Insurance FUN-damentals: A Broker’s View

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This week we speak with Derek Symer, a Principal and Senior Vice President at AHT Insurance. Derek brings two decades of experience and a unique understanding of nonprofits to his clients. His passion for this sector drives his continued knowledge sharing and gives him valuable insight into the multitude of risks facing nonprofit organizations today—ranging from management and professional liability to cyber and international risks. Prior to joining AHT in 2003, Derek worked in the office of historical research at the Holocaust Memorial Museum in Washington, D.C.

NRMC: We’ve been talking about accidental risk managers. The title of your session at our upcoming Risk Summit in October will be “Insurance FUN-damentals.” For a lot of accidental risk managers, in particular, the learning curve can be fairly steep and intimidating, and there’s not a lot of room for fun. Or is there?

DS: Twenty years ago I was an accidental risk manager myself, and if I could give advice to anyone starting out in insurance or risk management today it would be: “Learn, study, and be curious. Improve just a little bit every day.” I think when there is a level of mastery, when you put the time in to understand the principles of risk management, or you put the time in to understand the nuts and bolts of an insurance program—that is, once you’ve invested in a firm grounding–then it becomes fun to build on that foundation. To me, mastering the fundamentals allows all of us in nonprofit risk to explore what’s possible beyond the basics.

NRMC: It sounds a lot like the values of Enterprise Risk Management, once you master the fundamentals, and define risk the way NRMC defines it: *The possibility that a future action or event will adversely or beneficially affect an organization’s ability to achieve its objectives*. If we are just reacting to risk events, it’s not going to be a whole lot of fun. But if you stay on top of it, preparing for risk events that you are anticipating will move you toward your nonprofit’s objectives, and that could be a lot more enjoyable.

DS: For me, through the years, I’ve worked on becoming more proactive as opposed to reactive, learning to stamp out procrastination. It’s much easier to take a stab at something and create a rough draft, and have it down on paper or a screen, and then you can play with it, edit it, think about it. There are just basic things I’ve found in my career to be beneficial and have made the process a lot more fun, and I look forward to sharing them.

NRMC: Maybe that has extensions to how risk managers approach insurance, as well? At last year’s Risk Summit we hosted an Insurance Industry Insights session, and part of the dialogue with insurance executives on the dais centered on nonprofits being more proactive when it comes to reviewing and renewing their insurance policies; that is, being more transparent in revealing the organization’s changing risk profile to their broker and carriers.

DS: Early in my insurance career I can remember facing some scenarios where—because I was working on my first accounts—some of the renewals came down to the last minute, and it felt like a fire drill. Very quickly I learned that by starting 120 days in advance of the renewal and having a structure in place ensured that all of the workflows occurred in an orderly manner; this really took so much stress off my plate and made insurance fun. Just as an example, my team renewed dozens of July 1st accounts this year, and we had them more or less wrapped up by June the 20th.

NRMC: You're having a lot better summer then . . .

DS: [Laughs] Absolutely, to me that's fun.

NRMC: So, we've hit on the benefits of not procrastinating. Also, when you have a partner, it's a lot more fun. If you see the relationship with the agent or broker as a confidant, rather than an adversarial relationship, the approach to the task is less odious and you'll hopefully be less prone to procrastination. So what's your approach to being a consultative partner to your nonprofit clients?

DS: We've been thoughtful about structuring teams at AHT to provide great service work. For example, the key mechanics of the insurance relationship are handled through an account manager, who manages probably 80% of the workflow with the client. They have to be adept quick thinkers when balancing a heavy workload, that can include: answering coverage questions, developing proposals, managing urgent client needs and coordinating with underwriters. Having these workflows thoughtfully spelled out allows other members of the team to work with clients to provide what I would term strategic risk advice. That is, high-level risk consulting that will allow an organization to fulfill its mission and help head off adverse risk scenarios where we can, by making sure they're properly insured, of course, but really having all the procedures, policies, and structure in place to allow that organization to go out in the world and accomplish its mission with confidence.

What Risk Leaders Need to Know

NRMC: From your perspective, what should nonprofit risk managers know that they might not have thought they needed?

DS: I think having an advocate or a partner, whether it's AHT or another provider, but having somebody who can sit on the same side of the table as your nonprofit to look out at the risk horizon together. Most of this is having a good structure in place. Not taking the relationship for granted. Having regular meetings, whether it's on a quarterly basis, or more like six times a year, but continually engaging in that dialogue with your risk consultant or broker. This is important both so we can impart to the client what's going on in the insurance marketplace, and equally, so the nonprofit can convey to the broker or consultant what is happening in their operation—and how those two worlds come together.

NRMC: Do you have any illustrative anecdotes along this line? Just in terms of engaging in a dialogue with a risk advisor, so that a nonprofit can be proactive about what's happening in their organization.

DS: I have one example. A few years ago a CFO called me from a private school, and he indicated the school was contemplating developing a rifle team to compete against other independent schools. This is somewhat common, nothing unusual in that, *per se*. But I went to the school's website right away, and the first thing that popped up was that the school had just won the state rifle championship.

NRMC: They already had the rifle team and were thinking about what their insurance needs would be?

DS: Exactly—that's an example where the risk had not surfaced to the CFO level until very late in the game, obviously. A counterpoint example would be that I have a medical association that is involved in therapeutic medical technology breakthroughs. We've been working this year to both understand what the professional liability exposure is to the association, as well as the cyber-related exposures for maintaining a massive database of patient information. That's an example where having a dialogue over a year-long developmental period is not only helpful but critical, for that organization to think through what their exposures are going to be and manage them appropriately through insurance vehicles and risk management techniques.

3 Key Components of a Service Relationship

NRMC If we were to break a service relationship down to component parts: engagement, execution, and the service model. What's under each of those points?

DS: As bullet points, I'd say:

- *Engagement* is having a natural curiosity and willingness to serve, to ask probing questions and to develop a trusting relationship that allows an open and transparent dialogue between broker and client.

- *Execution* is very simple; it's doing what you say you're going to do. Having a regular meeting cycle, but taking the action items from each engagement with a client, and following through on that.
- *A service model* is having a team with everyone in the right role to deliver the best results to the client (that can be the account manager, the producer, but also folks who are engaged in risk management activities, brokerage, or claims support). All of these pieces come together to provide a good customer experience.

NRMC: As for execution, do you mostly find your clients are taking the action items and following through? Follow-through is so important.

DS: It is. Certainly, there is a spectrum of client responsiveness; everyone has so much on their plate these days. But I think where we can affect the greatest input and make a difference is with clients who respond pretty quickly on action items, because that allows us, particularly on the insurance side, to negotiate in a timely and fairly stress-free manner.

NRMC: What might those action items be?

DS: We might meet 120 days before renewal, and then give client a 35-40 day window to complete the applications and provide data points for the renewal, and meeting those deadlines is really pretty important for us to be able to go back out to the market and get the terms and conditions, and pricing; ultimately, that's going to benefit the nonprofit. A client that engages with us in a timely manner will typically get the best results from the marketplace.

NRMC: Do you have an onboarding playbook for your nonprofit clients?

DS: We certainly do have a structure and a useful playbook, when it comes to onboarding and guiding clients through both risk management and insurance placement. But like a good football playbook, it needs to be flexible, because sometimes you might need to call an audible here and there to make a real impact.

NRMC: In closing, if we circle back to what's fun in fundamentals?

DS: We're not talking about breezy informal relationships. At the end of the day, it's pretty important, serious work providing professional risk and insurance service and advice to nonprofits.

I think where the fun comes in is when you're working with a team like ours—I'm not trying to toot our own horn—just to say that when you engage people who understand the products that they are providing (specifically to nonprofits), who take continuing education very seriously, and people who read policies, terms and conditions, etc., in their spare time, they can provide expert advice. When you've mastered the fundamentals and aren't tripping over your own shoelaces, there is more pleasure in having a meaningful dialogue about what's going on within your organization, its risk exposures, and at the end of that process you'll be getting the best service and advice, knowing you're on a reliable professional footing whatever unforeseen risk event may arise.