

Workshop T7

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

TIPS FOR PREPARING INSURANCE SPECIFICATIONS

Presented by

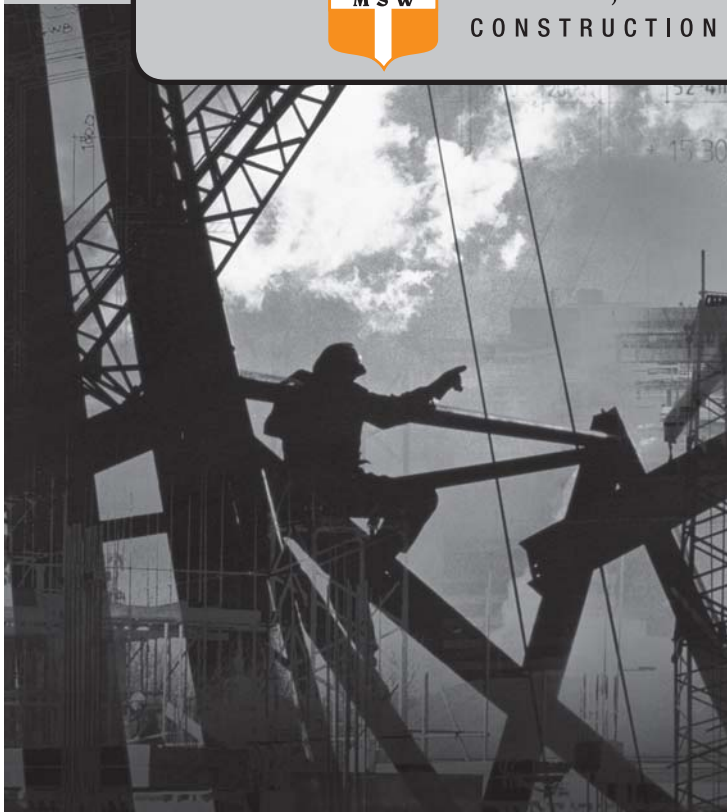


Steven D. Davis
Director—Construction Risk Services
McGriff, Seibels & Williams

The preparation of quality insurance renewal specifications is crucial to obtaining competitive rates and preserving contractors' scope of coverage, especially when insurance markets start to harden. Without a clear understanding of underwriters' concerns, this task is virtually impossible to do in a way that will satisfy their need for information. As capacity tightens, an incomplete marketing submission is likely to be set aside in favor of those that provide more detailed answers to the questions underwriters care about. This session outlines the process for preparing a complete, professional underwriting submission and strategies for highlighting the client's strengths that will improve the underwriter's perception of the risk.



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Steven D. Davis
Director—Construction Risk Services
McGriff, Seibels & Williams

Mr. Davis is presenting Workshop T7, “Tips for Preparing Insurance Specifications,” on Tuesday afternoon. He is Senior Vice President and Director of Construction Risk Services. 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 also participates on the national construction risk management speaking circuit for organizations, such as AGC, CFMA, AICPA, and International Risk Management Institute. He was recognized with IRMI’s “Words of Wisdom” award, and he is widely published in insurance and construction periodicals. He was a contributing author for *Construction Accounting Deskbook 2000-2005* published by Harcourt and authored the National AGC’s publication titled *Risk Management, Insurance & Bonding for the Construction Industry*.

Mr. Davis was named by Risk and Insurance as Construction Power Broker for 2006. He serves on the National AGC Risk Management Committee. He holds a BBA in Insurance & Risk Management from the University of Texas at Austin, 1978; and is designated an Associate in Risk Management, 1980, and a Chartered Property & Casualty Underwriter, 1981.

Notes

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Tips in Preparation of Insurance Specifications



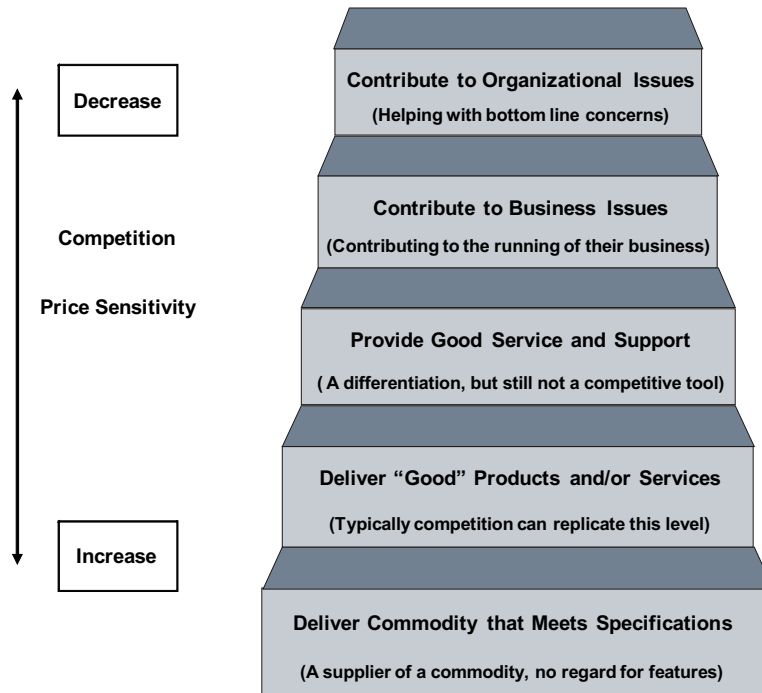
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Tips in Preparation of Insurance Specifications

- 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

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Levels of Buy/Sell Relationship



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Understanding the Marketplace & Players

- CNA
- Chartis
- Zurich
- Travelers
- Hartford
- SeaBright
- ACE, Ltd.
- Amerisure
- Arch
- Liberty Mutual

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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 & Open
 - Relationship Building

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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 Historical Details
 - Operational Overview
 - Loss Control Services Desired
 - Overview of Safety Management Program
 - Contract Documents
 - Claims Services Requirement
 - Quality Initiatives & Best Practices
 - Formalize the Evaluation Process

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What Really Makes a Difference

- **Communicating the Operations Effectively**
 - **Specifications**
 - **Broker—Underwriter**
 - **Contractor—Underwriter**
 - **Contractor—Loss Control**
- **Detailed and Organized Insurance Specifications**
- **Managed Expectations**
- **Underwriters Who Understand**
- **Client Engaged in the Process**
- **How the Contractor Compares to "Best of Class"**
- **Contractual Risk Management & Compliance**

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What Really Makes a Difference

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

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Proven Steps (Single Broker)

- **Completion of Risk Profile**
- **Subcontract Document Audit/Compliance Review**
- **Specifications Preparation**
- **Analyze Underwriters Interest**
- **Compute Expected Losses**
- **Analyze All Losses Excess of \$100,000**
- **Prepare Safety Management Overview**
- **Establish Client/Engineering Visits**
- **Communicate throughout the Process**

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Proven Steps (Single Broker)

- **Negotiate Terms and Conditions**
- **Comparative Analysis at Consistent Loss Levels**
- **Review Broker Services, Claims and Safety Services**
- **Client/Underwriter/Broker Presentations**
- **Make Decision**

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Do's and Don'ts

Do's

- **Chairman's Letter (Introduction)**
 - Historical ERM, LWDR, etc.
 - Compare "Objective" factors
 - Quality Initiatives
 - Best Practices/Benchmarking
 - 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
 - State Issues, Such as Consideration

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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**

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Do's and Don'ts

Do's

- **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**
- **"Non" Qualifying Losses**
 - **Losses Involved in Subrogation/Recovery**
 - **Operations "Sold" or "Discontinued"**
- **Summarize Safety Management Program**
- **Define "Claims Handling" Instructions**

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Do's and Don'ts

Do's

- **Ask and Thou Shalt (Sometimes) Receive**
- **Check Liability Limit Requirements**
- **Focus on Attributes**

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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**
- **Don't Make Decisions on Rates/Premiums**