

Insights from Insurance Industry Thought Leaders



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During the most recent *Risk Summit*, we hosted a lively session titled *Insurance Industry Insights*. Featured on the dais were senior leaders from insurance carriers that specialize in insuring nonprofit organizations. We explored trends in the insurance sector and panelists also answered questions from *RISK eNews* readers and Affiliate Members. The discussion quickly gravitated toward issues related to the role of the “producer” (the insurance agent or broker), and how to best represent an organization in the application for coverage. Below we share some of the questions and intriguing, insightful answers from our panel.

Q: What can nonprofit risk leaders do to best present their organizations to an insurer? What are the common mistakes you see nonprofit policyholders make, both when they purchase coverage, and when they want to leverage their coverage?

A: To receive the best possible terms and pricing, present the organization in complete detail. Resolve to be transparent about your losses and incidents as well as the scope of your risk management program. Transparency is key to creating and sustaining a trusting relationship with your insurance industry partners. Keep in mind: failing to acknowledge claims on your renewal applications will undermine trust. Underwriters will check with the claims department to verify the information you’ve provided.

- You will get best pricing for full detail. Show the accreditation status your agency has earned, and describe what sets your approach to risk management apart. Tell that story.
- Remember that if you provide incomplete information, an underwriter might err on the side of assuming the worst. You won’t get the best terms, conditions and pricing.
- No nonprofit does only one thing, all nonprofits have multiple programs and offerings. Some of your operations will be routine, and other aspects may be especially risky. We may assume risky in the absence of details that tell us otherwise.
- Read your policies! Review the coverage enhancements, and make sure you understand basic policy terms, as well as policy exclusions and endorsements. Many nonprofit buyers don’t realize they have certain coverages in place, and in rare cases, you may be buying something you don’t need. Bring your coverage questions to your agent or broker without delay.

Q: What recommendation would you offer to nonprofit leaders who want to be more effective risk leaders?

A: Engage your broker as a mission partner. Expect that she wants to provide services that support your mission. Treat your broker as you would a trusted consultant. Tell the story of your nonprofit with as much enthusiasm and detail as you would a cherished stakeholder or prospective funder.

Q: What is the biggest change in the industry you've seen in your career?

A: The caseload/workload of underwriters has doubled.

- Doing more with less is a corporate reality. Far more time is spent writing and responding to emails than in phone and in-person conversations, and some expectations about turnaround have changed. A response that once took a week or more to deliver is often expected within a few hours.
- New coverages have made the work of insurance professionals more interesting, but more challenging.
- Competition rules the day. Carriers see nonprofits as an attractive risk pool which means that nonprofit organizations have better options today.
- Virtually all nonprofits handle Personally Identifiable Information (PII) and many collect and maintain Protected Health Information (PHI). Everyone is concerned—rightly so—about protecting that information.
- Severe weather events—and the costly losses that result—are common.

Q: How important are agents to the process? Why?

A: Agents are advocates for their nonprofit clients. They are familiar with the risk tools and resources offered by a nonprofit's insurance carriers. They can connect you to those resources.

- For example: An insurer may offer—at no cost—to provide telematic devices for the vehicles owned by a nonprofit. These devices can help an organization manage fleet costs, monitor driving habits and more. Remember to ask your agent or broker about the services and support available from your carrier.
- Remember that agents don't want to be the nonprofit's risk manager; they want to be effective intermediaries. An important value they bring is their connections to and relationships with carriers. If carrier service slips, a proactive agent or broker can cut through the red tape and make sure that the nonprofit's concerns are addressed.
- Take advantage of carrier resources! They are developed to help your nonprofit strengthen risk management; the fact that you're making use of available resources is a plus in the eyes of an underwriter.

Q: What qualities should a nonprofit be looking for in an agent or broker?

A: Someone who can connect with the mission of the organization, someone who understands your operations.

- *A great broker is fearless:* a needle exchange program, for instance, shouldn't scare them.
- *A capable broker is knowledgeable:* they know your strengths, commitment to risk management, and the landscape in which you serve your community.
- *The best agents and brokers are resourceful:* they work hard to understand the nuances of the products offered by various carriers and if they don't have an answer, they will do what's necessary to find it.
- *Top performing brokers are accessible and supportive, regardless of your 'weather' conditions:* a great agent will be helpful and responsive when carriers are competing for your account, and equally supportive when it's time to file a claim or report incidents.

I'm grateful to the following industry leaders who joined me for a lively discussion at the recent NRMC Risk Summit: John Doyle (Philadelphia), Penny Parisoff (GuideOne Insurance), Cheryl Tamasitis (Nationwide), Michael Schraer (Chubb), and Mike Liguzinski (Great American Insurance Group).

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center. She invites your questions about any of the topics in this article, or questions about Affiliate Membership or NRMC consulting services at Melanie@nonprofitrisk.org or 703.777.3504.