

CASE STUDY | RETAIL AGENCY GROUP

AGENCY GROWTH SOLUTIONS PRODUCER SALES TRAINING AND CONSULTING

A TOP-25 AGENCY ELIMINATES CROSS-PLAN OFFSETTING RISK FROM ITS CARRIER CONTRACTS

ABOUT THE CUSTOMER

A national retail agency group ranked within the Top 25 U.S. insurance brokers providing both property and casualty and employee benefits in all 50 states.

THE CHALLENGE

One of the Top 25 property and casualty insurance agencies in the U.S. was selling level-funded health insurance plans to its business customers. Level-funded plans are often marketed as lower-risk alternatives to self-funded plans—and yet they have certain risks that employers need to be aware of. These may include:

- **Cross-plan offsetting**, an insurer practice designed to collect overpayments made to healthcare providers in which the overpayment is reimbursed—or “offset”—with another health plan’s payments owed to the same provider. In 2021, a federal district court deemed cross-plan offsetting to be an ERISA violation, and it can unfairly saddle an employer with additional costs and fiduciary liabilities, as well as expose the insurance agency to legal liability.
- **Stop-loss policies** issued by a third-party insurer intended to limit employer liability to a pre-determined specific or aggregate coverage level. However, the risk that a stop-loss claim could be denied still exists, exposing the employee to potentially debilitating costs, which in turn creates litigation risk for employers.
- **Unforeseen employer costs.** While the monthly level funding of such a plan may indeed be less than the monthly premium of a traditional policy with similar benefits, the true cost of a self-funded plan (including level-funded plans) can only be fully accounted for at the conclusion of the policy term, once any additional costs are considered. “Apples-to-apples” comparison with a traditional health insurance policy would be misleading.

The agency was looking to go to market with cutting edge solutions in a transparent way that enabled their producers and clients to see and understand the risks of a solution and make informed, value-based decisions.

THE SOLUTION

In 2020, the agency engaged ReSource Pro’s Growth Solutions practice for producer sales training and consulting. During a monthly coaching call with an agency producer, the topic of level-funded plans arose, particularly the question around how to communicate the risks and benefits of such plans to clients.

CUSTOMER PROFILE

A Top-25 P&C insurance agency

LOCATION

United States

BUSINESS NEED

Develop producer technical knowledge and process to support policy recommendations that reduce policyholder risk and agency E&O liability.

SOLUTIONS

ReSource Pro Agency Growth Solutions producer sales training and consulting

THE IMPACT

- Improved client experience with risk-based selling
- Reduced E&O liability
- Elimination of cross-plan offsetting for the agency’s self-insurance and level-funded plans

Following a thorough discussion with the ReSource Pro practice leader, the producer came to better understand the plans they were selling, setting themselves up for a comprehensive risk-based conversation with their client. The producer concluded that recommending a level-funded plan without identifying related risks to the customer could not only place the client and their employees at risk, but also increase the agency's risk of an E&O claim by the client should they find themselves forced to bear unexpected costs.

Because the plans in question permitted cross-plan offsetting, the agent and practice leader took the additional step of calling the insurer to argue for its removal. The pair persisted until they got the insurer's legal counsel on the line. By the end of the call, the insurer agreed to remove cross-plan offsetting from the agency's contracts. The insurer has also promised to modify all its contracts in the future to remove the practice entirely.

THE RESULTS

The agency's producer and their peers were able to adopt a risk-aware approach to all clients and conversations, backed by a complete understanding of the products they are marketing. This led to improved results from higher-level conversations and greater transparency around client risk. At the same time, the agency itself benefited from the elimination of cross-plan offsetting, which gave it a significant competitive edge over brokers offering similar plans. Impacts from the engagement included:

- Improved customer experience thanks to a hands-on lesson in risk-based selling
- Reduced E&O exposure resulting from failures in fiduciary duty
- Improved competitive stance by eliminating cross-plan offsetting
- Potential carrier-wide policy improvement with the modification of all future contracts

ABOUT RESOURCE PRO

ReSource Pro is an insurance-focused business solutions company that integrates people, process, technology, and data analytics. Over 1,000 carriers, brokers, and MGAs rely on ReSource Pro to execute strategies that improve profitability, accelerate growth, deliver improved claim outcomes, and enhance client and employee experience. With more than 7,000 employees globally, ReSource Pro provides business process management, strategic advisory services, management and organic growth consulting, training, and compliance solutions around the clock. ReSource Pro has consistently achieved a +95% client retention rate for over a decade.



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