



IRMI[®]

Workshop R

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

Presented by

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

Wednesday, November 10, 1:30–3:00 p.m. and 3:30–5:00 p.m.

RISK



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

Mr. Davis is presenting Workshop R, "The Lost Art of Preparing Marketing Specifications," on Wednesday afternoon. 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 2000-2004*, published by Harcourt, and has recently authored the national AGC's new publication titled *Risk Management, Insurance & Bonding for the Construction Industry*.

Mr. Davis holds a bachelor of business administration degree in insurance and risk management from the University of Texas at Austin and has also received the Associate in Risk Management (ARM) and Chartered Property and Casualty Underwriter (CPCU) professional designations.

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
- ACE
- AIG
- Amerisure
- Zurich
- Arch
- St. Paul/Travelers
- 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