

Your Industry. Delivered.

# insurance**news**net

Life ▶ Annuities ▶ Health **MAGAZINE** July 2010

## THE ULTIMATE INSURANCE SALES MACHINE

N.Y. TIMES BESTSELLING AUTHOR **CHET HOLMES**  
REVEALS HOW TO **DOUBLE YOUR SALES** IN 12 MONTHS

### **PLUS:**

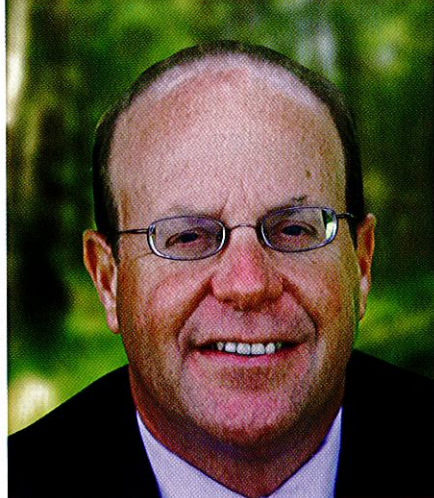
WHY PEOPLE DON'T BUY  
LIFE INSURANCE

A 30,000 FOOT VIEW OF  
COMPLIANCE AND ANNUITY  
REGULATION

NEW IRS SURTAX CREATES  
UNEXPECTED LIFE INSURANCE  
SALES OPPORTUNITIES

# Hope on the Horizon for Health Brokers

with Samuel H. Fleet, President of AmWINS Group Benefits, a division of AmWINS Group, the largest wholesale insurance broker in the United States.



In this interview, Sam Fleet discusses the opportunities that health care reform can mean for brokers. Fleet says brokers need to stop worrying, take the lessons of *Who Moved My Cheese?*, and scurry to find the next opportunity.

**INN: You have spoken about how limited medical and selling administrative services can help brokers adapt to the future. How can health brokers take it to that next level?**

**FLEET:** My favorite business book of all time was *Who Moved my Cheese?* You had four characters in there: Hem, Haw, Sniff and Scurry. They learn they need to scurry to find new cheese after their old cheese disappears. They can't hem and haw any longer, because they've been hemming and hawing for years.

**INN: How do you apply that to health insurance brokers?**

**FLEET:** Brokerage commissions and health insurance premiums have become commoditized and they're just stuck in the past. So they need to get out of their comfort zone and act. They have to adapt. They have to be flexible. They have to understand that there are lots of opportunities in health care reform. All I've been hearing is negativity.

**INN: That's true.**

**FLEET:** I have been at some meetings with brokers and I just want to shake some of them and say wake up, because there are tons of opportunities in health care reform that brokers can assist their clients with and they're missing it.

**INN: What's the biggest opportunity that they don't get right now?**

**FLEET:** I'd say there are probably six different opportunities that they can focus on and there are many within each of

those six. For example, we have seen a lot of write-downs of balance sheets—AT&T, \$1 billion; Caterpillar, \$100 million. Those companies use retiree drug prescriptions to offset future liability, but clearly that's no longer the case. And so there's this thing called the Employer Group Waiver Plan (EGWP, also called an Egg Whip), which is the way to fund retiree prescription drugs. It's called the Egg Whip 800 Series, and brokers can sell that. They can assist employers in that instead of having the liability back on their balance sheet.

**INN: What else?**

**FLEET:** Everybody's talking about unlimited medical and how it's going away. It's not going away. There's an early retiree reinsurance provision in health care reform. It provides 80 percent to employers between \$15,000 and \$90,000 of claims per retiree, per year. So we've rolled out this plan over the past week where you have unlimited medical. Have the government reinsure it for up to \$90,000, because that's what's in the health care reform. They have \$5 billion dedicated to it. Let's use it. Then write a specific stop-loss on top of that to cover the rest of the claims. Fifty percent of the employee market is self-funded and very few brokers focus on that. Why? Because commissions have traditionally been lower. They've stayed away from it, but there are opportunities for fees with third-party administration (TPA) plans. There are opportunities to write insurance products within the self-funded environment.

**INN: Such as?**

**FLEET:** The problem with these self-funded groups is, all of a sudden they're going to be stuck with an unlimited maximum. A lot of the self-funded

groups have a half-million-dollar annual or even a million-dollar lifetime max. Now they have to offer unlimited under health care reform. Well, what are the risks that are going to get them to the bigger numbers? The risks are in specialty pharmacy or transplants or other big things that are going to get them to the biggest numbers. So, insure those benefits within a self-funded plan. Brokers can play a key role in identifying those risks and finding insurance carriers to offer those insurance benefits within that risk.

**INN: What other things are brokers missing?**

**FLEET:** I think the CLASS Act is also an opportunity. American brokers have been trying to sell long-term care totally unsuccessfully, and the reason they've been unsuccessful is they've done a horrible job of selling it. It's a kitchen table sell. But now people will have to make the decision whether they opt in or out of the CLASS Act LTCi program and brokers can help them with that decision. If employers opt in, brokers can write a wraparound or a voluntary long-term care on top of it because people are going to be talking about LTCi.

**INN: Any other opportunities?**

**FLEET:** Supplemental coverages are another opportunity. Clearly, Medicare Advantage is going away. Over the next seven years, MA plans will be phased out as a result of reform. So that puts Medicare supplements back in the limelight and more prevalent. Most of the folks who are forced to buy coverage in the exchanges will probably buy the "bronze" plan, in conjunction with supplemental coverages and limited medical opportunities. **INN**