

Doing Well by Doing Good – A Conversation with E. Kevin Hart, CEO of Benicorp Insurance Company

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The family-owned Benicorp Insurance Company and various of its other financial institutions-related businesses have worked with Schiff Hardin for several years. We are especially proud of this affiliation because of Benicorp's corporate culture and commitment to public service. We thought you would be interested in meeting **E. Kevin Hart**, Benicorp's CEO, and hearing this organization's fascinating story.

Schiff Hardin: We understand that Benicorp, a group medical insurance company that you run, has a not-for-profit affiliate that provides free medical care to the disadvantaged. Tell us about the program.

Kevin: Thank you for the opportunity to share the story with you. Benicorp, and its sister insurance company the Municipal Insurance Company of America ("MICA"), are very much focused on achieving long term sustainable profitability. We believe that long term sustainable profitability is achievable through the fundamental insurance axioms of prudent and actuarially sound underwriting, strong financial management and careful and fair claim payment protocols (and, needless to say, through utilizing technology as a highly efficient enabler of all disciplines and management decisions versus a decision engine).

That said, we also believe fervently that companies that provide health insurance, whether to individuals or to employers, must focus on a simple but fundamental tenet: they must understand the needs of the individual. After understanding the needs of the individual the health insurer then must take every reasonable action to treat the individual just the same as you or I would want ourselves, our families and all those we hold close to be treated for their health care needs.

We believe passionately that we need to reinvest, to every reasonable extent, to serve the needs of those that we insure with full knowledge and acceptance that to do so takes money from our "income" pocket but also with the comfort that such reinvestment is the right and moral action.

Finally, our passion is such that we believe that we need to also reach out to individuals insured by others as well as those who have either exhausted the health insurance benefits they had and, in fact, those without the security of health insurance whatsoever. In short, we serve all who we can take in and take on.

Schiff Hardin: Benicorp has a special name for its "signature" program. Please tell us more.

Kevin: The enabler of our passion was formed this past year. It is known as *Care Without Coverage* and it has already achieved great success.

Certainly the words above "sound" good and "sound" self-righteous. However we have found that the business case to support this position, these actions is compelling and constantly affirms our position as "right," and resonates with our constituencies.

Schiff Hardin: You have documented that the social action efforts represented by your *Care Without Coverage* program also are just plain good business.

Kevin: Let's explore a portion of the "business case" for those who need to wrestle with their "MBA-itis" and cannot find the right medications to cure it.

We provide health insurance to small commercial companies coast to coast. We have employer customers with two employees and those that have a couple thousand employees. The insurance plans we offer range from the conventional "fully insured" to partially self insured plans. We sell our products through independent agents, managing general agents and other efficient distribution partners. A preponderance of our business customers is in small to mid-size cities and towns.

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When an individual runs into hard health “times” all in the community know of the problem. They know that coverage was denied by the insurer, or only a portion of the expenses was borne by the insurer, or perhaps there was no insurance providing for benefits to the individual.

The reasons for the problem do not really matter. What matters is that the entire community knows that one of their own is stricken. And they rally. Churches and schools try to raise money but rarely enough is raised. Sometimes they simply cannot find the newest medical knowledge and techniques, or where is the center of excellence needed to effect a cure.

And all too frequently the community comes to know, or feel, or perceive that the harm is “caused” by the health insurer. What they also know is that they somehow need to find a miracle, hope, and a means to allow the stricken member of the community to rise up and realize his or her dream of a healthier future.

Schiff Hardin: And how does Care Without Coverage step in to the situation?

Kevin: *Care Without Coverage* goes to work (following the application and acceptance aspects incumbent on a 501(c)(3) organization) to arrange for access to the right medications, to find the right centers of excellence to treat the individual, and to work with hospitals and providers to effect a cure, sometimes in locations far from the individual's home. In short, *Care Without Coverage* leverages all that the health insurer knows, utilizes and accesses and puts it at the disposal of the individual in need (including funds) and sometimes simply provides the healing of compassion in and of itself.

Schiff Hardin: And the business case follows?

Kevin: Well, the insurance agents in town will see Benicorp operating through *Care Without Coverage* and treating one of the community without the trappings of policy. They will come back to Benicorp and provide us the opportunity to underwrite their special accounts, the customers they entrust only to those that truly serve. The agents will work with us on existing customers to keep them mutual customers longer and longer and allow Benicorp to achieve the true lifetime value of these customers. I am sure the long term economics of this dynamic is not lost on any.

Another gain is found in the individuals who work at Benicorp. They realize that we do walk the talk and that all of us will go the extra yard. More importantly they know that we truly do good things for those we touch whether they are our insureds, a customer of another insurance company or uninsured. The result, folks in Benicorp work harder, they come in earlier and leave later. They answer the telephones and greet people with enthusiasm and that, in and of itself, brings forth better customer service, better customer feelings toward the insurance company. On top of that, attrition declines, and I know all can calculate the effects of reduced turnover of the work force in hard and soft dollars.

Passion, commitment, and realizing the benefits set forth above fly in the face of quarterly earnings and are not for those that are afflicted with short term vision. Our vision is generational and needs to be to take on the yoke of this great endeavor to serve.

Schiff Hardin: Are there other programs similar to Care Without Coverage in the U.S.?

Kevin: There are a great many foundations, community support groups, and planned corporate gifting enterprises. However we know of no other health insurance companies that provide for those in need as we do.

Schiff Hardin: What are some examples of the types of people Care Without Coverage has helped?

Kevin: Thanks again for allowing me to share a few of the cases. Of course I'll share with you only the essence of some situations to protect the privacy of those we serve.

One example is Marsha. She is in her 40's, suffering from totally hearing loss as a result of parental abuse as a child. We saw Marsha's trauma as a child combined with a remarkable balance as an adult living with silence and yet succeeding. We were able to

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assist Marsha realize her dream of hearing again through an alignment of *Care Without Coverage* and Cochlear, the Colorado Neurological Institute, Northwestern Hospital (Chicago) and the Northwestern Hospital Physician Foundation.

Brent presented a different situation. He was a grievously ill child who passed away after a long and difficult fight. The dispute had caused the cost of care to vastly exceed the \$1,000,000 lifetime limit imposed on the insured by the family's insurance company. While we could not bring aid to realizing the dream of further life in better health, we did immediately undertake the task of assisting the family to deal with the crushing cost of his medical care. *Care Without Coverage* was successful negotiating full and complete release from the costs by the various providers.

Ted was a newborn, born fully without hearing. The FDA does not recognize implants such as Cochlear for any person under the age of one. However through *Care Without Coverage* we were able to assist this child and his parents realize the miracle of sound through Stanford University.

Harrison would be my last example though far from the last of those *Care Without Coverage* serves with compassion. Harrison was a youngster in junior high stricken with muscular dystrophy. The family had submitted a claim to their insurance company for a motorized wheelchair for their son, who, during the course of keeping up with his studies, was exhausted by the end of each day at school from trying to move from one class to the next. The health insurance industry's usual and customary response is to declare covering a motorized wheelchair as "not medically necessary." However, we see such a situation as one where, without the benefit of the wheelchair, the young man is at a higher risk of falling and injuring himself or becoming so weak as to not be able to fend off viruses. *Care Without Coverage* took but a moment to act, and the motorized wheelchair was "a done deal" within 60 minutes of the application.

Schiff Hardin: How does Care Without Coverage get funded, and how does it select those it will help?

Kevin: *Care Without Coverage* is funded through several channels. The first is that Benicorp itself takes a couple dollars each month from the premium of each person we insure and donates that money to *Care Without Coverage*. A second source of funds is various fund raising events held each year, including golf tournaments held in each market we serve coast to coast. A third source of funding comes from Benicorp's agency force, who have the opportunity to elect to receive a higher commission on business written when the producer likewise agrees that the mission of *Care Without Coverage* warrants gifting a portion of that commission. And finally, *Care Without Coverage* seeks monetary gifting and the gifting of services, devices, medical appliances and even certain prescriptions.

Schiff Hardin: We know the ownership of your company has had a long, successful history in community banking. Can you talk about that?

Kevin: Our company is owned by the McKee Family. Howard McKee, at 90, is still active in guiding the manner in which this company serves our customers with compassion, empathy and the constant search for solutions. As many know, Howard left the practice of law and became a highly successful and prominent banker in the greater Chicagoland area. His banks were successful because Howard sweated the bottom line and equally sweated knowing the customer and treating the customer with respect. A few years back the McKee family's final crown banking jewel, Grand Premier, was acquired by Old Kent Bank and then, shortly thereafter Old Kent was acquired by Fifth-Third Bank.

With the banking interests gone, the McKee family turned their focus towards their insurance holdings that include control of MICA and an agency as well. Very early in 2005, the McKee's completed the acquisition of Benicorp and *Care Without Coverage* was formed a very short time thereafter. ■

Learn more about the *Care Without Coverage* program and how social action can be part of your financial institution's business action plan.. Contact **E. Kevin Hart**, CEO, Benicorp Insurance Company at 317.524.5202 or khart@benicorp.com.