



SOCIETY OF ACTUARIES

**Health Spring Meeting
May 2008**

**Session # 15: Working with Sales,
Brokers and Customers**

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Moderator

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Working with Sales People, Brokers, and Customers

What Not To Do

Society of Actuaries
2008 Health Spring Meeting
May 28, 2008
1:30 – 3:00 pm

Blue Care Network of Michigan is a nonprofit corporation and independent licensee of the Blue Cross and Blue Shield Association.

What Not To Do

A true story based on personal
experience

Use my many occasions of incompetence as
motivation to achieve your desired goals.





What Not To Do

1. Assume you know more about health insurance than your customer or your colleagues in Sales.
 - You don't know how to get someone coverage if they don't have an ID card (which your company didn't mail).
 - You don't know how to get a small business owner to accept a 15% rate increase.
 - You don't know what providers speak Polish.
 - You don't know a whole host of things that sales people know.

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What Not To Do

Assume you know more about health insurance than your customer or your colleagues in sales (continued)

- If you think you know more than your customer you are going to appear arrogant and be dismissed as just a numbers person.
- If you think that you know more than your customer you are going to miss a huge source of information and learning.
 - Problems that you can address
 - Interests that could lead to a new product
 - Competitor practices that you could easily copy or improve upon



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What Not To Do

2. Don't screw up

- When you are late with a renewal, the agent or sales person look bad.
- If there is confusion about rates or benefits, everyone is upset.



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What Not To Do

3. Assume that your customers have nothing better to do and they are waiting with bated breath for you to explain every detail of your actuarial analysis.

- Get to the point. Explain why, move on
- Salespeople:
 - Don't talk numbers unless its incentive dollars
 - Stroke their ego
 - Understand their Type A personality
- Brokers:
 - Want to act smart
 - The only monthly calculation they do is their commission check
 - Use the same buzz words: be strategic about what you say
- Customers:
 - Show them the money
 - Don't make it complicated
 - Be sincere and be yourself



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What Not To Do

4. Assume that an important message is too complicated for your audience
 - If the message is important you need to make your message understandable.
 - Drop the detail.
 - Print a graph rather than publish a huge table of numbers.
 - Tell people a story that they can use to educate their boss or their client.

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What Not To Do

5. Get in the habit of delivering catch-up rate increases

- The low rate increase that preceded the catch-up rate increase will be forgotten quickly.
- The catch-up rate increase will be remembered forever.



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What Not To Do

6. Believe everything you hear

- Some of your sales reps will show you the cases where you are high and forget to show you the cases where you are competitive.
- Get as much competitor data as you can, present the data on an apples-to-apples basis, and explain your results.
- Not everything you hear makes sense
 - April 2008 example: We go to lunch and hear an agent tell us that one carrier has minimum 22% increases . . . And then come back from lunch and another agent tells us that another carrier is increasing rates 4-6%.

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What Not To Do

7. Wait for an invitation

- If you wait for an invitation to explain your rates, you will probably be facing a hostile audience that wants to know why you are being so heartless and insensitive.
- Meet with sales people regularly to learn their interests and objectives.
- Give sales people regular status reports so there are fewer surprises.

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8. Keep it strictly business

- You need to get to know key agents and sales people so you can work through the tough situations that are bound to come up.
- Getting to know sales people, brokers and customers is fun.

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9. Make the consultant look stupid in front of the client

- You don't want the consultant to feel like you want them to lose the case.
- Even if you win in one instance, you lose on the other cases that the consultant controls.
- Meet with consultants before you get in front of the client. Resolve problems in private.
- Build consultants up in front of their client, so they will recommend your company to other customers.

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What Not To Do

10. Give agents, customers or consultants data that can be used against you.
 - A report showing a good loss ratio can result in a request for a rate decrease or loss of the case to a competitor.
 - Make sure the benchmarking data your plan submits is consistent with the data other plans submit.





What Not To Do

11. Refuse to give customers any data because it isn't credible

- Show the data you can show: If you won't release loss ratio, can you release days per 1,000, ER visits per 1,000, scripts PMPM, or % generic?
- Show block average results
- Calls to Customer Service
- Give a summary of membership by age, gender, and active and retired.
- You can always report something and whatever you show is appreciated. People are paying huge amounts for health insurance. Data helps customers feel like they are getting something valuable in return for their investment.

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What Not To Do

12. Give one agent an advantage over another agent

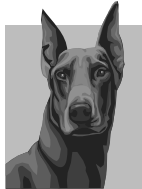
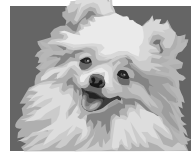
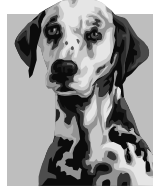
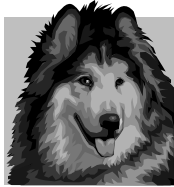
- Perception of unfair advantage lasts longer than the memory of a catch-up rate increase.
- People talk. One transgression will be cited by hundreds of agents.

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What Not To Do

13. Go to any dog parties.



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What Not To Do

14. Get discouraged

- Not everything turns out as expected.
- If you have a bad interaction at first, try something new.
- Take the initiative.
- Ask how you can improve.
- You have skills that can help agents, sales people and customers. They want your help. If you try, you will be successful.

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Working with Sales, Brokers and Customers

What You Should Do.

Rick Viesta, FSA

***Senior Actuary, Uniprise
a UnitedHealth Group Company***



***May 28th, 2008
Los Angeles***

Session 15

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1

Experience with Large Employer ASO Segment

- Know Your Client
- Seek to Be Helpful
- Be Transparent
- Simplify your Story to What is Needed
- Bring a Positive Attitude
- Engage ... *Go All In !*

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2

Know Your Client

Seek to understand your client's unique needs

- ❑ Client's each bring their unique culture, objectives, and biases to the discussion
- ❑ Understanding these dimensions will enable us to more effectively engage
- ❑ When we demonstrate the interest in truly knowing our client, we will begin to build trust and credibility with them



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3

Seek to Be Helpful

We need to earn the right to be at the "client table"

- ❑ There is a premise of a client need or problem to which we maybe of help
- ❑ First recognize how our actuarial expertise may be of assistance
- ❑ Earn credibility through that support, and **then** see how your broader experience can help in other areas of the strategy



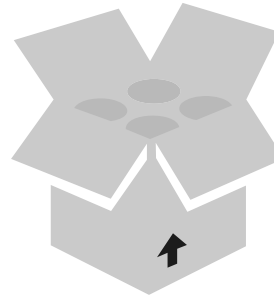
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Be Transparent

Need to Open Your Box and Illustrate Key Concepts

- ❑ Be open and avoid being viewed as a “black box”
- ❑ In ASO, as clients take on the risk, you need to help them quantify these risks and how they relate to their specific objectives
- ❑ There are limits, but we should strive to be as open as possible to develop trust and confidence



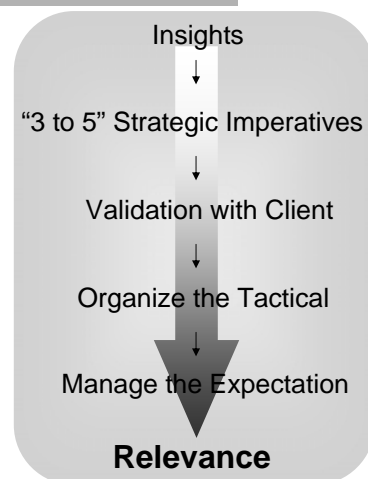
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Simplify your Story to What is Needed

Do Not Lose Sight of What is Relevant to Client

- ❑ Begin with insight-driven analysis, based on what you know about your client and their specific objectives
- ❑ Distill analysis into a reasonable number of actions / conclusions
- ❑ Limit discussion / materials to those needed to address the most critical items
- ❑ **But**, be prepared to speak to questions aimed at “drilling-down”



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Bring a Positive Attitude

Seek to be a problem solver

- ❑ Demands and constraints will often be challenging
- ❑ Our ability to bring creativity, and a positive attitude to the problem solving process will be highly valued
- ❑ Builds credibility with clients and consultants, and creates additional opportunities for us to engage



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7

Full Engagement

Instilling the confidence to go "All In!"

- ❑ We can lend creativity to the solution and credibility to the financials
- ❑ All with the goal of aiding our client in making the optimal decision..... To go "All In!"



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