



MARTIN INSURANCE GROUP, LLP

CLIENT NEWS & ADVISORY

2nd QUARTER - 2023 ISSUE

“Agents” vs. “Brokers” vs “Consultants” and a special “Thank you!”

Hello Everyone,

For most of us it is unbelievable it's the middle of May already. We are so thankful that our boutique brokerage continues to grow, and it's so good to see some of our clients who were struggling during the COVID era bounce back and doing better than ever. As we get older, we learn how it's more important to ever to – stop – take a breath – sit and appreciate all the opportunities (good and bad) that have been bestowed on you, your family and business.

Therefore, **we want to first start off by saying our team sincerely “thanks you and your staff,” for your continued business year after year.** We know employee benefits aren't the most exciting part about running your company, so we really do appreciate your persistent trust in us, and we highly value the relationships that we have been able to form over the years with all of you!

“AGENTS” vs “BROKERS” vs “CONSULTANTS”:

One of the biggest misconceptions and/or confusion we get in our industry is who exactly we are and who do we work for. For example, if a company uses the carrier “Aetna” for their group Medical, there will be employees and sometimes even company officers that will refer to us as “Aetna” because they simply don't know how to distinguish between the two. To summarize:

- **AGENT:** An agent is someone who works for one insurance carrier. Their sole goal is to assist in the selling of that said carrier's policies and products to new customers. They are salaried based employees of that carrier and typically have some sort of sales quota.
- **BROKER:** A broker is self-employed, and they maintain state licenses and ‘appointments’ with various carriers to sell and manage their policies and products. Because they are independent from one carrier, they represent their “clients” and not a “carrier.” Most brokers do not directly charge their clients for their services. Instead, they are given a “commission” from the carrier that their client goes with. These commissions are built into the premiums of the policies and because of the pre-built commissions, there is often little to no change regardless of the broker(age) the client chooses to go with or what service(s) that broker(age) offers or doesn't offer.
- **CONSULTANT:** A benefits consultant is self-employed; they maintain state licenses as well as consultant certifications. Their job is to review what their clients are currently doing, assess options that the clients are given from the carriers, and provide sound advice on the best possible strategies that the client should proceed with. So, it's all the professional advice without the leg work that a broker or agent might put in. A consultant charges a fee to the client directly for their time and services, then generally the relationship discontinues until the next renewal (consultants do not help in the ‘managing’ of a plan).

SO, WHICH IS “MARTIN INSURANCE GROUP” –

We are an insurance “brokerage” and our brokers (Taylor & Ted) just so happen to be “Registered Employee Benefits Consultants” (REBC) as well. Which means that we will always keep our client’s best interest in mind first, we only recommend carriers based on which one of them is the best fit for our clients. Our REBC designations were obtained through the National Association of Benefits and Insurance Professionals (formerly the National Health Underwriters Association). Earning this designation included hours and hours of academic courses pertaining to the health insurance field as well as state and federal compliance. It is currently the highest form of recognition in the industry.

Another significant difference is that we do not charge our clients a “consultant” fee. Instead, we use our REBCs to separate ourselves from other brokerages, as well as the fact that we still use the “boutique” brokerage model and include services to our clients beyond what a normal broker would do. Also, this means we are not owned and operated by a national corporation that uses “call centers” and “virtual self-service” business models to function, an approach that the larger “chain” brokerages now practice.

BROKERS & CLIENTS = TEAMWORK

The last common misconception/confusion is understanding that your broker is on YOUR TEAM. The broker is yours and your company’s advocate and representative to the insurance carriers, not the other way around. A handful of times before we have sat in meetings and heard:

- **“You raised our rates.”** – As we earlier established, a broker is essentially a non-paid independent contractor of your company. We do not work for any carrier, nor do we set underwriting rates for the carriers. Just like how we cannot control who gets sick/injured in your company, what prescriptions cost and overall medical inflation (which all directly affect your premiums). Meaning we have no say in what a carrier might offer as far as quotes or renewal. As your advocates we do however: negotiate, quote out to market, leverage competitive data, research/present alternative solutions, funding strategies, etc. to build the best employee benefits program for your company.
- **“You’re denying this claim.”** – Again, we have no control over how a provider submits a claim to the carrier and how the carrier initially processes that claim. We simply have no place or function in this process. However, part of the services we include for our clients is claim audits. We are more than happy to step in and review “why” a pre-authorization or claim was denied. If it’s something that is supposed to be covered – we will make sure that it gets covered for you and or your employees.

At the end of the day “we” only win if “you” win. We realize and understand that if you feel like we are not providing greater than adequate service, you will find someone else who you feel will. If the policies and premiums are not the best you and your staff can qualify for, you will want to try to find coverage elsewhere. **Thus, our entire business model surrounds keeping your best interest in mind, advocating for you, and delivering a long list of value-added services year after year, all saving you time and money.**

“ANYTHING NEW IN THE INDUSTRY?”

As some of you have already been informed, last quarter Humana announced that they will be exiting the group medical industry altogether. Being one of the big four nationwide medical carriers, this was big news for the industry. However, it was a long time coming.

Back in 2015 Aetna was set to buy Humana for \$37 billion dollars. However, this deal was later blocked in 2017 by the federal government citing the acquisition would violate federal antitrust laws and create a monopoly in the market. Fast forward 6 years, after selling was forcibly taken off the table for Humana, they decided their group medical business was no longer profitable and it was in the companies and shareholders best interest to cut its losses and focus on other fields that are profitable for them (*primarily Medicare and group dental, vision and life*).

“ANYTHING NEW IN THE INDUSTRY?” – CONTINUED

“How will this effect the market?” – Everyone’s natural concern is that with one less big player in the markets means less competition, which means higher premiums for all of us. Although we do predict a period of time where this will happen to an extent, we are already seeing the current carriers scramble to scalp existing Humana business in the form of exclusive 1st year discount for current Humana groups only, admin credits, fast track underwriting, etc.

On top of the existing carriers looking to outrace each other to gain current Humana business, we are also seeing growth from the smaller regional carriers as well as new players entering into the market. Thus, the natural circle of life will take its course and the fall of one large carrier will give opportunity for smaller ones to rise. So, from a “long term,” perspective we do not feel like this will be a permanent determinant for the industry.

**Thank you for reading, we are most grateful for the privilege to work for and with you!
Remember we are never further than a phone call away, so call us at 210-236-9821.**



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