Maximize the Relationship with Your Insurance Advisor



By Melanie Lockwood Herman

Executive Director

Resource Type: Articles

Topic: Insurance and Risk Financing

Single people often turn to dating apps to look for prospective partners who meet their very specific wants in a long-term 'plus one.' Friends and family members who have opted for this route to companionship tell me that would-be dates sometimes:

- Exaggerate skillsets and personal characteristics (athletic ability, career success, height), and
- Protest too much (e.g., being weary of a lack of commitment and ready for a long-term pairing).

There is no app to find the insurance advisor of your dreams. Doing so requires sleuthing, discernment, and—like any successful personal relationship—a commitment to nurturing the connection once formed. And just like in romantic matches, nonprofit organizations may outgrow a long relationship with an insurance advisor, or the advisor may outgrow their relationship with you.

What is an Insurance Advisor?

An insurance advisor, or insurance professional, helps your nonprofit understand your insurable risks, weigh your appetite for various approaches to risk financing, and buy the insurance suited to your circumstances (wants, requirements, budget, etc.).

Unlike the personal insurance we buy to protect our homes, apartments and vehicles, which can often be purchased by going directly to a carrier for terms and pricing, commercial insurance—the coverage businesses buy—is sold through professional agents and brokers.

Your insurance professional should be a valued, trusted, go-to advisor on a wide array of risk and insurance topics. They should be determined to truly understand your nonprofit's mission, operations and plans, and be an active, 'all in' supporter when you're describing what you need.

When I asked Scott Konrad, HUB International's North American Nonprofit Practice Leader, what makes an insurance broker a trusted mission partner, he told me that "The indispensable partner immerses him/herself in the buyer's industry and specific organization to understand the big picture trends, challenges, and priorities, and then connects the dots to solutions. Sometimes the solutions come from the service provider's own toolbox,

but sometimes they're from relationships with strategic partners: CPAs, attorneys, bankers, and consultancies. It's about being a proactive 'fixer,' being continually accessible, and acting with a sense of urgency."

I asked a similar question to Lauren Erickson, Nonprofit Practice Leader at Relation Insurance Services. Lauren shared her view that the most valued and valuable insurance advisors bring strong connections and knowledge to a nonprofit mission. "The most valued insurance advisor to a nonprofit is someone who is *in touch* with the broader nonprofit sector (including issues that are important to your specific industry segment within the nonprofit sector), and who *understands* how things like the current administration and funding cuts could impact your operations." Lauren added that additional differentiating qualities include "being able to speak eloquently to your board about insurance, to provide training to your staff on a variety of risk management topics, to support your organization (attending your big events, volunteering), and to leverage connections with other nonprofit experts like lawyers and banks and fractional support; those things make an advisor invaluable."

Should We Stay or Should We Go?

Over the years, I've spoken to quite a few nonprofit risk professionals who have become frustrated with their insurance professional (agent or broker). It's always disheartening to hear about a nonprofit leader's hesitancy to disrupt the relationship, despite being let down, time and time again.

While it's unrealistic to expect that your insurance advisor will have answers to every conceivable coverage question off the bat, Lauren Erickson's view, which I share, is that the best advisor "might not know the answer at the time you call, but will find out, and actually get back to you!" Your mission can't afford an advisor who ghosts you, deflects your questions, or isn't resourceful.

Erickson told me insurance advisors who are poorly equipped to serve nonprofits often try to "understand the nonprofit business simply by visiting the organization's website." She cautions that "It's imperative to assume nothing. Let your nonprofit client tell you what they do, and more importantly what they *don't* do, so you can help nip assumptions in the bud that may—and will—be made by the insurance companies who are considering whether to underwrite the account."

When I asked Scott Konrad to share an example of the kinds of mistakes insurance professionals sometimes make, he replied, "Many fail to appreciate the 'mission' mindset and difference in priorities and temperament from for-profit counterparts. Nonprofits generally can't pass along cost increases to their 'customers' (clients and funders) like for-profit enterprises, so insurance professionals must rigorously manage costs and consider providing philanthropic support that relieves financial stress."

Bring Your Best to the Relationship: Be the Client Your Advisor Admires

Relationship experts often advise that singles looking for love understand their needs before trying to find a soulmate. Nonprofit leaders seeking the best possible advisor for their missions should also give some thought to what they are willing to commit in a business relationship with an insurance professional. NRMC recommends that you resolve to:

Be candid: An insurance professional can't provide the guidance you need if you're cagey about the top risks facing your nonprofit, or its ambitious plans to expand, contract, or shift gears. When your advisor finds out you were less than honest about any aspect of your organization, their trust in you will be shaken. Equally bad? An advisor with sketchy details about your nonprofit will not be able to confidently represent you and advocate on your behalf, an essential aspect of their role.

Be responsive: Return calls and emails promptly, even if that means sometimes saying, "I don't know, but I will ask around and try to get you an answer!" Try to be patient and understanding when your advisor asks you for lots of information. The more they know, the better equipped they will be when insurance carriers ask them about your organization.

Be respectful: Your insurance advisor *is not* and therefore should not be treated as a fast-talking salesperson. Even if you aren't paying this advisor directly—because their commissions are paid by the carriers from whom you buy coverage—your nonprofit is in fact paying for the professional services and support they provide. Give your insurance professional the respect you *would* and *should* afford any retained advisor.

Be humble and stay in learning mode: If you don't know, say so! The stoic philosopher Epictetus said, "It is impossible for a person to begin to learn what he thinks he already knows." Approach every coverage renewal cycle as a bountiful learning opportunity. For example, each year the supplemental application for cyber insurance includes new questions, inspired by growing awareness of the tech scam industry. When you get to a question you can't readily answer, take the time to find out what it means by speaking with your insurance advisor or CIO. When you do that, you'll walk away from the renewal process with helpful new insights.

Be loyal: One of the most common complaints my team overhears when we're in the company of standout insurance advisors is that many nonprofit clients treat insurance buying as purely transactional. Worse, some believe "shopping" for new advisors, policies, and even carriers on an annual basis will lead to better terms and lower pricing. The better approach is to be honest about what you need, when you feel you've been let down, and give your agent or broker the opportunity to step up as you would any other business partner.

Your Insurance Professional Has Resources You Need

During the beginning days of a relationship with a new insurance advisor, they may share materials describing some of the services offered by their firm. It's not uncommon to be overwhelmed by those offerings, which may include:

- Guidance on developing and articulating a high-level approach to insurance that syncs with the nonprofit's changing risk landscape, growth or change management strategies, risk appetite, and budgetary constraints
- Analysis of the nonprofit's risk profile, to include research or guidance in specific areas
- Data analytics, including benchmarking through ADVISEN or a similar service, review of insurance marketplace data and identification of leading carriers most likely to be interested in quoting the nonprofit's account
- Certificate of Insurance processes and systems (either in-house or outsourced)
- Claims management support, including claims guides and resource materials for specific coverages
- Contract and other materials review, such as the review of the nonprofit's safety and crisis management, staff training materials covering risk topics, or forms/templates that support the risk function
- Summary risk assessment or risk review
- Critical incident support, from preparation to training and post-incident guidance or after-action reviews
- Delivery of briefings to staff and governing teams
- Risk management and loss control services, such as standard or custom webinars, articles and factsheets, tabletop exercises focused on cyber threats or business continuity, and access to support and services from third parties, such as NRMC.

Here are NRMC's suggested steps to better understand and leverage add-on resources from your advisor and their team.

During the early stages of a new relationship, especially when you're comparing prospective advisors, *request clarity on the supportive risk management and insurance services available to your nonprofit* if you choose the firm. For example, make sure you ask:

- What services are included if we choose your firm? What services are available, but cost extra, and what do they cost?
- How would we access these services?

- Which of your services do other nonprofits use?
- Are there any valuable services nonprofit clients overlook?

Schedule an annual meeting or conversation with your insurance advisor focused *solely* on risk resources. This is a chance to refresh your memory about the services described at the outset of the relationship. Ask:

- What risk and insurance resources, available from your firm, do you recommend for us this year?
- What resources from external sources and providers do you recommend?
- Which of these services are available to us at no additional charge? What is the cost for add-on services? How do we gain access?
- What new services is your firm offering to clients like us?
- What services, available from our carriers, do you recommend we use? How can we access those services?

Each year, convene a small internal team to discuss the services available from your insurance providers and your use and experience with those services. Ask:

- What services—provided by our insurance broker/agent and our carriers—did we use this year and how helpful or valuable were those services?
- What available services did we forego, and why?
- What changes in approach should we consider to increase our use of the services available from our insurance providers?
- What questions do we have about our broker's services and the services provided by our carriers?

Tips from Some of the Best

When I asked colleagues from my brain trust of experienced, successful insurance professionals "what's the one thing you want every nonprofit client to know—or do—to maximize and leverage the value their insurance advisor brings?" they responded this way:

Keith Mulvihill, Vice President of Lockton Companies, shared, "The two biggest factors in maximizing the value of your insurance broker relationship are working with a broker who specializes in nonprofit organizations and maintaining regular dialogue about evolving risks. A specialist broker provides valuable insights into how similar organizations are addressing risks, while ongoing communication helps you stay ahead of emerging challenges in today's fast-changing political and regulatory landscape, enabling you to develop proactive contingency plans."

Lauren Erickson from Relation told me, "Find a firm that understands your vertical within the nonprofit sector—being with a broker with general nonprofit expertise is not enough. It might be a very small firm who is the right fit, or a large, national broker. Ask your peers who they work with and if they like them. Most of our referrals come from nonprofit banks and law firms. They have seen firsthand how we work, and our reputation is on the line if we don't deliver, so keeping the client experience high is extremely important to us."

Scott Konrad from HUB explained: "As NRMC teaches its constituents so well, risk management is more than just buying insurance. When we engage with partners that understand the total cost of risk and appreciate the impact that risk avoidance and reduction, contractual risk management, judicious risk retention, and vigorous claim management can make, we're able to position them more favorably in the marketplace."

Lead with Honesty and Mutual Respect

Our experts agree with us that finding the right insurance advisor and developing a successful professional relationship requires honesty, mutual respect, communication, and a commitment to nurture and maintain a strong, flexible connection. Navigating this experience is "work" and requires the same attentiveness and follow through our personal relationships need.

The mission of your nonprofit is too important to treat any advisory relationship as transactional. When you make that mistake, you miss out on the depth of experience and array of resources your professional advisors are willing and eager to provide. Insurance is rarely, if ever, inexpensive, and the purchase of commercial insurance to properly finance risks at a nonprofit takes attention to detail and time. If you're generally happy with your relationship but worry that you may be missing out on some services and support, we hope this article offers the 'nudge' you need to invest more deeply in the relationship with your advisor. And if your nonprofit is not receiving the benefit of sage, responsive advice that meets your needs, we hope this article helps you reach a decision about whether it is time to find a new trusted partner for the important role of insurance intermediary.

Melanie Lockwood Herman is Executive Director of the Nonprofit Risk Management Center, where she enjoys working collaboratively with leaders from the nonprofit and insurance sectors. She welcomes your questions about any of the topics covered in this article and invites your insights on working effectively with an insurance professional. Melanie can be reached at Melanie@nonprofitrisk.org or 703-777-3504.