

Do You Need a New Broker? Here's Your Sign!

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In 1997 Comedian Bill Engvall released the best-selling comedy album of the year, a work that introduced millions of Americans to the comedian's favorite punch line: "Here's Your Sign." A classic "Here's Your Sign" bit goes like this:

Stupid people should have to wear signs that just say, "I'm Stupid." That way you wouldn't rely on them, would you? You wouldn't ask them anything. It would be like, "Excuse me ... oops ... never mind, didn't see your sign."

(For more information on "Here's Your Sign" humor, visit www.billengvall.com.)

A number of recent conversations with nonprofit executives have reminded me of the humor of Bill Engvall. The sign I see them wearing is: "I don't see handwriting on the wall." Or, "I'm busy. Don't bother me." I believe that nonprofit leaders may be slow in recognizing the sign that it is time to shop for insurance services. Nonprofit colleagues are often anxious to tell me about the services their organization was promised but isn't receiving from its insurance agent or broker. After discussing the actions, inaction, neglect, unfulfilled promises or exaggerated claims of a particular agent, the nonprofit leader inevitably asks, "How do we know whether we should stay with our broker or look elsewhere?" The following is a list of comments I've heard from respected nonprofit colleagues who just aren't reading the signs:

- "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."
- "We switched to a broker who also serves on our board because he promised us he could save us 25% or more. I just opened the premium invoice and it is double what we paid for last year's coverage."

- "When I asked about getting additional quotes for our crime coverage, our agent told me that he only works with one market and because they are the best, there is no need to shop around. Yesterday I received a letter indicating that we've been non-renewed!"
- "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."
- "My broker says that he works on our account because he feels a deep connection to our 'cause' and not because he's making any money."

Without putting too fine a point on it, if you are currently working with an insurance agent or broker who has expressed anything similar to any of the above — "Here's Your Sign!"

Putting Your Program Out to Bid

Shopping around for a new insurance agent or broker requires courage, determination, time and a logical approach. But if any of the experiences listed previously sound familiar — you owe it to your nonprofit, to your mission, to your clients, to your donors and to other stakeholders to put the interests of the organization first and do what is required.

Why courage? Even though the incumbent broker may have tried to convince you that he is doing you a favor by working with you, I'll bet my next year's premium that he will put up a fuss when you tell him you're going to shop around. He will try every argument in the book to try to talk you out of sizing up the competition.

Why determination? Despite the arguments presented by your broker, including that he's done a great job and lost money in the process — you need to move forward with your decision to consider alternatives. And you won't find the perfect match for your culture and needs by thumbing through the yellow pages. Your search will require a dedicated effort. During the process remember that there is a competent insurance agent out there for every nonprofit.

Why time? It takes time to find an advisor whose expertise and professionalism will meet your expectations. You *deserve* and *require* a broker who returns phone calls, puts answers in writing, shows up on time and prepared for meetings and presentations, and who has access to several insurance markets that sell coverage to nonprofits like yours (e.g. youth-serving or residential treatment or foster care).

A Logical Approach: Work Your Plan

There are many ways to put your insurance program out to bid. As consultants the Center has helped a variety of nonprofits with this process. Our preferred approach for mid-sized nonprofits (insurance expense in excess of \$100,000 per year) is to begin by seeking bids for broking services. This term refers to the core assignment of an insurance broker or agent: securing coverage for your organization. Prepare a simple RFP describing your insurance program and expectations. Next, compile a list of firms interested in bidding. To locate these firms, call nonprofit colleagues you respect and ask if they would recommend their agent or broker. Ask these professionals if they will respond to an RFP from your nonprofit *before* sending them the document. If you encounter someone who wants to simply meet with you instead of going through your process, tell them, "Thanks, but no thanks." Designate the top two or three bidders as finalists and schedule brief in-person interviews. Convene a small panel, such as representatives of your finance department and risk management committee, to hear the broker presentations and score the performances. Consider what you saw in writing and what you heard in person when making the final selection.

Once you have selected a "winner" of the process and you have identified your new broker, provide that firm with detailed loss and historical information and discuss their strategy for presenting your account in the insurance marketplace. Make certain you have a shared understanding of what "appropriate coverage" and "affordable price" mean.

Many nonprofits do this without retaining the services of a consultant; others prefer to have a third party coordinate the process. In either case the key is to approach the process in a professional manner and stick with this approach.

If your nonprofit spends less than \$100,000 per year on property and liability coverage, you can simplify the process described above by interviewing several brokers or agents recommended by trusted nonprofit colleagues and asking them for a simple, written proposal to serve your nonprofit.

If any of the sentiments or experiences I listed earlier reflect your own experience, consider looking elsewhere for the professional service your nonprofit deserves. Just as you would not tolerate unprofessional conduct by your staff, it is unacceptable to retain an insurance broker who disrespects your mission by falling below your standards for responsiveness and customer service. It is also disrespectful to be told by a broker that he or she is doing you a favor because your account is undesirable. Competition for nonprofit accounts is fierce. A growing number of insurance agents and brokers are specializing in nonprofits, because they recognize the revenue potential of a nonprofit niche and they enjoy working with the professionals who lead community-serving organizations. No matter what your mission or size, there is an insurance professional out there waiting to help your nonprofit purchase the coverage it wants and requires.

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