

Centers for Medicare & Medicaid Services - Regional Vice President - Broker Channel at Cigna

Interview conducted on June 30, 2023

Topics

Medicare, Medicare Advantage, Medicare Supplement, Sales Strategy, Broker Channels, Retention, Competitive Pricing

Summary

The Tegus Client speaks with a Regional Vice President - Broker Channel at Cigna about their role in the Medicare and insurance space, focusing on Medicare Advantage (MA) and Medicare Supplement (MedSup) products. The expert discusses their priorities of driving growth and strategy for MedSup and ancillary products, working with national partners, engaging contracted agents, and ensuring retention of business. They express satisfaction with sales via the broker channel, particularly in MedSup, and emphasize the significance of growth and retention. The expert also mentions the risk of guaranteed issue in certain regions, the trend of carriers shifting resources towards external brokers, and the value of FMO partners. They discuss initiatives such as reward and recognition programs, community engagement, and the importance of integrity in the market share. The conversation touches on the lack of comprehensive training at the FMO level, the cost of supporting a field agent, commission rates, and the importance of timely commission payouts. The VP believes that broker contracting is highly important and that a common app for contracting could increase sales. They mention potential sales loss due to fragmented contracting and IT-related issues. The conversation concludes with a discussion on the shift towards technology in the Medicare market and the need for a succession plan in the industry.

Expert Details

Regional Vice President - Broker Channel at Cigna. Expert is responsible for managing IMO, NMO, and FMO relationships nationally for Cigna Supplemental Benefits.

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Prior to Cigna, expert was the Director of Sales at UnitedHealth Group. Leaving in March 2020, expert was responsible for driving sales and operational execution of UnitedHealth's business strategy, based in the Virginia area.

Q: Were you responsible for sales via independent Medicare brokers?

A: Yes

Q: What role do independent Medicare brokers play in growing your health plan? What % of growth do they account for?

A: 80%

Q: What are the pain points you experience working with independent Medicare brokers?

A: 1099 agents selling price over quality

Tegus Client

Hi, thanks so much for taking the time to speak about the Medicare and insurance space. So to get started,

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can you give me a brief background of your role and responsibility at Cigna?

Regional Vice President - Broker Channel at Cigna

Yes. I mean, right now, I'm a Regional Vice President for Cigna, what we call Cigna supplemental benefits. I've worked primarily with our broker partners. So developing strategy on marketing, growth, sales, training, recruitment, the whole bit.

Tegus Client

Okay and are you focused on particular products within Medicare Advantage versus that versus Part D?

Regional Vice President - Broker Channel at Cigna

Yes. So my history has been primarily a Medicare Advantage. Right now, my primary role is going to be MedSup. So really to drive growth and strategy around the MedSup in some of our ancillary products as well. But my previous roles at Humana and UnitedHealthcare were on the MA side.

Tegus Client

Could you actually go back in time and tell me a little bit about your previous roles at UHC, Humana and yes, I guess anywhere else that you've been involved with Medicare sales and what you were working on in those roles?

Regional Vice President - Broker Channel at Cigna

Yes. So interesting. I actually cut my teeth and started my career when I was interning in college in the Medicare space. So I'm a lifer. I've got to almost 30 years in the Medicare space. Primary focus is going to be senior market sales. So I started out actually as an agent probably first 13 years in my career, kind of parlay that into a corporate role with Humana where I was in charge of all external distribution with Humana for the Mid-Atlantic region. So that's working primarily with our external agents.

You might know Humana has had a huge emphasis on career channel, but they were really missing the boat a little bit on the external channels. So they put maybe too many eggs in one basket. So they hired us to kind of build the external channel, had a lot of success doing that in the Mid-Atlantic region. From that was hired as a recruited over by UnitedHealthcare to launch a specific MA product for the Mid-Atlantic region that we sold primarily through our external brokers in that region.

Tegus Client

Perfect. And now at Cigna, do you have a focus on the Mid-Atlantic or more of a national?

Regional Vice President - Broker Channel at Cigna

So now I'm national, it's a little bit weird, we call ourselves RVPs, but I'm not a region. So I've got partners in California to New York.

Tegus Client

Perfect. That was all really helpful context. And just so I understand, you were in SMS senior market sales, which is an FMO to start with?

Regional Vice President - Broker Channel at Cigna

That's who I work with. I mean they're huge partner of mine. I've never actually been employed by SMS. It's my responsibility to help grow sales at SMS with the Cigna product portfolio.

Tegus Client

I see. Product certified. So for you personally in your role now at Cigna, what are your top three priorities? And sort of how are you measured at the end of the day?

Regional Vice President - Broker Channel at Cigna

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Yes. We're measured percentage of goal. So that's pretty typical in our industry, we're all on what they call a sales incentive plan or a SIP plan, which is percentage of goal based on production throughout the course of the year. Our primary driver at Cigna is going to be our MedSup right now. So that's, again, going to be my area of focus. So I've got about 22, 23 national partners that I drive sales with.

So of those, I would say, five or kind of real key stakeholders with me where they require maybe not day-to-day attention, but I'm definitely touching them weekly, some are every day, and it's really kind of helped with their growth strategy, bring training agents on our product portfolio. Also kind of mitigating maybe issues that they might be having either through the contracting process and/or just kind of service issues that they have. So we've got a whole team that I can kind of escalate that too. So a lot of my top partners will utilize me for that kind of touch.

Tegus Client

Okay and when you're talking about top partners, are these FMOs?

Regional Vice President - Broker Channel at Cigna

Yes. FMOs, NMOs.

Tegus Client

And are you primarily focused on the field agents? Or do you also work with call centers?

Regional Vice President - Broker Channel at Cigna

I do both. Yes. So I've got responsibilities on call centers. It's just been our experience right now with the call centers. The production is always good, retention is a little bit of an issue. So I would tell you, our field agents are probably the key driver to our success in our markets.

Tegus Client

We'll keep getting deeper in this path. But before we go to details, I want to understand, besides sales goals, are there any other really high-level priorities that you focus on and measure as an organization?

Regional Vice President - Broker Channel at Cigna

Yes. So we're obviously contracted agents. Contracted agents that are engaged. So we want to make sure that we've got engaged contracted agents. And what we mean by that is not only agents that are contracted with us but are actually selling with us. So we try to identify the ones that aren't selling, how can we drive success, how can we drive more awareness with our product portfolio? Is it a training issue that we've got to identify with those folks? Is it just maybe they contracted with us not understanding kind of our Medicare product portfolio, why they contracted with us. So we do outreach to those folks. And then we're judged basically on production through contracted agents.

Tegus Client

Any other topical metrics. So present sales goal, number of contracted agents who are actually writing business, anything else that would fall at that level?

Regional Vice President - Broker Channel at Cigna

So we've got kind of a unified goal at Cigna, just working within a team, which is a little bit unique. First time I've actually had this in my career. So for instance, if I've got a partner that calls me, maybe they're not necessarily one of the ones that I work with day to day. What am I doing to help them either escalate the issue, handle the issue, mitigate any training needs that they have. So we kind of work as a team, there's four RVPs in the country.

So we are specific to our groups, but surely, like I'm in South Carolina. So I've got a partner of mine who's in Austin, Texas. He's an RVP as well, but we've got an account in Wilmington, North Carolina. I might shoot over to them, help identify issues, meet with those folks, find out what it is that we need to do to help drive sales rather than fly out. So we have some ancillary things that we do, and then we're judged on that.

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Tegus Client

And how is that piece of it measured like the engagement with FMOs and essentially the support to make them happy.

Regional Vice President - Broker Channel at Cigna

Yes. It's hard to really put a metric to it. So it's really measured. I report up to our Vice President of Sales and hearing that I'm accommodating our partners in the field that I'm not just kind of blowing that off in the event because it doesn't necessarily fall under my purview per se. So it's kind of an obscure metric if you want to call it that way. But at the end of the year, they're definitely valuing you whether or not you've held up to that responsibility or not.

Tegus Client

Yes. Makes sense. So your top priorities are reaching your sales numbers via the broker channels. Different agents who are engaged and then supporting your FMO partners.

Regional Vice President - Broker Channel at Cigna

Right. And then I'll throw on retention as well. Obviously, retention is a big part of what we do every single day. So yes, we can grow sales and kill numbers out, beat numbers. But at the end of the day, if it's not retaining on the book of business then we've got issues. So those are ones where if we see retention issues that are in the field, I red flag them, I've got a report that I call almost every single day, and I'm doing outreach either to the NMO or the FMO or even actually down to the agent level, just to identify, hey, what's the issue here. I see that you're writing a lot of business with us, 50% of that's falling off. What can I do to help you?

Tegus Client

And I know we typically talk about retention in the context of MA. Are you also monitoring that in for MedSup? If you had to staff rate fees four priorities, so growing sales at the top line, the versal channel, the number of contracted agents, the support and retention, how would you stack rank in order, those four priorities.

Regional Vice President - Broker Channel at Cigna

Growth retention, for sure. growth retention would be one and two and then contracted agents three and then that's the other one four.

Tegus Client

Perfect. Well, I'd love to dig into the priorities in that order then. So high level, when you think about sales via the broker channel today, where one is couldn't be less satisfied with the way it's going to be more happy with the way it's going. Roughly, where does it sit today for you?

Regional Vice President - Broker Channel at Cigna

I would say today is probably nine. If you'd asked me this question a year ago, it wouldn't have been that good. But I think we're pretty satisfied based on our year-to-date would makes up, which excited. The difference is some different markets. So MedSup is heavy price driven. What we do at Cigna as we refresh charters. So we can refresh a charter in a specific region. And by doing so, make that product far more competitive.

Also, last year, we kind of obscurely pulled out of a huge region for us, which I think was maybe something we would probably have relooked at. And not only did we pull out of the region, but we also terminated the agents that had impacts on relationships that we built. It just was probably not done the way we should have done it. So I think when we look back at lessons learned at the end of the year that would have been something we would absolutely relooked at.

Tegus Client

And what makes a bad region?

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Regional Vice President - Broker Channel at Cigna

Yes. So on the MedSup business, it's going to be a non-underwritten business, what we call guaranteed issue. So some states, in some regions require guaranteed issue. So no matter what the carrier is, it's a guaranteed issue regardless of what the health of the individual is. So it doesn't give us an opportunity to kind of mitigate that risk. So at the end of the day, we're just assuming all risk.

And by doing that, we've done that in certain regions, and we actually end up terminating agents that were writing too much. And again, if we look at back at it, that was probably a strategy that was a failed strategy on our part, definitely something that it's taken me about 12 months to kind of rebuild those relationships in those markets to make sure that they know that Cigna is a kind of a go-to carrier for them when it comes to MedSup.

Tegus Client

Got it. Super interesting. And can you give me a sense for Cigna, what the overall channel breakdown is? It sounds like you're focused on the brokers, but how much of the total sales mix to broker's account for?

Regional Vice President - Broker Channel at Cigna

I would say vast majority, if I had to put a number on it, I would say probably 60% to 70%. You'd have call centers involved there. You would have online purchases as well, which you don't see a whole lot of, I think we all can do a little better job there. And then we do have a small career force at Cigna, not necessarily nearly as large as it was at previous companies that I work with.

Tegus Client

Okay and the 60% to 70% of your brokers, does that number include call centers?

Regional Vice President - Broker Channel at Cigna

Probably not. So the vast majority of sales that we're doing are belly to belly in the field. And I can tell you, they've all evolved. A lot of these brokers have evolved since COVID so they're doing a lot of stuff on the phone as well, but they're still individual brokers.

Tegus Client

Can you assign rough percentages to the call centers online purchasing and internal career force?

Regional Vice President - Broker Channel at Cigna

I would put total maybe 20%, 25% split across it. Career channel would be probably the least so that would probably be, I would put almost in the two to three percentile. 20% call centers and 7% or so our internal online.

Tegus Client

Makes sense. So field agents are really the lion's share here.

Regional Vice President - Broker Channel at Cigna

For sure. So I've been in this business for 30 years, my client is my agent, the broker they're my client. They're the ones that I have a tremendous amount of respect for because they're doing all the heavy lifting in the field for us. So there is such an impact. I mean, I couldn't imagine what an organization would do if they didn't have a large in-field broker channel.

Tegus Client

Right. I think I've heard, and I'd love to hear if you've heard the same, is that many carriers are either reducing or getting rid of their internal career force and moving more towards like UnitedHealthcare's career agent model. Have you caught wind of that?

Regional Vice President - Broker Channel at Cigna

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Sure. So I spent 30 years in my career at Humana. I've come in from a lot of different directions. So I'm very familiar with the career channel at Humana, and I always looked at it from the outside looking in because my responsibility at Humana has always been external agent focus. So as a result, I always wondered why we were put into such little resources towards external, but all these resources towards internal when I mean that marketing dollars, credit cards, mileage, company car allowance. It was just like, to me, it seemed just crazy that we were spending all this money to accommodate to get the piece of business.

So what's the cost. The cost to get business was substantially higher in my mind. And they were doing it with maybe 3,500, 4,000 career folks. I'm hearing now there's been substantial layoffs in that field. So not only to the career agents but also to the leadership teams that are in each market are as we speak currently getting laid off. So I think the Humana is finally recognizing the cost to get business. It was maybe a little too high and they're starting to recognize the external brokers going to be the wave of the future for them.

Tegus Client

So they are decreasing their internal sales force and shifting resources over to the external brokers?

Regional Vice President - Broker Channel at Cigna

Absolutely. Yes, they're doing it as we speak now. I mean I get received several text messages of folks that are looking for homes right now.

Tegus Client

And do you know for Humana specifically, are they moving towards just like a traditional field agent? Or are they trying to do something like the UHC ICA model?

Regional Vice President - Broker Channel at Cigna

So the ICA model within the UHC, I think they actually spun off of Humana. Humana had a field model called the MECA agent. And I'm going back maybe 12, 14, 15 years ago, way before they ICA, they're basically a volunteer army that was tied in a sense to Humana, meaning they were contracted, maybe with other carriers, but we're required to write Humana in areas where Humana was the fit.

So Humana had a big MECA program, and I called it MECA, I couldn't remember exactly what the acronym stands for. But they actually, I think, partnered up with Agent Pipeline, which I'm sure you're familiar with them and created the Humana brokerage team and started investing in Humana brokerage where they were rolling people, the MECA agents up through that.

Very similar to the ICA, where they get some local support like team support, they're kind of part of the team. If they want to be, they can join team meetings. They can do a lot of stuff that a lot of the career folks are doing. But I'm not sure if Humana's investing more dollars than that, but I definitely know that they're minimizing resources with their career team.

Tegus Client

Correct. It makes sense. So it sounds like that program may not exist today, but at a minimum, it's the internal career folks that are going away.

Regional Vice President - Broker Channel at Cigna

Right. I spent some time at UnitedHealthcare, too. So we had a lot of success in Champions Club, two out of three years at UnitedHealthcare. So I understand the inner workings of the ICA channel. I'm not so sure that's the most successful value prop out there as far as distribution arm. I would say that the vast majority of their sales are coming from external brokers as well.

Tegus Client

And why do you say that there's less of a value prop in the ICA model compared to just your traditional field agent?

Regional Vice President - Broker Channel at Cigna

I would say limited resources. So I think in terms of what do I get if I'm a regular external agent, I get an opportunity to contract with multiple carriers. And I don't have that single focus of being technically "captive" with one carrier and then also be in 1099. So in a term, if the carrier kind of having its cake and eating it too type thing. They want to have that career channel the 1099, and they don't give them any of the support of a W2, but it really handcuffs the agent from a perspective of they're just so limited to what they can sell in the marketplace.

If you're in a market with UHC is not maybe the one, two, three or four value prop, it really handcuffs the agent. And there's a lot of them struggling. I'll be honest with you, there's probably more of those ICA agents that are struggling just to make ends meet. So my recommendation is, hey, it's a great training ground for a new agent. But once you get your feet under you understand the business, I always recommend agents kind of venture out into the FMO space.

Tegus Client

Okay interesting. Do you know what percent of their sales are coming through the ICA channel versus the traditional channel?

Regional Vice President - Broker Channel at Cigna

I can speak for the market that I was in, and we had one of the most successful launches of a D-SNP product and probably the history of the organization in the Mid-Atlantic region. And I would say probably less than 5%.

Tegus Client

Oh wow. For some reason I had it as a lot larger, but.

Regional Vice President - Broker Channel at Cigna

No. Yes maybe in some markets, but yes, you're external. I'll speak for Virginia as I got a lot of experience in there. Virginia would have maybe 3,000 broker agents and that are contracted to sell with a various carrier and maybe 15 ICA agents. So it's just the volume come obviously with the numbers.

Tegus Client

Yes. Last question around ICAs and also perhaps the meta program here, too. Is there special or custom technology used to support these agents when it comes to things like CRMs or quoting software? Like what are they using?

Regional Vice President - Broker Channel at Cigna

Yes. So I mean, they do have access to a CRM, internal CRM. And again, it's kind of forgetting the names of either one of them with both. But I will say from a UHC standpoint, probably not much more access than what a traditional field agent would get. So a field agent would have similar access, maybe not necessarily to the actual CRM itself, but would have similar access to the marketing, all the materials, all the quote software, all that stuff. But maybe there's something additional that they would get from a standpoint of inputting customer information and calendaring things a little bit different.

But your external brokers, both Humana and UHC as well as Cigna, I mean we have something over here called Cigna for Brokers, and they get basically full access to our internal flights where they can go on , actually order marketing materials, they can request materials. They can quote all of our product lines and see a lot of stuff behind the door.

Tegus Client

Right. Makes sense. So I'll move away from the topic of ICA. So coming back to just thinking about overall broker sales at Cigna, what are the most impactful initiatives happening right now that you're most excited about that are going to impact broker sales?

Regional Vice President - Broker Channel at Cigna

So a little bit different in MA. The MA space, you can't do anything really to induce sale, so you can't do contest, which is a little bit challenging. You can't do any rewards trips, which are challenging as well, where on the MedSup side we can. So we do have some really cool stuff from kind of reward and recognition standpoint, which from an agent perspective, you always got to identify from an agent, what motivates them. And some of it is pure recognition. Others, it's dollars in their wallet, in their bank account and a lot like to be rewarded with trips and that can bring their spouse off.

So yes, I would tell you, we just got back from our rewards trip, with Cigna was phenomenal, great experience for the agents to really kind of unwind and be rewarded for all their hard work throughout the course of the year. We've obviously promoted next year's trip on that as well. So that's a big one. Then we do production incentives as well.

So we have something just an incentive program that we build based on the amount of applications that are submitted with us per month. So we want agents to really kind of engage with us and really feel comfortable with us so that they're writing us on a regular basis. So we always have like a little threshold, maybe five apps per month, but every app, it's kind of retro back to the first half when we give them an additional bonus on those sales.

Tegus Client

Got you. I know co-ops a really big deal with MA world. Is there a similar to ferment that?

Regional Vice President - Broker Channel at Cigna

Yes. So I kind of thought that as well. So I spend a lot of time in the MA space, we co-op dollars like hundreds of thousands of dollars at partners. You don't quite see it there on the MedSup side because there's just not enough profit in the MedSup space because of some of the lack of underwriting criteria in certain areas, it doesn't allow us to kind of mitigate risk. So as a result, we're pretty tight.

And I would say all MedSup carriers are the same. We do some co-ops, but I've got to create a business kind of need for it. If it's a partner, most of our stuff will come through sponsorships, so like we'll sponsor kind of their summer sales rallies, we can sponsor their kickoff meetings. We do a lot of that stuff for Cigna. We try to keep front and center with our brokers that are doing a lot of business with us. So it's going to be more in the line of sponsorships left on the line of co-op, but I'm not opposed to authorizing co-op dollars if there's a business need for it.

Tegus Client

Yes. Let's say, theoretically, you had all the resources you ever wanted to increase their sales, you go to 10x. What would you do? Like what would be your dream magic wand scenario?

Regional Vice President - Broker Channel at Cigna

I would say probably community engagement. Find a way to go to them. So I think internally, what a lot of brokers do. And we've all been kind of guilty of this. If you've been in the business long enough, you've been guilty of what we call passive marketing. So passive marketing is you do direct mail drops. You drop 5,000 pieces, you sit by your phone and you wait for a call to come in. And the reality is it just doesn't happen in today's world. It does to some extent, but I'm not sure it offsets the expense to do so. So I always say, we've got to find ways to do active marketing.

Active marketing is really a definition there is control the outcome. I might have to do something, but I want to have a follow-up process in place. So I love community-based marketing, getting out in the community, find ways to engage with potential customers kind of where they're at. So we got to go to them. And if that's their churches, is that their community meetings, whatever it may be finding ways to be visible at those, finding ways to engage with them as well, doing things to help support their community.

I mean we're a senior market, a lot of our business comes from the senior market. So we've got to find a way to just get to them. And I would say that's going to be done through a lot of community engagement resources. In the past, when I was with UHC, I had nine community engagement reps that worked for me,

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and they were out there driving 25 to 40 different events per month. So I had each one of them doing 25 to 40 different events per month. And right now, if I look back at that team, every one of them have been terminated at some point over the last couple of years. It's almost too expensive to run that model.

Tegus Client

So you're saying this is what you would do. You think it works, but then they have been terminated? Why?

Regional Vice President - Broker Channel at Cigna

Yes. Well, I think that's a little bit of UnitedHealthcare. UnitedHealthcare, they're the monster in the industry. They've got a lot of money that they throw at things and then they maybe just don't commit to it for the long term. So there's a theme in the industry of UnitedHealthcare. They just don't keep their talent very long. And there's actually a ton of turnover in that organization. So they make a lot of decisions pretty quickly.

But at the end of the day, they do a great job of it. So nobody can argue with their results. But at the end of the day, they're always hiring, let's put it that way. Like with Humana, when I was with Humana, people stay there forever. I mean, the culture is phenomenal. They stay on board with the organization forever. I think they recognize and keep talent a lot longer than like a UHC. So I would say, I think it's the way of the future, community engagements, the way to the future.

We've got to recognize it, I think, as an industry. Our industry is evolving right in front of our eyes, the old days of an agent being belly-to-belly with one customer, two or three times a day. Those are changing. I mean, if you look at an agent asking, hey, would you rather two appointments or day or would you rather get an opportunity to be in front of 25 to 50 seniors at one of their events, what would you rather do?

So then you can parlay that into creating your own schedule. So it's just kind of retraining and rethink routine. You got to retrain the agent because the agents aren't accustomed to going out there and finding their leads. A lot of agents in our industry are lead dependent. They're sitting back waiting for the carriers to send them leads as opposed to going out there being proactive.

Tegus Client

Right, where do you think the onus for sourcing those community events should be? Should it be on the carrier should it be on the FMO or should it be on the agent to actually go out.

Regional Vice President - Broker Channel at Cigna

All of the above. Anyone who's making profit dollar on the sales should be fund in a way to help engage. That's the way I look at it. And from an FMOs standpoint, I see this a lot. Again, I got my best friends that are in FMOs working at FMOs. But at the end of the day, if you ask the average agent, what's your FMO doing for you? Some of them don't even know who their FMO is and that's going to be a little sad.

Tegus Client

But if we were to assume 10 years into the future, do you think FMOs will still be around?

Regional Vice President - Broker Channel at Cigna

I do. I think it's a vital cog. It's the layer between the carrier and the agent. They do take a lot of the background administration responsibility off our lap. They do a lot of service work, and a lot of that stuff kind of gets escalated up to us. But at the end of the day, they're that touch that from a carrier standpoint, we just don't have the resources to go out in every community or every state and have those types of touches. They've got folks that are on the phone that are doing tele-support with these guys.

I think their model is great when it's utilized properly. And sometimes FMOs, depending on which ones I think we all can kind of know the good ones versus the ones that maybe aren't as supportive. But the ones that support their agents and they stay constantly engaged and they provide them resources and opportunities for trainings and those are the ones that bring a tremendous amount of value to our industry.

Tegus Client

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Sure, what's the most valuable thing that FMOs take off of a carrier's plate?

Regional Vice President - Broker Channel at Cigna

I would say the day-to-day minutia, right from an agent standpoint, it's great. I mean agents are curious, but I will say agents are demanding too. They demand answers immediately. And if the phone is ringing like that at our desks, it becomes a challenge. We have to staff up unbelievably our call centers and telephone support and all that stuff would have to be spot on, super trained and knowledgeable. I will say your top line FMOs, they're hiring through great talent. And some of these folks are super knowledgeable on product. They can answer questions without even coming to us, which is what you want.

Tegus Client

Sure. How do you think FMOs will look different 10 years from now given the mass consolidation under integrity in their life?

Regional Vice President - Broker Channel at Cigna

Will they all be there at some point? I mean you've got a few that are trying to hold out right now. I think it's probably a good thing from a standpoint. Well, competition, you always look at it from a carrier standpoint, is competition good? It can be, but it does create some unrest in the market. So the agent that's constantly flipping FMOs going back and forth being recruited from others. And sometimes, we get involved in that, and I do the best I can absolutely stay away from any of that stuff. I don't ever steer anyone to a specific FMO, I give them a lot of different options. And if I get an agent, that's what I tell him, here's your options.

You need to make the outreach go talk to each one and find out which one is the best fit for you. But there's a lot of behind-the-scenes stuff that's going on that maybe isn't above board with a lot of the recruiting of agents. And I think if integrity is doing it the right way and saying, hey, gang, don't go out there and actively recruit existing integrity organizations. It might happen because of some previous relationships, and that's the kind of the general thought right now. It's steadfast and they really stick to it. I think that could be a good thing for the industry.

Tegus Client

Yes. So if I understand that piece, as integrity becomes a larger and larger part of the market share, then you imagine there will be less switching of FMOs within the integrity ecosystem because what's the point of doing that and then switching less sort of below board deals getting made, things like that.

Regional Vice President - Broker Channel at Cigna

Exactly. It kind of forces the integrity of the contracts. Like we said, there's a lot of behind-the-scenes stuff that's going on, hey, we'll give you an x amount of dollars for this. And if it's kind of managed that at a super high level with binoculars and everybody is keeping an eye on it. I think it really maintains the high-level integrity there that our industry needs. At the end of the day we don't have the best reputation as an industry, and it's too bad because I met a lot of smart, excellent people within different organizations, but the industry is what it is.

Tegus Client

I mean, we've talked about your priorities on the carrier side. When you're talking with your FMO partners, what would you describe as their top three priorities right now?

Regional Vice President - Broker Channel at Cigna

There's some going to be recruiting. I mean, it's recruiting. They're trying to get bodies under them. And maybe I think that's something that if it's me. And I've had several offers to go work for partners over the years. And I would probably like to see some of that evolve into not only are we recruiting but you got to make sure you're training these agents. So it's all well and good to recruit them, but you've got to make sure that you're developing a strategy with them, helping them build a marketing plan, identifying areas of opportunities for them to work in, what's the SWOT analysis in their individual marketplace?

I mean just kind of next level instead of just kind of throwing all that stuff to the carrier. So what typically will happen, they'll recruit an agent, and then they'll call and say, hey, we've got some new agents would you mind doing kind of a product portfolio presentation or training. And sure, we do that. We're checking a box by doing it that way. But I think they can really get their hands dirty, roll up their sleeves and do more workshops, training workshops with agents rather than just kind of basically thrown them out there to the masses.

Tegus Client

Right, who do you think is the best organization at training agents to actually write business and build a business?

Regional Vice President - Broker Channel at Cigna

So are you asking me from a carrier perspective or are you asking you from a FMO perspective?

Tegus Client

Well, from your perspective as a carrier interfacing with lots of FMO, which FMO or maybe it's a GA or someone lower down, but like who is good at this because what we've seen is that there are a lot of FMOs who 50% to 80% of their agents actually don't write any business and so we're wondering like is anyone really good at this?

Regional Vice President - Broker Channel at Cigna

So training a huge background of mine. I've got a lot of experience in training probably been on 10,000-plus sales calls. When I think about a belly-to-belly, I have trained 1,000-plus agents in my career at a pretty high level. So even when I got to Cigna, I looked at our training and it's product op, it's your traditional carrier product op let me get on the phone and just kind of tell you about the nuances of the product, but we never tell you how to do it. So I've evolved our internal training team since I've been here, I'm working hand on hand.

We've developed a huge training program right now that we're super proud of, six steps to selling success with Cigna. Just kind of walking them through the continuum of the sales process from scheduling an appointment to meet them at the front door. Sitting down, doing the appointment, walking them through the product presentation, a needs analysis to warm up and then into closing the sale and then buttoning it up and following it up. So we've developed that. Other organizations have done a great job. I do not see this type of level of training at the FMO level. It doesn't mean it's not out there, but I haven't seen it in my 25-plus years.

Tegus Client

Yes. Makes sense. I mean we're not missing anything. We do see it at the GA level, but not necessarily at the FMO level.

Regional Vice President - Broker Channel at Cigna

Yes, a lot of the hands-on stuff goes on at the GA level, which is great. It's the old ride along that's where I started. I kind of was training the industry back in the early '90s in the. and then I became a sales manager. And then I had a team of nine, 10 agents and then they ride along with me and vice versa.

So I'm a firm believer in kind of that kind of roll your sleeves up, kind of old-fashioned training because it's kind of necessary, you're dealing with seniors. These are the most taken advantage of probably a segment of our society. And you got to make sure that you're handling them super professional, you're always doing the right thing. And always remember, one sale is not going to make a break your career, just make sure you always do the right thing.

Tegus Client

Yes, absolutely. Shifting gears a little bit to understand from the carriers' perspective, the cost of supporting a field agent. So maybe it's more applicable to talk about this in the context of Medicare Advantage. But I'm

curious, what is the fully loaded cost of supporting a field agent? And maybe thinking about that on a per enrollment basis, I know there's obviously the street level commission, there's override and then there's some amount of like internal costs to manage things like contracting and support for a given agent. So can you give me an overview of what is the fully loaded cost of a field agent?

Regional Vice President - Broker Channel at Cigna

So you're talking about just cost of acquisition of a piece of product like so if I sell a MedSup, what does that necessarily cost us in the long run or if I sell a MA? What does that cost us per sale? It's probably easier to break it down that way. I would tell you from a standpoint of a carrier standpoint, we're probably not making a profit, especially in the MedSup until the second year. And you're probably a good portion into that second year before you're actually making a profit on that product. MA is a little bit different because it's paid per member per month based on ZIP code and depending on what product it is, it can be super high profitability margins.

So like a D-SNP plan or a C-SNP plan, those plans are super high per member per month, reimbursement rate from the government. But in order for them to have those high rates, they got to put a vast majority of them back into the product they can only have a certain amount of profit dollars by CMS. So that's why those things have so many huge benefits in it.

Tegus Client

So how much is a member worth to a carrier let's say, just straight up medical.

Regional Vice President - Broker Channel at Cigna

Your traditional MA plan is probably in the \$800 per member per month is what they're getting compensated. Now obviously, there's a cost to that. And then your SNPs are probably close to double that.

Tegus Client

Okay and then in terms of the cost of acquisition to the amount of commission that you're paying out to a broker, because I know there's a three-level commission, but on average, how much is the override on top of that? And are there any other marketing dollars being paid out per enrollment?

Regional Vice President - Broker Channel at Cigna

Yes. So that's all going to be different depending on what contract they have with us. So what you'll see is you'll see multiple different contracts, you'll have IMO, NMO, FMO, MGA and GA contracts. So each one of them are different levels and they get compensated.

Tegus Client

Top of higher fee like not from override?

Regional Vice President - Broker Channel at Cigna

Yes. The IMO level, were you talking about percentage or over and above street?

Tegus Client

Yes. Let's break it out for MedSup and then also for MA.

Regional Vice President - Broker Channel at Cigna

So MedSup, it's probably in the 15% to 20% range.

Tegus Client

Street is like 20%, 21%, then in all 15% or 20%, so you're paying like 41% total in commissions?

Regional Vice President - Broker Channel at Cigna

You could be upwards of that number, if it's IMO, if it's in the IMO level, which is the top of hierarchy. The top

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hierarchy will then pay down to the NMO, the FMO and then the MGA level. So there's got to be some spread there. I can't comment necessarily on MA because it is regulated based on CMS maximal allowable. But by the same token, and I can't even remember what the CMA maximum allowable right now is for MA be something removed a couple of years now. But let's say it's \$500, it's going to be another couple hundred over and above that.

Tegus Client

In the top of hierarchy override?

Regional Vice President - Broker Channel at Cigna

Yes right. And what that does, that allows the flexibility. That's where a lot of the negotiation comes in during the recruiting process that's happening in the field every single day behind closed doors.

Tegus Client

Do you know what carriers spend on, for example, contracting departments or broker servicing departments, how expensive is it internally to support the broker sales channel?

Regional Vice President - Broker Channel at Cigna

I've never really inquired about the cost from an admin cost, but I know that number is out there. I mean, even our team, not only do we have a full host of contracting team that helps with all the contracting out there. We've got an admin team that's doing all the service work as well. I mean it's pretty vast. We think in terms of insurance industry, everybody thinks the insurance companies are just making more and more money, which everybody does make a pretty good profit. But at the end of the day, we're not like a Google or a tech company that has profit margins in the 30, 40 percentile. It's nowhere near that.

Tegus Client

Yes. I'd actually look and drill into a few of these more like admin pieces like contracting. So when you think about broker contracting from the carriers' perspective, can you score from one to 10, how important this is to Cigna or the organization overall, where 10 can be more important, one can be less important?

Regional Vice President - Broker Channel at Cigna

Yes. I would say you're probably in the upper echelon of that 8.5 type thing. It's super important to us. Because we want to make sure that the first touch with us is going to be a positive one. I mean that's always important. Because an agent has the opportunity and really the right to sell any carrier they want. Some agents sell by price, they die by price, other sell by name, recognition, branding, whatever it may be. So they've got opportunity to sell with a lot of different carriers. We want that first touch to be pretty good.

If it's a negative experience right off the bat, I would tell you and I've been there, I might say I'm upset said before with a carrier, I'm never going to write them again. And it can be bad admin, they don't pay commissions on time, just bad experience, whatever maybe it's so easy to just kind of channel them off because I've got 10 other ones right here that are as good, if not better.

Tegus Client

How satisfied are you with the existing contracting process, 10 can be better, one can be worse?

Regional Vice President - Broker Channel at Cigna

I would say probably in the same threshold, 8.5 to nine. I think we do a really good job of it. I think sometimes it gets a little bit quirky as when people are asking for maybe more than they are deserving based on previous experiences. A lot of times, we get asked for an increased commission level. So we do have kind of a protocol in place that I can override if it's a business need to do so. But there's some negotiations there as well.

Tegus Client

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Yes, sure and thinking back to Humana and UHC, could you also score importance and satisfaction with the contracting process when you think back to those two carriers?

Regional Vice President - Broker Channel at Cigna

Equally as important. Yes. I would say it's equally important across the line. I would say Humana does a phenomenal job. Cigna does a great job. UHC, I mean it's a little more clustered than UHC. But all of them hold it to a high steam. I would probably tell you my rationale came from my days with Humana, where that first touch is so important.

Tegus Client

So it sounds like it's an important thing for all the carriers and probably everyone is holding it pretty well today. Maybe UHC has some room to improve.

Regional Vice President - Broker Channel at Cigna

Right. And that's probably volume related. Their volume is so much higher than a lot of the competition. Plus, they've got a lot of eggs in different baskets. I mean we're all spread out pretty good, but UHC is the leader in the MA space. They do a phenomenal job in MedSup as well. They just probably have more limited resources on the MedSup side. And can be kind of frustrating from an agent perspective.

Tegus Client

Right. One of the questions for you. So I think about this more from the agent perspective, which is you contract with 10 carriers, each one has a different portal and process to get set up. Why is there not like a common application when it comes to contracting?

Regional Vice President - Broker Channel at Cigna

Yes, kind of one more unified front, I think that would be a phenomenal idea. You should tag that. I think it is the lack of sharing. I mean nobody wants to share trade secret. No one wants to be part of a common solution. Everybody has is that competitive edge and they want that competitive edge come to our portal, see how good we are as opposed to doing this big, unified front, which makes a whole lot of sense. I agree with you make sense there. I don't envision that happening anytime soon. Now from a quote mechanism, you know that's out there through three CSP.

Tegus Client

Exactly, through higher things like that.

Regional Vice President - Broker Channel at Cigna

Yes, and they can quote through that, and it's not always accurate like with us at Cigna on the MedSup side, we can kind of steal line from Vegas, we've gone all in on our combined household discounts. And if you don't put in their husband and wife, you type in on CSB or Canal, Sunfire any of those, we might be 15 down. But if you're in there with a husband and wife and you put in husband and wife right from the start, we might be one or two.

Tegus Client

Right. When it comes to report household discounts.

Regional Vice President - Broker Channel at Cigna

Right, but it might not show initially. So there's a lot of training that goes into that with an agent. When we're talking to especially new agents like, hey, listen, when you walk into a husband-and-wife situation that are both insurable, that's a good fit for us. We want that lightbulb to come on that hey, this is a great Cigna account because we've really priced that model. We know it's going to be a clean business for us. It's lower claims experiences. As a result, we want to make sure we reward those people accordingly.

Tegus Client

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Makes sense. So coming back to this idea of like a common app for contracting, why do you think the enrollment pace is moving towards that with Sunfire, CSG, Connecture but contracting is so fragmented. I know, for example, that SureLC or SuranceBay is trying to solve this problem. But why do you think they're fundamentally different?

Regional Vice President - Broker Channel at Cigna

I would probably say it's probably carrier driven. I'm maybe not wanting to make that change. I think like if I've got a leadership meeting this afternoon, if I pose that question to our leadership team, you'd probably have forward thinkers that would say, oh, that's a great idea. But then you'd also have the ones that have been around for a long time and kind of setting the ways, old school that says, yes, now we don't want to do that so we want to make sure that we're not kind of embed with other carriers. We want to make sure that we're coming to us. This is our first exposure, here's our opportunity to touch them.

Tegus Client

I wanted to ask about now commission payouts, which is sort of like another administrative task that carriers need to perform for the channel. And first of all, can you just describe on a scale one to 10, how important is commission payouts to Cigna's Medicare division?

Regional Vice President - Broker Channel at Cigna

10. Because, again, I think I've been accused to being kind of a broker advocate in my career, but at the end of the day, I think I know what makes the tail wag a little bit from a broker perspective, and it's super important to a broker. I mean you got to remember your average insurance broker, your average broker is probably not a six-figure owner. He or she is probably a \$70,000 to \$100,000 owner. And at the end of the day, they don't have their 1099, they're not W2, they don't have health insurance. They don't have employee benefits.

They got all the same expenses that we all have out there, and that is so important to make sure that we're delivering their commission checks on time in a timely manner that it just it's super important, and I've been on the back end of it, where brokers are concerned about getting commissions with certain carriers out there. I mean, I know brokers in the MA space that won't write certain carriers because the commissions just take too long. We kind of pride ourselves on it. We take commissions on an average of three to five days. So we're paying commissions daily. If you sell today, it's being paid within three to five days.

Tegus Client

So then you have Cigna's commission payout today, how satisfied are you with the way that they work 10 can be better and one can be worse?

Regional Vice President - Broker Channel at Cigna

I would say 10. And when I say 10 is because I never hear that it's an issue. If it's an issue, it bubbles up to me and then I have to get involved and we have to do find research and find out where it is. And I can tell you at other carriers, I've had to do that. At Cigna in two years of being here, I've never had to do that. Not one time.

Tegus Client

So it sounds like there are no issues and therefore, like it's working fine or it's working well?

Regional Vice President - Broker Channel at Cigna

Yes. It's working well. I mean if it wasn't working, they're going to tell you. They say, they're going to tell you, and you're going to have to kind of take it down. And again, you don't want to lose credibility with the agent nor especially with the FMO, if we have a commission issue, that's a credibility thing that we'd have to jump on immediately.

Tegus Client

Makes sense. Coming back to the contracting common app idea. Do you think I see why being on a CSG can

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actually would drive more sales, and that's a big incentive on these platforms. Do you think there could be a similar logic here where if more agents could contract with Cigna because there was a common app that it could increase sales?

Regional Vice President - Broker Channel at Cigna

Absolutely. I think I've been in the business a long time, but I can definitely see the value of that for sure. It simplifies the process. But at the end of the day, we surely don't want to minimize our partners either. So I would say just kind of being hesitant of letting the agent go that direct route, I would rather almost see that offered through the NMO or the FMO.

Tegus Client

So you're saying you'd rather see this idea of a common app being offered through the FMO?

Regional Vice President - Broker Channel at Cigna

Right. So let them be the ones that pass the key to that app to down to the agent perspective because why would an agent join an FMO if he can just go out and get direct contracted. So I'm not saying why a lot of them maybe don't see the value or don't understand the value of an FMO and then they would just go get direct contracted. So back in the day, Humana did have a direct contracted for MA sales.

And I would tell you they were probably our lowest producing agents in the field because they didn't have AD experience to do the direct contracting themselves. They didn't have any marketing ideas or any sales support. They were just kind of working out of their house trying to figure it out by themselves, and it's very challenging to do it that way.

Tegus Client

Yes. Got you. Do you have any sense of how many sales you might be missing because contracting is fragmented?

Regional Vice President - Broker Channel at Cigna

I really, to be honest with you, could not put a number on that. We're losing sales other ways. We got some technology glitches that have a tendency to lose applications during the process, stuff like that, some more IT-related issues that caused us to lose sales, but I really couldn't probably put a number on that. I don't think I've ever looked at it from that standpoint before.

Tegus Client

No worries. And have you heard of SureLC or SuranceBay, the company that's trying to streamline this? What do you think of them? And how well they're working?

Regional Vice President - Broker Channel at Cigna

Yes. No opinion. So no experiences with them. I just heard of them in the industry-wide but no experiences. I wouldn't say I would have any experience to open opinion.

Tegus Client

No worries. That's all really helpful. Anything else you'd like to share with me about contracting or pain points around contracting?

Regional Vice President - Broker Channel at Cigna

I don't think so. I can't tell you how important it is. Obviously, the folks contracted. I think that first experience with the organization is imperative. So whether it's done through an insurance base, maybe there's some sort of internal connection that would light up for it to be a direct reach out from the carrier hey, so and so agent has contracted with you.

So in the past, what we've always done is, especially at the local level, I would have our sales managers as folks contract in their areas, we get a looks, they would do outbound calls kind of welcoming them to the

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organization. So I still like that high level of touch. So if they could provide a way to keep that kind of internal communication so that the organization can provide high-level touch back to the agent, I think that would be imperative.

Tegus Client

Makes sense. What are other trends you see happening in the Medicare market that you think are important to take note of right now?

Regional Vice President - Broker Channel at Cigna

I would say a lot of agents are going by the wayside of the in-home visits. So COVID has kind of forced them to kind of rethink their routine and their work habits and their structure. Folks are getting definitely more comfortable with the technology piece. And I think as people are aging into Medicare, as we go into Medicare, and I'm only 51, but I'm going to be far more comfortable with a computer in the technology than my parents were that are 81. So we're just finding ways to meet the customer where they want to be met. I think it's going to be super, super important.

And if that means we've got to do it online, and they're going to provide some sort of zoom whatever Webex, whatever it may be, I think that's going to be kind of the wave of the future. It also eliminates a lot of the costs from an agent perspective. A lot of the costs from an agent is windshield time, gas, money, the travel expenses, a lot of wasted calls stuff that way. So they're finding ways to kind of combat that.

Tegus Client

Yes. So do you think that brokers are going away then?

Regional Vice President - Broker Channel at Cigna

I don't. I think the brokers a lot of the brokers are going to embrace the technology. I really do. I mean I'm seeing it right now. I was doing a training from an organization in three or four weeks ago down in Tampa, Florida. And just talking a lot about kind of pivoting cross-selling belly-to-belly kind of building warm up and they're saying, well, we don't see folks anymore. We're doing it all online.

So how can we parlay that same process of building a warmup and doing a needs analysis and finding common ground, how can we do that online. And so I brought that to my training team saying, "Hey, guys, this is what we're going to do. And our next training that we're going to build is not only we're going to build training on the how to and the pivot and the cross-sell, but how can we do that with technology.

How do we do that from a Zoom call as opposed to a face-to-face sales call. And I think the agents are embracing it. I will say if we got a challenge in our industry more so than anything, we don't have a succession plan, no defined succession plan for agents. So our agents, especially in the Medicare space is getting older and older. We don't have a lot of college kids coming into this organization. So we've got to find better ways to get out there and recruit and train folks and show value to the younger people out there.

Tegus Client

Right. Absolutely. Thanks again for taking the time.

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