

*This article is adapted from a presentation by Goodwin before the American Association of Insurance Management Consultants (AAIMCo) annual conference in Dallas in March, 2010.*

Americans are still grappling with huge problems and critical decisions regarding the delivery and funding of healthcare, and the passage of new law has served to harden disputed positions about the issue, even as it tries to resolve them. The only thing we're sure of is that we're not sure of any of it, including the costs.

There's plenty of blame to go around, but this is not the place to point fingers. Instead, let's learn from the past, and build on positives for the future.

First, let's touch on a few items on which there seems to be agreement. America is capable of developing and delivering some of the finest medical care in the world, with excellent medical schools, technical and scientific tools, dedicated and talented physicians, nurses and staff. Yet by many measurements—for example life expectancy at birth (47th highest in the world), infant mortality (43rd), hospital beds per million population, doctor visits, availability and cost of subscription drugs, et. al.—we rank far below other industrialized nations and even below some developing countries. But our costs are at least double the others!

No single event created this monstrous, complex problem and no single event will cure it, but let's examine it.

One of the causes of failure, it seems glaringly apparent, is the structure of proposed cures, especially including President Obama's. Washington's solutions, past and present, are stitched together by politicians, each of whom focuses on his/her own narrow agenda and is subject to pressures from other politicians and from lobbyists. What emerges is a contorted creature hammered out to satisfy those with great leverage, resulting in gridlocks, compromises, votes "bought" with favors or by yielding to political demands, and

other counter-productive steps.

What's missing is the calm, informed deliberations of law-makers with balanced input from the major players in the healthcare sandbox, and that's the first

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## *How Healthcare Issues Can Grow a Property & Casualty Agency*



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step (I believe) in building a successful model. My solution would include an Authority charged with the task of building the structure of healthcare delivery. That Authority would be made up of components of the seven major categories:

- 1. Medical Providers**, including physicians, hospitals, therapists, dentists, nursing homes, experts in preventive as well as treatment disciplines.
- 2. Pharmaceutical**, including drug manufacturers, retailers, researchers.
- 3. Employers**, through whom some 60% of Americans get their health benefits and may get wellness facilities, health education and other positive

programs.

4. **Government**, including GAO (Government Accounting Office), a proven watchdog, VA, Social Security, Medicare, Medicaid, Attorney General, budget and other agencies with medical and financial expertise.
5. **Legal**, including plaintiff and defense and elder care attorneys, and fraud and scam prevention experts.
6. **Insurance**, including specialists in health, life, group, liability, reinsurance, marketing and claims management. The experience and capabilities of this industry, built over some 200 years, cannot be omitted from any successful formula, nor can it be built from scratch.
7. **Consumers**, including universities, senior, veteran, charitable, research and watchdog advocates.

Each group might have within it different or opposing elements (plaintiff and defense lawyers, for example), and the vote of any single group might be split, but the maximum vote for one group would be approximately 14.3% (one-seventh) of the Authority's total decision-making. So each of the major players would have input and bargaining power in how our major healthcare decisions are made.

But until that hypothetical plan, or any other plan, starts functioning, every American will need clear, objective advice on how to deal with day-to-day problems and decisions. Customers might ask, of all the sources of funding for Healthcare—state or federal government programs, insurance, employer subsidies, and others—which should I consider? Out of the thousands of possible sources, how can I evaluate the programs that might best fit me? And I need answers, or at least direction, today!

Whom can I call on as a source of expertise, and how can I be comfortable that source will have my best interests at heart?

To any consumer or employer asking those questions, I have one answer: the Benefits Specialist in

your Property and Casualty (“P&C”) insurance agency.

Here's why:

1. **Expertise.** The competent Benefits Specialist has (or can handily get) access to all the facts and opinions needed to present to you the information you'll need in order to make an informed decision specifically tailored to you. He or she is also likely to get a broader range of information and updates than other sources, and to relate them to you as part of his/her service.
2. **Motivation.** Because of the other business you have with that agency—P&C insurance P&C as well as Life Insurance, for openers—the Benefits staff realizes that it must provide good service to you in order to protect the other business.
3. **Leverage.** And because of those other books, the agency has leverage in the marketplace which can tilt products, premiums, underwriting and claims matters in your favor. And you in turn have leverage with the agency due to the other books you carry there. Those leverages will get you more service and value than your Health Insurance premiums alone would get elsewhere. And it will get you advice that is not self-serving, so that you can get referred to sources outside the product lines handled in the agency, if that's what serves you best, because of your leverage in the agency.
4. **Confidence and Trust.** The P&C agency is unique in that it is seen as providing the protections you know you need to operate your auto, finance your home or business, or conduct many of the activities you take for granted. It delivers claim drafts (checks) to living insureds. It offers important loss-prevention advice. It has earned the trust of its insureds and is perceived as offering products and advice without sales pressure.
5. **Professionalism.** In this setting and because of the combination of the uniqueness of these factors,

you're more likely to get top-level information and service about healthcare in your agency than anywhere else.

In short, the P&C agency is uniquely positioned to offer itself as the place to go to get solutions to Healthcare questions and problems.

But there's more. The agency carrying Workers' Compensation on its commercial accounts is best positioned to offer new products as they develop—and they will!—to help solve the national healthcare crisis. When combination P&C and Healthcare products arrive—24/7 Workers' Compensation, for example—multi-line agencies will be best positioned to place them. And when solutions evolve to medical malpractice and other liability problems—channeling, for example—P&C carriers and agencies will be their creators and marketers.

Let's take first steps first. Today's scenario—desperate need for guidance in dealing with healthcare issues—is custom-made for P&C agencies, for the reasons outlined above, to set themselves up as the centers for such guidance. For agencies with active benefits operations, it's a small step. But it's entirely feasible even for agencies without any experience in benefits, if they'll map a proper plan and execute it.

The growth potentials in Life/Health/Benefits (L/H/B) for a P&C agency are too big to ignore. Bottom line L/H/B profit in a P&C agency can be greater than the P&C profit. In other words, at least 50% of total agency profit can be—should be—from L/H/B. Many of us feel that although we like the “nuts and bolts” of the P&C business more than that of L/H/B, the greatest marketing function of the P&C agency is to serve as a magnificent prospecting tool for L/H/B. That's how I saw my agency and that's what I suggest in cross-marketing consulting.

In addition to the current opportunities P&C agencies have now to offer healthcare help, the past few decades have offered parallel opportunity in the basic L/H/B universe. Rule of thumb generalizations: for every \$1 million of P&C premium on the books of an independent P&C agency, that book of insureds is spending \$1.5 in existing L/H/B coverages, and most

of it is obsolete! Do you want proof? Start with your own insurance. Calculate (even roughly) how much you and/or your business spend on all your P&C needs; now calculate your premiums on L/H/B. Isn't it close to a ratio of one to one-and-a-half, heavy on the L/H/B side? And my guess is that a professional review will reveal room for great improvement on the L/H/B side, as well as important products—some of them new—missing from your coverages. Like everyone else, you could probably benefit from a review.

My points are:

- Everyone, with literally very few exceptions, can benefit from a L/H/B review.
- Every P&C agency has the opportunity to have a L/H/B section with unique prospecting functions literally the easiest in the world.
- The current Healthcare crisis is another way for P&C agencies to position themselves as multi-line insurance centers.

Caveat: the L/H/B function must be top-grade and its producers must be trained in the dealing with the P&C culture. But that's another subject.



*Dave Goodwin, a former Property & Casualty agency owner, was one of the first in the nation to actively market Life/Health/Benefits along with equities on a P&C platform. He is a cross-marketing consultant.*

*Dave is a long time member of the Association of Insurance Management Consultants, a national association of consultants to the insurance industry, insurance companies, agents, brokers, and their customers.*