



POINT
Cyril Tuohy

Maintaining the Relationship

Risk managers shouldn't have to give up their broker relationship at the expense of growth.

For many an entrepreneur, the scenario is familiar, at least it was when the economy was growing briskly.

The business owner went to a local agent with whom the executive already bought his personal insurance policies. Perhaps the broker was a friend of the family, a college roommate, a referral from a respected competitor. The relationship ran deep. The agent knew the executive's needs, better yet, anticipated them perfectly.

And the agent was independent, not beholden to the dictates of public stock markets. The agent, eschewing the "churn" business, was able to focus on providing a real service, the kind of service that comes from knowing the needs of a client better even than the client him or herself.

Over the next decade, the risk executive's company grew adding four, five or six employees a year. The company pushed into new markets, and before long the firm blossomed to more than 100 employees, generating north of \$150 million in revenue.

Insurance contracts were more complex, requiring long hours at renewal combing through the fine print of casualty contracts and workers' comp documents. Document binders ballooned to 50 pages.

The local agent was having trouble keeping up with the complexity of the coverage: errors and omissions, environmental liabilities, product recall liabilities, contingent business interruption coverage, catastrophe coverage. The time had come for the proprietor to think about jumping ship. One option was the big broker house.

There is another way, though. The local broker could enlist the help of another larger, independent broker with the scale and depth to serve the larger company. Like the local broker the executive used when he or she first started, this larger broker is also independent, unfettered by outside pressures.

This is the idea behind the independent broker networks, Assurex Global, for example, and the COBRA network in the United Kingdom. They offer a way to match the demand of growing companies with the supply of larger brokers who can offer more complex services, whether that means offering larger broker, one with more expertise, or one located abroad.

Networks offer a viable alternative to the big public broker houses. Are the networks always the answer? No. It all depends on the individual client, his or her specific needs, and his or her comfort level. What matters, though, is that the risk executive doesn't have to sever the relationship with his or her long-time broker, even as the executive's company flourishes.

CYRIL TUOHY is managing editor of Risk & Insurance®. He can be reached at riskletters@lrp.com.



COUNTERPOINT
Dan Reynolds

Grow up and Move On

The time comes when you have to learn to say goodbye, or risk retarding your own growth.

Mark Twain is credited with saying, "Any man who has held a bull by the horns knows a thing or two more than a man who hasn't," or something along those lines, and therein lies a lesson in choosing your insurance broker.

The facts are that by their very size and the scope of their business expertise, large brokers with international footprints will be able to take you places a smaller, regional broker will not be able to take you. And this last bit may be the most telling: At least not in the time that you *need* them to take you there.

When it came time to arrange for coverage of an international risk or a complex financial arrangement that required working relationships with underwriters in Bermuda or London, the smaller broker often just can't get it done.

This is not an argument against smaller, independent brokers in general, because to make an argument against smaller brokers in general would be to ignore the great advantages they can provide in certain circumstances. Yes, they are capable of greater intimacy with your account. Yes, they are capable of giving you tremendous customer service. And yes, you could have a long-standing relationship with them and a level of trust you won't have, at least initially, with a new broker.

But there are also brokers who despite the fact that they work for an international brokerage are capable of providing that very same level of entrepreneurial knowledge of a business and responsive customer service. Granted, they might not sleep much, but that's what they choose to do and what they get paid for.

And if unwinding the insurance program of a large corporation to cover a spin-off company unfolded slowly, staying with your small brokerage and utilizing its network of small brokerages might work.

But guess what? Business doesn't work that way and insurance doesn't work that way. The people who make the merger and acquisition decisions that they feel will produce the best results going forward are going to close that deal as soon as they possibly can. And it will be the job of the executive in charge of insurance or the risk manager to work that out. And he or she won't have time to wait for their regional broker to develop the skill set or the experience to get the deal done on time.

Sure, relationships are important, but relationships, like contracts, were made to be broken. And any business man is a fool who holds onto a working relationship for longer than it serves the interests of himself and his stockholders.

DAN REYNOLDS is senior editor of Risk & Insurance®. He can be reached at dreynolds@lrp.com.

Zurich HelpPoint Perspective



Robert Rheel
Head of Distribution &
Regional Management
Zurich North America
Commercial

Clearly, the needs and expectations of different customers, even those within the same industry, will always determine the character, depth and duration of a customer-broker relationship and how that relationship evolves over time.

In my experience, there is also a direct correlation between the strength of a broker-carrier relationship and the ability to leverage each other's strengths to give customers the breadth and depth of risk management help they need as exposures grow in scope and complexity.

For example, a smaller, regional broker with a long-standing customer relationship – one the customer also values – may not directly possess the level of risk engineering, claims services such as medical bill review, data analysis and risk insight delivery the customer

may require as needs change. But when a strong, collaborative working relationship exists between the broker and the primary carrier, the broker can draw upon the carrier's resources in these critical areas to continue to serve the customer, and thus maintain the relationship at an increasingly higher level of engagement and expectation.

Working together, the broker and primary carrier create a framework in which the customer is more assured of receiving the best that both have to offer. This in turn strengthens the relationship for everyone.

Regardless of size, it's about cultivating relationships to make carriers like Zurich and their select brokers stronger together in delivering what matters to the people who matter most – our customers.

Editor's note: The opinions stated in this Zurich HelpPoint Perspective are solely those of Zurich and are not an editorial position of our magazine.

"We're a growing company. And, with Zurich's help, we're already a global one."

Joseph G. Mahler, Chief Financial Officer
FuelCell Energy, Inc.
Connecticut, USA

Zurich HelpPoint

International insurance solutions for the global companies of today and tomorrow.

FuelCell Energy is bringing renewable and ultra-clean power generation to three continents—and counting. Zurich's ability to design a flexible insurance program in compliance with local and global regulations is helping them grow. And with a single, U.S.-based contact, supported by a global network spanning more than 170 countries, Zurich is making it even easier for FuelCell to manage their overseas risks. It's an example of how Zurich HelpPoint delivers the help businesses need when it matters most. Let FuelCell tell you more. Watch the video at www.zurichna.com/stories6

 **ZURICH**
Because change happenz.



In the United States, insurance coverages are underwritten by individual member companies of Zurich in North America, including Zurich American Insurance Company. Certain coverages are not available in all states. Some coverages may be written on a nonadmitted basis through licensed surplus lines brokers. Prior results do not guarantee a similar outcome. Risk engineering services are provided by Zurich Services Corporation.