



IRMI[®]

Workshop B

***THE LOST ART OF PREPARING
MARKETING SPECIFICATIONS***

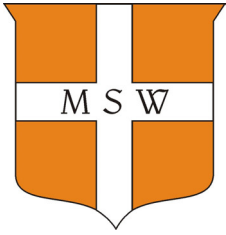
Presented by

**Steven D. Davis
Director
McGriff, Seibels & Williams**

During the extended soft market of the 1990s, competition for business was so fierce and coverage so readily available, the art of preparing marketing specifications was virtually lost. In the current environment, these skills are crucial to obtaining quotations and preserving coverage for clients. Many contractors, as well as their agents and brokers, do not have a clear grasp of underwriters' needs and concerns. With capacity as limited as it is, an incomplete marketing submission is likely to be set aside in favor of those that provide the answers to the questions underwriters care about. Whether you are participating in a competitive situation, or negotiating a renewal for an existing client, this session outlines the process for preparing a complete, professional underwriting submission and strategies for highlighting the client's strength and improving the underwriter's perception of the risk.

Tuesday, November 18, 1:30–3:00 p.m. and 3:30–5:00 p.m.

Workshop B



McGriff, Seibels & Williams, Inc.

Quote: "If you keep on doing what you've always done, you'll keep on getting what you've always got" - W.L. Bateman

Today's ever changing construction market presents new and unforeseen risks to contractors, both large and small. Understanding and assessing the potential costs of these roadblocks is difficult to do, especially without the benefit of future knowledge. Today's contractor must be able to seek out and use innovation as a means of quantifying the levels of risk inherent in their industry. They must structure a risk management program that will meet all of their short-term and long-term-needs that will, in the end, reduce their overall cost of risk. How do they do this? They need to empower a risk management team, capable of formulating a winning strategy towards managing and lowering construction risk.

6 Goals of an Effective Risk Management Team:

1. Program Design: Rome wasn't built in a day, and neither should your risk management program.
2. Risk Financing: Analyze the creative and technical options available risk financing.
3. Safety Management: Reducing losses is the only "sure thing" in controlling risk.
4. Claims Management: Mitigate results and handle all claims with a sense of urgency.
5. Risk Allocation: Contracts and subcontracts include risks. Understand your liabilities.
6. Broad Access to Markets: Explore available financing markets, both domestically and internationally.

It may sound like a very tall order, but it isn't. The construction industry deserves the very best advice and support in managing the increasingly rough seas of risk management. To do that, they need a partner with the experience, innovation and vision to think and act like a construction risk manager, capable of assessing and developing strategic goals to control overall construction risk. McGriff, Seibels & Williams, Inc. is that partner.

For 105 years, McGriff, Seibels & Williams has been providing and developing innovative and creative programs that anticipate and act upon the risks of its construction clientele. Our team of construction risk experts has the knowledge and know-how to meet all of your needs. Here's a sampling of what we can offer you:

- Risk Assessments and Exposure Analysis
- Surety and Financial Guarantee Alternatives
- Captive Feasibility Studies
- Claims Audits & Third Party Administration
- Contract Document Audits
- Safety Management, Training & Orientation
- Wrap-up/Owner Controlled Programs
- Information Systems
- Health, Life and Benefits
- Merger & Acquisitions Reviews
- Cost Allocation Methods
- Professional Liability
- Environmental/Pollution

With over 530 employees and 5 locations, our staff is at your disposal. Contact us for more information on how McGriff, Seibels & Williams can help you stay one step ahead of the game. www.mcgriff.com.

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Steven D. Davis
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Mr. Davis is presenting Workshop B, "The Lost Art of Preparing Marketing Specifications," on Tuesday. He is senior vice president and director of Construction Risk Services of McGriff, Seibels & Williams in Birmingham. He is the practice leader for Construction Risk Services at MSW and is responsible for negotiation, placement, servicing, and client presentations to the construction industry. He is recognized throughout the industry in program design and alternative risk financing methods, such as captive insurance companies. He is a past recipient of IRMI's Words of Wisdom award, and he is widely published in insurance and construction periodicals. In addition to the IRMI Construction Risk Conference, he also participates on the national construction risk management speaking circuit for organizations such as AGC, CFMA, and AICPA. He was a contributing author for *Construction Accounting Deskbook 2000/2001*, published by Harcourt, and has recently authored the national AGC's new publication titled *Risk Management, Insurance & Bonding for the Construction Industry*. During his career, Mr. Davis has participated in and been responsible for designing and implementing risk management programs for companies listed in ENR Top 200 as well as establishing risk funding alternatives, such as captives, rent-a-captives, self-insurance, etc. Not only has he developed domestic programs, but he has also participated in several international construction projects.

Notes

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THE LOST ART OF PREPARING MARKETING SPECIFICATIONS

**Steven D. Davis
McGriff, Seibels & Williams**

I. Understanding the Marketing Process in Today's Environment

- Construction underwriting
- Critical components of the marketing process
- What really makes a difference

II. What Are the Proven Steps in the Process?

- Introduction
- Chairman's letter
- Expected losses
- Targets for pricing
- Subcontract audits
- Certificate management
- Coverage terms
- Underwriting meetings
- Safety management
- Claims practices

III. Underwriting Considerations That Impact Terms and Conditions

IV. Twenty-Five Do's and Don'ts

V. The Decision Process

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THE LOST ART OF PREPARING MARKETING SPECIFICATIONS

Overview of Construction Underwriting/Marketing

- Comparison of "Before" and "After"
- Understanding the Marketplace and Players
- Critical Components of the Marketing Process
- What Really Makes a Difference in the End
- Proven Steps in the Process
- Do's and Don'ts
- Decision Process

Comparison of "Before" and "After"

- Market Cycles: Late 1970s, Mid 1980s and Now
- Marketing Strategies of Years Past
- Alternative Markets Flight
- Seek First to Understand... Then be Understood

Understanding the Marketplace and Players

- CNA
- Travelers
- AIG
- Amerisure
- Zurich
- Arch
- St. Paul
- ACIG
- Hartford
- Others

Critical Components of the Process

- Detailed Description of Operations
 - Risk Profile
 - ACORD Apps
- Broker and Underwriter Selection Based Upon:
 - Knowledge
 - Capabilities
 - Innovation
 - Services Provided
 - Understanding
 - Implementation
- Communication
 - Objectives
 - Fluid and Open
 - Relationship Building

Critical Components of the Process

- **Evaluate Alternatives**
 - Risk Financing Options
 - Manage Risk in Areas of Less Market Support
- **Assemble Marketing Specifications**
 - Introduction / Description
 - Coverage and Terms
 - Expected Losses and Details
 - Operational Overview
 - Loss Control Services Desired
 - Overview of Safety Management Program
 - Contract Documents
 - Claims Services Requirement
 - Quality Initiatives
 - Formalize the Evaluation Process

What Really Makes a Difference

- **Communicating the Operations Effectively**
 - Specifications
 - Broker—Underwriter
 - Contractor—Underwriter
 - Contractor—Loss Control
- **Detailed and Organized Set of Insurance Specifications**
- **Managed Expectations**
- **Underwriters Who Understand**
- **A Client Willing to Participate**
- **How the Contractor Compares to "Best of Class"**
- **Contract Documents**

What Really Makes a Difference

- **Expected Losses and Why**
- **Program Design**
- **Safety and Quality Initiatives**
 - **Fleet Safety**
 - **Pre-job/Task Planning**
 - **Drug and Alcohol Abuse**
 - **Training and Orientation**
 - **Safety Incentives**
 - **Accident/Incident Investigations**

Proven Steps (Single Broker)

- **Completion of Risk Profile**
- **Subcontract Document Audit/Compliance Review**
- **Draft of Specifications Prepared**
- **Analyze Underwriters Interest**
- **Compute Expected Losses**
- **Analyze All Losses Excess of \$100,000**
- **Prepare Safety Management Overview**
- **Finalize Specifications and Deliver**
- **Establish Client/Engineering Visits**
- **Communicate Throughout the Process**
- **Determine Underwriter Interest**

Proven Steps (Single Broker)

- **Negotiate Terms and Conditions**
- **Review Broker Services, Claims and Safety Services**
- **Client/Underwriter/Broker Presentations**
- **Make Decision**

Do's and Don'ts (Do's)

- **Chairman's Letter (Introduction)**
 - **Historical ERM, LWDR, etc.**
 - **Compare "Objective" factors**
 - **Quality Initiatives**
 - **CEO Involvement**
- **Include Risk Profile Document**
 - **Acord Apps (as Required)**
- **Summarize Subcontract Document Compliance**
 - **Reduces "Action-Over" Exposure**
 - **Sign of "Best of Class"**
 - **Certificate Management**
 - **Consideration States**

Do's and Don'ts (Do's)

- **Include Underwriting Targets and Goals**
 - **Expected Losses**
 - **Program Design**
 - **Best of Class Comparison**
- **Develop Underwriter Relationships**
 - **Front-Line**
 - **Back-Up**
- **Define the Decision Process**
- **Start Early... Very Early**
- **Qualify and Explain Large Losses**
 - **Why Did It Occur**
 - **What Have We Changed to Prevent Future Incidents**
 - **How Are We Monitoring Results**
 - **Valuation Dates are Critical**

Do's and Don'ts (Do's)

- **"Non" Qualifying Losses**
 - **Losses Involved in Subrogation/Recovery**
 - **Operations "Sold" or "Discontinued"**
- **Summarize Safety-Management Program**
- **Define "Claims Handling" Instructions**
- **Ask and Thou Shalt (Sometimes) Receive**
- **Check Liability Limit Requirements**
- **Focus on Attributes**

**Do's and Don'ts
(Don'ts)**

- Don't Trade Dollars with an Insurer
- Don't "Blanket" the Market
- Don't Send the Safety Manual

Decision Process