

News release

Benefits Brokers Must Transform Role to Survive in Coming Health Insurance Market, Reports Oliver Wyman Survey

Weak Economy and New Federal Administration Could Drive Consolidation and Service Overhaul in Benefit Broker Business

Chicago, December 8, 2008 – 80% of U.S. benefits brokers are considering significant overhaul measures to their service offering because of the weak economy and a new federal administration. And in-depth interviews with brokers reveal major consolidation among brokerage firms is a likely development in the near term. These are among the main findings of Oliver Wyman’s 2008 Buying Trends Survey prepared with the National Association of Health Underwriters (NAHU).

The national survey of over 700 brokers found that they are concerned about potential shifts in health care driven both by economic pressures and legislative efforts. They are anticipating a fundamental redefinition of broker business models in the long term.

Additionally, the survey found:

- 79% of brokers said that employers and insurance carriers need to place greater emphasis on wellness and health management in their health plans.
- However, 80% brokers also believe that plan administration continues to be an important service, illustrating the dichotomy of needs the brokerage community must address.
- Brokers must reorient their offerings to address the needs of two distinct employer segments – “benefit abdicators” (those resigned to simply giving employees the money to purchase benefits rather than offering them through the workplace) and “innovators” (those that believe it is their responsibility to help employees manage their health).
- Innovative service models are taking shape to address the needs of these two segments, and these changes have major implications for what brokers offer (products, services, skills, tools and technology), how they operate, and how they are rewarded.

“This study points to potentially massive expansion in the role of employee benefit advisors, mainly in the areas of consumer engagement,” said Michael Main, an Oliver Wyman partner who directed the survey. “Employers play a central role in health care, making brokers and human resources professionals critical players that must innovate to remain relevant.”

For more information on the survey results, contact John Manning at john.manning@oliverwyman.com.



About Oliver Wyman

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