHO PAID THE PREMIUM? (Percentage Distribution)				
	Region of the Country			
	Northeast	Midwest	South	West
Other Source Paid All	25 %	27 %	18 %	20 %
Other Source Paid Part	31	27	30	23
I Paid All	44	46	52	57
Total	100	100	100	100
Amount I Paid in 1993 (Median)	\$2,200	\$1,800	\$1,800	\$1,860

Of those REALTORS® who obtain health insurance from a source outside their real estate firm, most are required to pay all or at least part of the insurance premium. Regional differences do exist, however. The outside source is more likely to pay the entire insurance premium for REALTORS® located in the Northeast and Midwest and less likely to pay the premium for those in the South and West. With the exception of the Northeast, the median health insurance contribution paid for by the REALTORS® is about the same in other regions of the country registering about \$1,800.

TABLE II-15
IF YOUR HEALTH INSURANCE IS OBTAINED THROUGH A SOURCE
OTHER THAN THROUGH YOUR REAL ESTATE FIRM
WHO PAID THE PREMIUM?
 (Percentage Distribution)

	Gender		Working Status	
	Male	Female	Full-Time	Part-Time
Other Source Paid All	19%	25%	21%	27%
Other Source Paid part	27	28	26	40
I Paid All	54	48	53	33
Total	100	100	100	100
Amount I Paid in 1993 (Median)	\$1,800	\$1,860	\$2,000	\$1,200

Female REALTORS® appear to have a higher share of their health insurance premium paid for by an outside source than do male REALTORS® because female members are more likely to obtain health insurance through their spouse. The median contribution by gender is not significantly different. Part-time REALTORS® who obtained their health insurance through a source other than their real estate firm also appear to have a larger proportion of their health insurance premium paid for than do full-time REALTORS®. Their median contribution was considerably less at \$1,220 in 1993, compared to \$2,000 for full-time REALTORS®.

TABLE II-16
IF YOUR HEALTH INSURANCE IS OBTAINED THROUGH A SOURCE
OTHER THAN THROUGH YOUR REAL ESTATE FIRM
WHO PAID THE PREMIUM?
 (Percentage Distribution)

	Type of License			Employment Status	
	Sales Agent	Broker-Associate	Broker	Independent Contractor	Salaried Employee
Other Source Paid All	24%	18%	21%	22%	32%
Other Source Paid Part	30	26	20	28	18
I Paid All	46	56	59	50	51
Total	100	100	100	100	100
Amount I Paid in 1993 (Median)	\$1,700	\$1,900	\$2,300	\$1,800	\$2,690

Brokers and broker-associates who obtain health insurance coverage through a source other than their real estate firm appear to pay a larger proportion of their health insurance premium than do sales agents. Fewer sales agents report that they pay the entire health insurance premium than broker-associates and brokers. Contribution to the premium is greater for brokers than for sales agents and broker-associates. The typical contribution reported by brokers was \$2,300, compared to \$1,900 for broker-associates and \$1,700 for sales agents.

A higher percentage of salaried employees reports that their health insurance premium are paid for than do independent contractors. The median contribution paid by independent contractors in this category in 1993 was \$1,800, much lower than the \$2,690 amount paid by salaried employees.

TABLE II-17
OPINIONS OF AGENTS ON VARIOUS ISSUES
 (Percentage Distribution)

	Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree	Total
Firms should be required to pay a portion of the health insurance premium for their salaried employees	21%	7%	23%	16%	33%	100%
Firms should be required to pay a portion of the health insurance premium for their independent contractors	44	12	20	8	16	100
Firms should be required to make available (but not necessarily pay) health insurance for their employees.	12	5	20	17	40	100
Insurers should be able to deny coverage due to pre-existing conditions.	48	16	21	7	8	100
I should have the option to obtain or maintain insurance coverage through my spouse.	3	1	14	14	68	100
Chiropractic and holistic health care options should be covered under any new health care legislation.	14	9	27	15	35	100

The members were asked a number of opinion questions relating to insurance coverage and premium with the following results:

- **Most of the REALTORS® who responded to the survey agree that firms should be required to pay a portion of the health insurance premium for their *salaried employees*.** Thirty three percent strongly agree and 16 percent agree somewhat with the statement. On the other hand twenty-one percent of the REALTORS® strongly disagree while 23 percent are neutral.
- **Most of those REALTORS®, however, disagree that firms should be required to pay a portion of the health insurance premium for their *independent contractors*.** Forty-four percent of the respondents strongly disagree that firms should be required to pay a portion of the health insurance premium for independent contractors while 12 percent disagree somewhat. Only 24 percent strongly agree or agree somewhat with the statement. Twenty percent are neutral.
- **Most of the REALTORS® believe that insurers should not be able to deny coverage because of pre-existing conditions.** Forty-eight percent and 16 percent strongly disagree and somewhat disagree, respectively. Only 15 percent strongly agree or somewhat agree to the statement while 21 percent are neutral.
- **Most of the REALTORS® agree that they should have the option to obtain or maintain insurance coverage through their spouse's employer.** As much as 68 percent and 14 percent strongly agree and somewhat agree, respectively, that they should have such an option. Only 4 percent strongly disagree or disagree somewhat to the statement while 14 percent are neutral.
- **Half of the REALTORS® agree that chiropractic and holistic health care options should be covered under any new health care legislation.** Twenty-seven percent are indifferent to the statement.

TABLE II-18
OPINIONS ON PHYSICIAN CHOICE AND UNIVERSAL COVERAGE
 (Percentage Distribution)

	Unimportant	Somewhat Unimportant	Neutral	Somewhat Important	Very Important	
Physician Choice	3%	2%	13%	19%	63%	100%
Universal Coverage	12	6	17	17	48	100

An overwhelming majority of the respondents favor physician choice. The support for universal choice is also strong but not as significant.

Sixty-three percent of the REALTORS® who responded to the survey say physician choice is very important while 19 percent think it is only somewhat important. Only five percent say physician choice is not important while 13 percent are neutral.

Forty-eight percent of the REALTORS® say universal coverage is very important while 17 percent are either neutral or think it is somewhat important. Furthermore, eighteen percent say universal coverage is not important. One caveat to interpreting this result is that many REALTORS® who answered this question express some confusion over the definition of universal coverage. For example, some consider universal coverage as a comprehensive package of health care that covers all types of illness, while other interpret universal coverage to mean health insurance for all U.S. citizens.

TABLE II-19
HAVE YOU HAD DIFFICULTY
IN OBTAINING HEALTH INSURANCE COVERAGE?
 (Percentage Distribution)

REALTOR® has pre-existing condition	56%
Family member has pre-existing condition	12
Cost of insurance is too high	30
Age is a factor	3
Total	100

Insurance coverage is not always easy to obtain. Certain pre-existing condition as well as demographic factors will influence ones ability to obtain coverage. Of those REALTORS® who had difficulty in obtaining health insurance coverage the most frequently cited reason is a pre-existing condition (fifty-six percent). The second most frequently cited reason is that the cost of health insurance is too high, cited by 30 percent of REALTORS®. Three percent noted that age was a factor.

Tabular Results of the Firm Survey

TABLE III-1 IF BROKER'S HEALTH INSURANCE IS OBTAINED THROUGH THE REAL ESTATE FIRM WHO PAID THE PREMIUM? (Percentage Distribution)	
Firm Paid All	66%
Firm Paid Part	11
Broker Paid All	23
Total	100
Amount Broker Paid in 1993 (Median)	\$3,120

As one would expect, firms generally pay the entire health insurance premium for broker/owners. The majority of broker/owners indicate that their firm pays the entire health insurance premium (66 percent). The remaining brokers who pay all or part of the insurance premium report that they pay a premium of just over \$3,000. This contribution is significantly larger than that reported by brokers in the Agent Survey (Table II-16). This difference can be explained partly by the fact that brokers/owners who responded to the Firm Survey are more likely to have an ownership role in the firm and consequently earn more income. The survey results indicate that as income increases so does the level of health insurance coverage.

TABLE III-2
DOES FIRM OFFER HEALTH CARE INSURANCE COVERAGE
TO SALARIED EMPLOYEES?
 (Percentage Distribution)

	Yes (Full-Time Only)	Yes (Full & Part-Time)	No	Total
Overall	31%	3%	66%	100%
Number of Salaried Employees				
One	10	1	89	100
2-5	31	4	64	100
6-10	47	*	53	100
11-20	72	12	15	100

* Less than one percent

While most of the firms surveyed offer health insurance to the broker/owner, far fewer extend the same benefit to their salaried employees. Overall, one-third of the firms offer health insurance to their salaried staff. Firm size is a major factor that determines whether a firm will offer coverage to their salaried staff. The majority of real estate firms are small, typically contracting with only a few sales agents and employing one or two support staff. Because these smaller firms operate with extremely thin profit margins, they are less likely to provide additional fringe benefits to their salaried employees. As firms grow in size and the profit margins widen, they are more inclined to offer additional benefits. For example, while only 10 percent of the firms that employ one salaried employee offer health insurance coverage to their full-time employees, 72 percent of those firms with 11-20 salaried employees offer insurance coverage to their full-time employees.

TABLE III-3
FIRM'S HEALTH INSURANCE COVERAGE
OFFERED TO SALARIED EMPLOYEES
 (Percentage Distribution)

Individual Only	47%
Family	53
Total	100

Broker/owners were also asked to indicate what type of insurance policy is offered to their salaried employees. Of the 34 percent of real estate firms offering health insurance to their salaried employees, 53 percent offer both individual and family policies.

TABLE III-4 WHO PAID THE PREMIUM FOR FIRM'S SALARIED EMPLOYEES? (Percentage Distribution)		
	Full-Time	Part-Time
Firm Paid All	66%	16%
Firm Paid Part	26	26
Agent Paid All	8	58
Total	100	100
Proportion Paid by Firm (Median)	77%	40%

When firms do offer health insurance to their salaried staff, the firm will generally pay all or at least part of the premium for their full-time salaried employees, but not for their part-time staff. Ninety-two percent of firms report they pay all or part of the premium for their full-time staff, compared to 40 percent for part-time employees. Overall, firms pay 77 percent of the insurance premium for their full-time employees and 40 percent of the premium for their part time staff members.

TABLE III-5
DOES FIRM OFFER HEALTH CARE INSURANCE
TO INDEPENDENT CONTRACTORS?
 (Percentage Distribution)

	Yes (Full-Time Only)	Yes (Full & Part-Time)	No	Total
Overall	5%	3%	92%	100%
Number of Employees				
Less than 5	3	2	95	100
6-10	8	7	85	100
11-20	4	1	95	100
21-50	8	2	90	100
51+	17	8	75	100

While most firms offer health insurance to their broker/owner, and to a lesser extent to their salaried staff, few offer it to their independent contractors. Overall, 8 percent of the firms surveyed offer health insurance to their independent contractors. As the firm grows in size, it is more likely to offer insurance to their full-time independent contractors. For example, 3 percent of the smallest firms offer coverage to their full-time independent contractors while 17 percent of the largest firms (affiliating with more than 50 agents) offer health insurance. This suggests that economies of scale dominate the decision to offer health insurance coverage to independent contractors. Larger firms are better able to spread-out this additional fixed cost than are smaller ones.

TABLE III-6 FIRM'S HEALTH INSURANCE COVERAGE OFFERED TO INDEPENDENT CONTRACTORS (Percentage Distribution)	
Individual only	13%
Family	87
Total	100

Like the insurance policy offered to the firm's salaried employees, the agent's policy offered through the firm typically covers all family members. Of the 8 percent of real estate firms offering health insurance coverage to independent contractors, 87 percent offer both individual and family coverage.

TABLE III-7 WHO PAID THE PREMIUM FOR FIRM'S INDEPENDENT CONTRACTORS? (Percentage Distribution)		
	Full-time	Part-time
Firm Paid All	15 %	5 %
Firm Paid Part	12	5
Agent Paid All	73	90
Total	100	100
Proportion Paid by Firm (Median)	31 %	30 %

Because health insurance is an expensive benefit, few firms that offer health insurance to their independent sales agents are willing to pay the entire premium. Only 15 percent of the firms offering insurance to full-time independent contractors indicate that they pay the entire health insurance premium. Only 12 percent of the firms paid part of premium. The percentage of firms offering health insurance to their part-time independent contractors is even lower.

TABLE III-8 DOES THE FIRM'S HEALTH INSURANCE PLAN ALLOW PARTICIPANTS THE OPTION OF CHOOSING THEIR OWN DOCTOR? (Percentage Distribution)	
Yes	66%
No	34
Total	100

An important issue in the current national health care debate is the patients' ability to choose their own physician. The majority of the firms that offer health insurance coverage indicate that their plans allow participants to choose their own doctors (66 percent).

TABLE III-9
OPINIONS OF BROKER/OWNERS ON VARIOUS ISSUES
 (Percentage Distribution)

	Strongly Disagree	Somewhat Disagree	Neutral	Somewhat Agree	Strongly Agree	Total
Firms should be required to pay a portion of the health insurance premium for their salaried employees	52%	9%	19%	10%	10%	100%
Firms should be required to pay a portion of the health insurance premium for their independent contractors	84	6	5	2	3	100
Firms should be required to make available (but not necessarily pay) health insurance for their employees.	34	5	23	15	23	100
Insurers should be able to deny coverage due to pre-existing conditions.	45	12	22	9	12	100
I should have the option to obtain or maintain insurance coverage through my spouse.	4	2	14	12	68	100
Chiropractic and holistic health care options should be covered under any new health care legislation	19	9	30	12	30	100

The broker/owners were asked a number of opinion questions relating to insurance coverage and premium with the following results:

- **Most of the brokers who responded to the Firm Survey disagree that firms should be required to pay a portion of the health insurance premium for their *salaried employees*.** Fifty-two percent strongly disagree and 9 percent somewhat disagree to the statement. On the other hand, twenty percent of the brokers strongly agree while 10 percent agree somewhat to the statement; 19 percent are neutral.
- **Almost all brokers disagree that firms should be required to pay a portion of the health insurance premium for their *independent contractors*.** Eighty-four percent of the brokers strongly disagree that firms should be required to pay a portion of the health insurance premium for independent contractors while 6 percent somewhat disagree.
- **The majority of firms are neutral or disagree that firms should be required to make available (but not necessarily pay) the health insurance premium for their employees.** Thirty-nine percent of the brokers strongly disagree or disagree somewhat to the statement
- **The majority of the brokers disagree that insurers should be able to deny coverage because of pre-existing conditions.** Forty-five percent strongly disagree to this statement, and only 12 percent strongly agree or somewhat agree to the statement.
- **Most of the brokers agree that they should have the option to obtain or maintain insurance coverage through their spouse's employer.** As much as 68 percent strongly agree that they should have such an option. Only 6 percent strongly disagree. Brokers' response to this statement in the Firm Survey is virtually the same as agents' responses in the Agent Survey.
- **Less than half of the brokers agree that chiropractic and holistic health care options should be covered under any new health care legislation.** Thirty percent are indifferent to the statement.

TABLE III-10
OPINIONS ON PHYSICIAN CHOICE AND UNIVERSAL COVERAGE
 (Percentage Distribution)

	Not Important	Somewhat Unimportant	Neutral	Somewhat Important	Very Important	Total
Physician Choice	4%	2%	12%	20%	62%	100%
Universal Coverage	16	7	21	19	37	100

Two of the most debated issues in the health care reform are physician choice and universal coverage. Like the agent survey, an overwhelming majority favor physician choice while half favor universal coverage. Sixty-two percent of the brokers who responded to the Firm Survey feel that physician choice is very important while 20 percent think it is somewhat important. Only six percent said physician choice is not important while 12 percent are neutral.

Thirty-seven percent of the brokers said universal coverage is very important while 19 percent think it is somewhat important. Twenty-three percent said universal coverage is not important while 21 percent are neutral.

Typical Comments from the Firm Survey

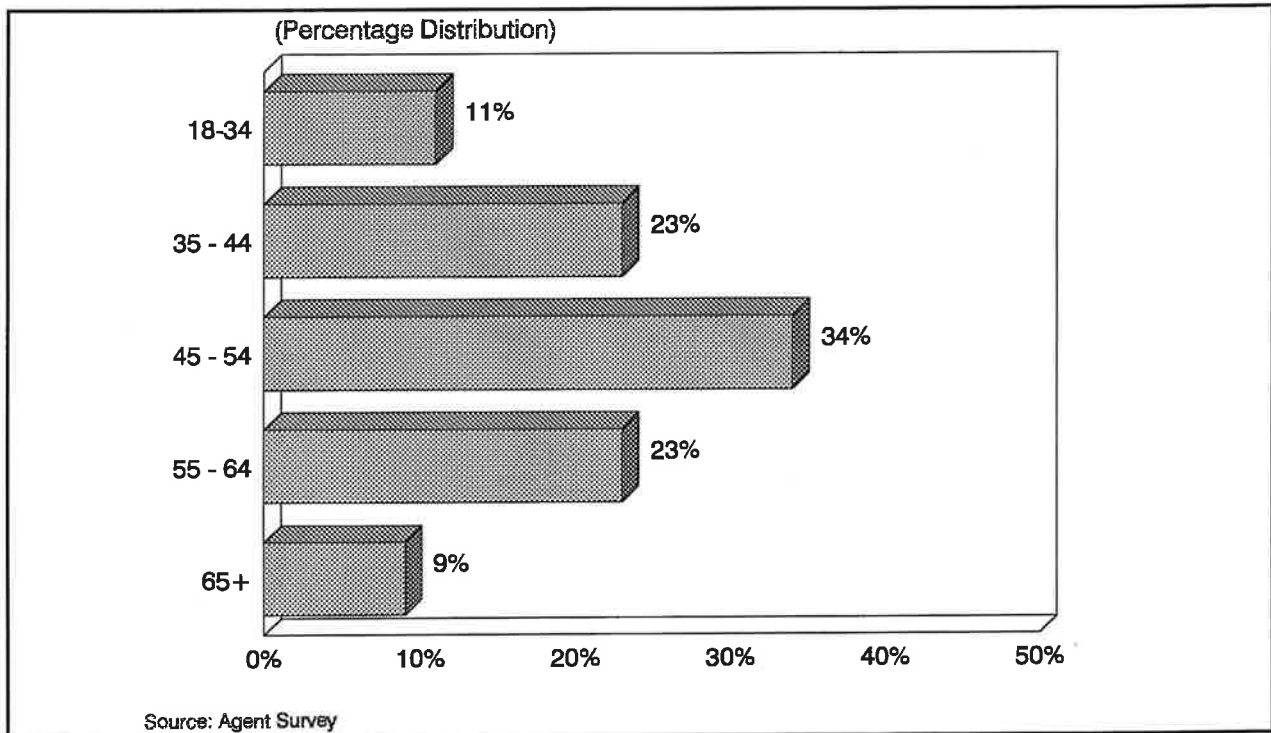
- I am strongly opposed to any government or localized medical care. There are some areas such as preexisting conditions which need to be addressed. We should repair the existing medical [insurance industry] care which is the best and not try to start a socialized program which will cost much more.
- We are great just the way we are.
- If employees want health insurance they can buy it themselves. As for my own personal coverage, I do not want to subscribe to any group plan unless I can select coverage I desire or feel that I need with doctors of my choice. In addition, I strongly oppose any form of national health care such as proposed by Pres. Clinton and her Husband, especially if tax payers must pay for abortions, government management or cattle car treatment.
- Quit kissing Clinton's butt and oppose mandatory coverage.
- It [health insurance] should be available to both the self-employed and employees at their option.
- I will close the office if I must pay health insurance for employees and independent contractors, small business cannot afford it!
- Any time government gets involved in private enterprise it screws it up. Keep the "liberal bleeding hearts" out of my pocket book and business.
- Keep the government out of it; go to the market place.
- We need universal health insurance.
- Need to keep health care costs under control because we are a small company and high health insurance costs will hurt our business worse than if we were a larger company.
- Everyone should have coverage no matter who pays.
- [Health insurance] should not be an issue relating to the firm, but a private affair paid privately by the insured. If anything government should provide a tax credit for the self-insured and eliminate all business-employer-firm involvement.

Demographics from the Agent Survey

Age

The age of the typical REALTOR® is 49 years old. While this is not surprising considering that real estate is typically a second profession for most of our members,

Figure A-1
Age Distribution of REALTORS®



considerable variations exists in the age distribution of our members. For example, 11 percent are between the age of 18 and 34. At the other extreme, 9 percent of the respondents are 65 years and older.

Figure A-2
Marital Status of REALTORS®
(Percentage Distribution)

Marital Status

The typical REALTOR® is married. Three out of 4 survey respondents are married.

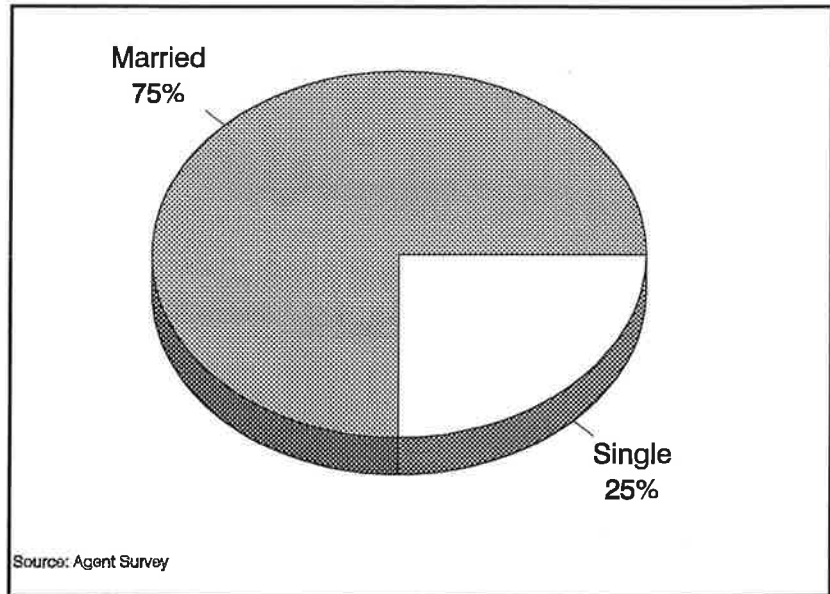
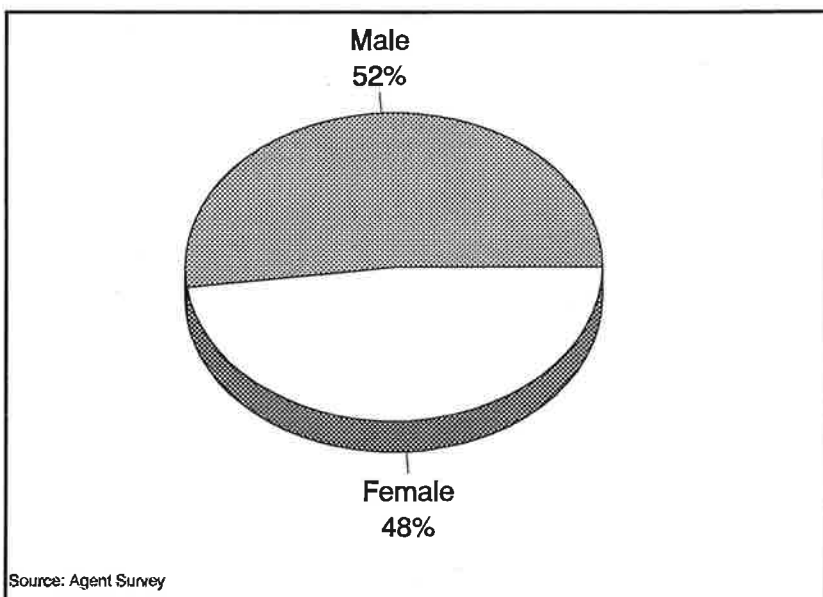


Figure A-3
Gender of REALTORS®
(Percentage Distribution)

Gender

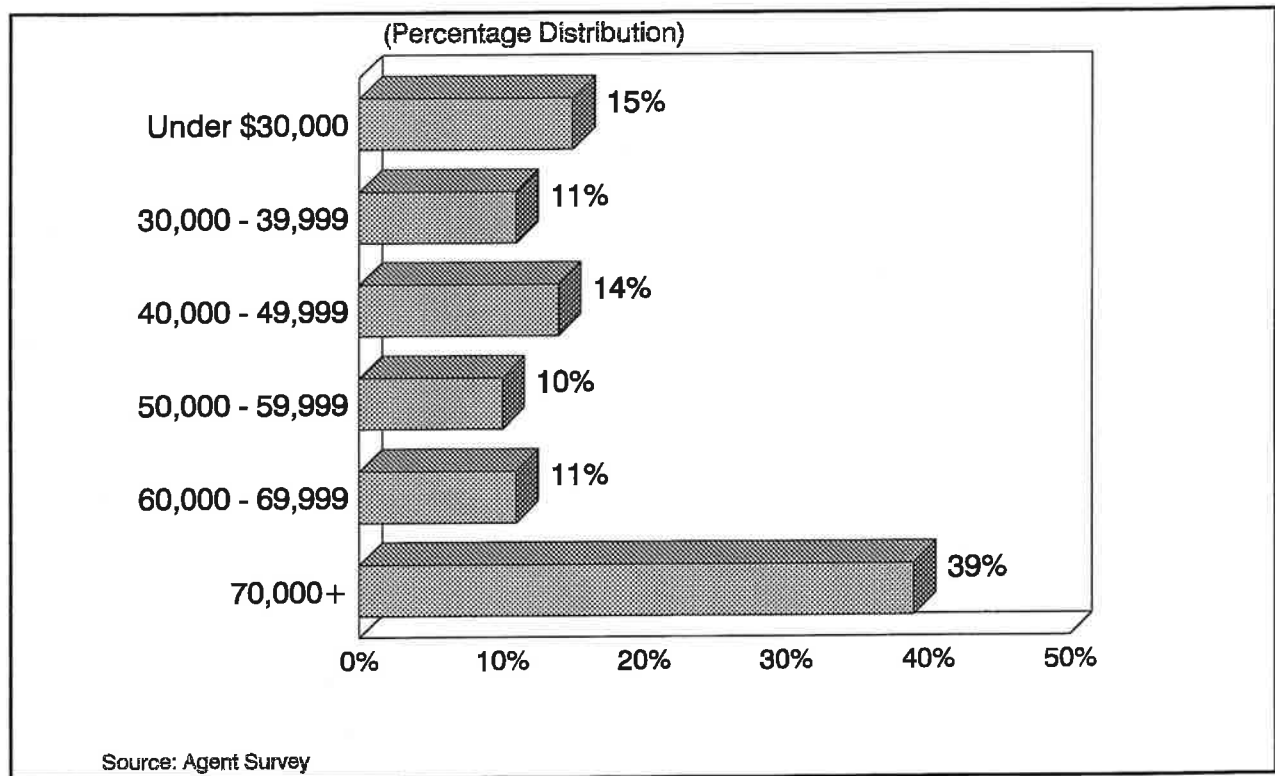
In recent years, there has been a significant increase in the number of women who practice real sales. This is reflected in this survey. Almost half of all responses are from female members (48 percent).



Household Gross Income

The typical respondent has a household adjusted gross income of \$55,000. While 15 percent report household income under \$30,000, nearly 4 out of 10 respondents report household income in excess of \$70,000.

Figure A-4
Household Adjusted Gross Income of REALTORS®



Methodology and Survey Instruments

Two random samples of REALTORS® were created and then surveyed – one for sales agents and one for owners of real estate firms. The Agent sample was created from two sources – the "member panel" and the mail list for *Real Estate Today* (excluding designated REALTORS®). The member panel consists of 2,258 representative members from the REALTOR® organization. The Firm sample was derived from the NAR designated REALTORS® mail list.

In an effort to accommodate the research needs of several State Associations, an oversampling of sales agents was done for Michigan, Wisconsin, and Maryland. California was over-sampled in the Firm survey. Both survey results are weighted so that oversampling would not bias the national results.

Survey Procedures

The mailing packet contained an explanatory cover letter, either the agent or firm questionnaire, and a post-paid return envelope. The initial mailing was conducted at the end of February 1994, and the survey was closed at the end of March.

Response

Because both random samples (members and firms) represent distinct groups, response rates for each group are calculated separately:

Agent Survey

Sample Size	17,258
Corrected Sample Size *	17,134
Total Responses	4,718
Usable Responses	4,463
Corrected Response Rate	26.05%

Firm Survey

Sample Size	5,000
Corrected Sample Size *	5,000
Total Responses	1,090
Usable Responses	1,090
Corrected Response Rate	21.80%

* Sample size is adjusted to exclude surveys returned due to an incorrect mailing address.

NATIONAL ASSOCIATION OF REALTORS®
HEALTH INSURANCE COVERAGE SURVEY OF REAL ESTATE FIRMS

Health Insurance Coverage

1. Do you (as the broker) have health insurance coverage through your firm?

- ₁ Yes ₂ No

If yes, please indicate who paid the premium.

Firm paid all	Firm paid part	I paid all	Amount I paid in 1993
<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	\$ _____

2. Do you offer health insurance coverage to your salaried employees?

- ₁ Yes (full-time only)
₂ Yes (full-time and part-time)
₃ No, skip to question 3

If yes, what type of health insurance coverage do you provide?

- ₁ Individual only ₂ Family ₃ Both

A. What are the options offered by your health insurance program (check all that apply)?

- ₁ Hospitalization ₁ Major Medical ₁ Dental ₁ Prescription drugs
₁ Mental health ₁ Vision care ₁ Drug/Alcohol treatment

B. Have any of your employees or their family members been denied health insurance through your insurance plan due to pre-existing conditions?

- ₁ Yes ₂ No ₃ Don't know

C. Who is the provider of your firm's health care insurance for your salaried employees?

- ₁ Independent health insurance provider (not through the Assoc. or Franchise)
₂ Local Board/State Association
₃ Franchise organization
₄ Other, explain _____

D. What proportion of your salaried employees are enrolled (include all offices) in your firm's insurance program? _____ %

E. Please indicate who paid the premium for your salaried employees. If your firm

paid part of the premium, please indicate the proportion paid by the firm.

	Firm paid all	Employee paid all	Firm paid part	Proportion paid by firm
Full-time	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	_____ %
Part-time	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	_____ %

3. Do you offer health insurance coverage to your independent sales agents?

- ₁ Yes (full-time only)
- ₂ Yes (full-time and part-time)
- ₃ No, skip to question 4

If yes, what type of health insurance coverage do you provide?

- ₁ Individual
- ₂ Family
- ₃ Both

A. What are the options offered by your health insurance program (check all that apply)?

- ₁ Hospitalization
- ₁ Major Medical
- ₁ Dental
- ₁ Prescription
- ₁ Mental health
- ₁ Vision care
- ₁ Drug/Alcohol treatment

B. Have you or any of your independent contractors/family members been denied health insurance through your insurance plan due to pre-existing conditions?

- ₁ Yes
- ₂ No
- ₃ Don't know

C. Who is the provider of your firm's health care insurance for the independent contractor?

- ₁ Independent health insurance provider (not through the Assoc. or Franchise)
- ₂ Local Board/State Association
- ₃ Franchise organization
- ₄ Other, explain _____

D. What proportion of independent contractors are enrolled (include all offices) in your health insurance program? _____

E. Please indicate who paid the premium for your independent contractors.

If your firm paid part of the premium please indicate the proportion paid by the firm.

	Firm paid all	Agent paid all	Firm paid part	Proportion of premium paid by firm
Full-time	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	_____ %
Part-time	<input type="checkbox"/> ₁	<input type="checkbox"/> ₂	<input type="checkbox"/> ₃	_____ %

4. Does your firm's health insurance program allow your salaried or independent

contractors the option of choosing their own doctor (check all that apply)?

- Yes, employees
- Yes, independent contractors
- No

Opinions

5. A. Please indicate how important are the following health care issues.

	Not Important			Very Important	
Physician choice	1	2	3	4	5
Universal coverage	1	2	3	4	5

B. Please indicate how strongly your agree with the following health care statements.

Statement	Strongly Disagree			Strongly Agree	
Firms should be required to pay a portion of the health insurance premium for their salaried employees.	1	2	3	4	5
Firms should be required to pay a portion of the health insurance premium for their independent contractors.	1	2	3	4	5
Firms should be required to make available (but not necessarily pay) health insurance for their employees.	1	2	3	4	5
Insurers should be able to deny coverage due to pre-existing conditions	1	2	3	4	5
I should have the option to obtain or maintain insurance coverage through my spouse.	1	2	3	4	5
Chiropractic and holistic health care options should be covered under any new health care legislation	1	2	3	4	5

Demographics

6.. In which state is your firm located? _____ and your Zip code _____

7. How many offices does your firm operate? _____

8. How many salaried employees are in your firm (include all offices)? _____

9. How many independent sales agents are affiliated with your firm (include all offices) ? _____

10. What is the legal status of your firm?

- 1 Corporation 2 Proprietorship 3 Partnership 3 Sub S Corporation

11. Is your firm affiliated with a franchise organization?

- 1 No
2 Yes, with a national franchise
3 Yes, with regional franchise

12. Indicate the percent of your firm's gross revenue currently derived from each of the following real estate activities.

____ % Single-family	____ % Property Management	____ % Syndication
____ % Commercial	____ % Appraising	____ % Other
____ % Industrial	____ % Building & Dev.	
____ % Farm and Land	____ % Mortgage Financing	100 % Total

13. Which of the following REALTOR® designations do you hold (check all that apply)?

- 1 GRI 1 LTG 1 CRE 1 SIOR
1 CRB 1 ARM 1 CCIM 1 DSA
1 CRS 1 WCR 1 CPM 1 ROTY
1 ALC 1 None

14. Please provide us with your opinion on the issue of health insurance as it relates to your firm.

Please return to: Research Division, NATIONAL ASSOCIATION OF REALTORS®,
777 14th St, NW, Washington, DC 20005, Attention: Forrest Pafenberg.