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Has Wallet Share Gone Wild?

RALEIGH, NC -- (MARKET WIRE) -- February 23, 2006 -- Blue Cross Blue Shield Association and UnitedHealth have launched banks. Wachovia and BB&T have purchased Insurance Agencies. Paychex is offering Health Savings Accounts.

"With the high cost of client acquisition, companies are forced to hunt for wallet share," said Carrie Aaron, president of PEO Network. "After gaining a new client in their core sector, companies are asking themselves what else their client is already spending money on. The key to success is not selling a whole new concept, but rather selling them on the idea of funneling the money already coming out of their wallet to you versus their current vendor."

Aaron has over 23 years of HR Outsourcing industry experience and founded PEO Network in 1995. PEO Network provides consulting, training programs, articles, seminars and research projects to the Human Resources Outsourcing sector.

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Launching a bank for the projected \$10 billion in Health Savings Account assets is a great idea for Blue Cross Blue Shield. However, banks buying up independent insurance agencies don't seem to have the same synergies. For example, one bank has acquired a multitude of insurance agencies to create a top 10 player; yet the bank made more money on NSF fees than profit of the agency conglomerate. Paychex and ADP have both had success in selling Workers' Compensation to their clients as well as offering PEO services.

PEO Network plans to assist independent insurance agency principals with tapping into the wallet share of their clients through a new seminar series "Agency HRO Solutions." This seminar will educate owners of insurance agencies on the synergies of adding a Human Resources Outsourcing (HRO) division to their companies. "Independent Insurance Agencies have the highest rate of long term success in launching a PEO or ASO because the barriers to entry are currently high and they bring the right tools to the business," Aaron said, "In the mid-to-late 1990s, many agencies launched successful PEOs. As the P&C market softens and the economy improves, this trend has re-emerged. After consulting to the agencies that launched PEOs for the last decade, I'm convinced it's a win-win scenario."

PEO Network is a consulting firm to the HR Outsourcing industry. For more information, visit www.peonetwork.com

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