Your Insurance Agent or Broker

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Overview

- What is an agent? What is a broker?
- Why do you need one?!
- Insurance Professional Services and Responsibilities
- What can go wrong?
- Evaluating Your Current Provider
- Tips on Working with Your Insurance Professional
- Keys to Managing the Relationship
- Broker Services Agreements: a closer look
What is an insurance agent? What is a broker?

- Agents versus Brokers
  - Agents represent the Insurance carriers
  - Brokers represent the Insurance purchaser and have a duty to provide the purchaser with the best product at competitive prices

Why do you need one?

- The industry depends on intermediaries
- The industry has its own language and customs—you may need help navigating the waters
- Most nonprofits do not have the resources to support an insurance specialist
- Other reasons?
Insurance Professional Services and Responsibilities

- Assembles/presents complete and accurate info to insurance carrier(s) on your nonprofit’s behalf
  - Signed applications (new and renewal)
  - Supplemental material

- Remits payments to carriers on your behalf
  - Timely

- Arranges for premium financing if you need it/request it

- Helps you identify safety and compliance issues/needs and helps you address them

- Fulfills requests for certificates of insurance and additional insured endorsements
  - Who requires? Landlords, parent/sister organizations, funders, etc.
Insurance Professional Services and Responsibilities

- Reviews the insurance provisions in your contracts
- Is available to answer your insurance questions
- Refers you to risk management resources, as required/recommended
- Reports claims to your carriers
- Coordinates/assists with claims adjusting

Advocates on your behalf! (pricing, scope of coverage, claims handling)

Participates in the nonprofit’s risk management activities, e.g. the risk management committee

Attends meetings of your finance or risk management committee or a board meeting, upon request
Insurance Professional Services and Responsibilities

- Serves as a source of information/resource on insurance issues
- Maintains a complete insurance file on your nonprofit
- Maintains continuing education, licensing and coverage for errors and omissions

What can go wrong?

- Broker fails to notify insured about policy expiration… gap in coverage results
- Broker ignores question… client assumes
- Broker guesses on coverage issue without doing homework
- Broker guesses about the nonprofit’s operations… fails to offer the advice needed
- Broker promises more than he or she can deliver!
Evaluate Your Provider

- Responsiveness
- Timeliness
- Credibility
- Commitment
- Claims handling
- Accuracy
- Results

Tips on Working with Your Insurance Professional

- Provide prompt, clear, concise answers to questions.
- Expect your quote in a timely manner.
- Ask questions and expect understandable answers.
- Give your broker at least 30 days’ notice if possible regarding any and all policy changes.
Tips on Working with Your Insurance Professional

- Get important answers in writing.
- Don’t withhold information from your broker.
- Report claims to your broker immediately and be prepared to give detailed information regarding the claim.

Keys to Managing the Relationship

- Start with the right match:
  - Nonprofit specialist
  - The person at the agency suited to your needs
    - Knowledge, availability
- Communication
- Honesty
- Respect
  - “Nonprofit CEOs have too much time on their hands!”
Broker Services Agreement

- Pros
  - Ratcheting up the professionalism of the relationship
  - Clarity of expectations
- Cons
  - Not the norm—a new way of doing business
  - Perception of formality

Broker Services Agreement

- Section 1. Term.
- Section 2. Scope of Services.
- Section 3. Personnel.
Broker Services Agreement

- Section 4. Compensation.
- Section 5. Independent Contractor.
- Section 6. Assignments Prohibited: Successors.

Broker Services Agreement

- Section 7. Exclusivity.
- Section 8. Duty to Preserve Confidentiality and Trade Secrets.
- Section 9. Compliance with Laws.
- Section 10. Indemnification
Broker Services Agreement

- Section 11. Insurance Requirements.
- Section 12. Notices.
- Section 14. Early Termination.
- Section 15. Entire Agreement.

You Deserve Better!

- "Our broker agreed to meet with us on two recent occasions, but never showed up."
- "Our agent tells us that he shops the insurance market every year, but he always brings us one quote from the same insurance carrier."
- "According to our agent, insurance companies aren’t interested in insuring nonprofits."
- "My broker told us that she renewed our policies and, although the cost went up 10%, the coverage was basically the same. We finally received our policies and there are some significant new exclusions. On top of that, the deductible is much higher."
You Deserve Better!

- “My insurance agent takes weeks to return my calls and never puts any of his recommendations in writing.”
- “We require dozens of certificates of insurance through the year. We spend hours leaving messages and waiting for return calls from our broker. There must be a better way!”
- “Our broker recently made a presentation to our Risk Management Committee. I was thoroughly embarrassed.”
- “Our agent tells us we’re lucky to have him because our account is so small he loses money every time we call with a question.”

Thank You!

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Next Month’s Web Seminar

- Professional Liability Insurance: *Understanding the Exposure and the Coverage Options*
- December 6, 2006
- 2:00 pm Eastern