

Dave Smith & Co

Leverage Your Insurance Relationships

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Outline

- Safety and Risk Management in an Organization
- Risk Management Process
- Improving Your Resources
- Action Plan

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What is Leverage?

Do More With Less

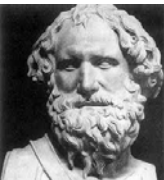
Isn't That Done Yet?

Why Haven't We Started Yet ?

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Archimedes

- "Give me a place to stand on, and I will move the Earth."




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Function Role Overlap



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Multiplicity



A man who never has enough time for the things he wants to do is offered the opportunity to have himself duplicated.

Multiplicity (1996)
117 min - Comedy | Romance | Sci-Fi - 17 July 1996 (USA)
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Insurance

- Everyone has it but no one really likes or it
- Many organizations do not manage risk but only buy insurance
- Where is "risk" in the organization?
CFO/Finance CEO
Risk Management ???

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Where is Safety?

- Dedicated SH&E
- Facilities
- Human Resources
- Legal
- Finance/Risk Management
- You name it
- High level or

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Do You Have Enough Resources?

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Risk Management Process



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Risk Management Process

1. Identify Risk And Loss Exposures
2. Assess Exposures
3. Develop Techniques For Each Exposure Risk Control AND Financing
4. Choose The Best Technique (S)
5. Implement Technique
6. Monitor Results And Adjust

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Risk Identification

- How can you lose?
- Risk Assessment
- Risk Types
 - Property
 - People
 - Processes
 - Products

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Risk Identification Methods

- Previous losses
 - Loss Frequency - how often
 - Loss Severity - how bad
- Physical inspections, Interviews
- Checklists
- ISO 31000 has many methods

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Risk Control

- Avoidance
- Prevention
- Separation
- Loss Reduction

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Risk Control: Avoidance

- Refusal to assume a loss exposure
 - “just don’t do it”
- Abandon a loss exposure
 - walk away from a lost cause

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Risk Control: Prevention

- Prevention Before A Loss
 - Safety programs
 - Training and Inspection
 - Maintenance and Housekeeping
 - Driver and Fleet Safety
 - Plant and Jobsite Security
 - Fire Control

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Risk Control: Separation

- Separate loss exposures
- Separate by time
 - Different trades on a site at the same time e.g. Painters and welders
- Divide between separate locations
 - Multiple locations and worksites
- Don’t put all your eggs in one basket

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Loss Reduction

“Loss Control”: After the loss has already occurred

- Claims management
- Salvage of material
- Equipment Repair
- Subrogation
- Rehabilitation of injured workers

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Risk
Financing

Risk Transfer
Risk Retention

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Risk Transfer

Transfer To A Non Insurer That Promises To Pay For Loss

- Surety bonds
- Hold Harmless Agreements
- Waivers of Subrogation

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Risk Transfer Insurance

- Contract
- Covered loss from a named peril is transferred to another party: insurance company
- Loss pooling

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Risk Transfer Pros-Cons

- Benefits
 - Indemnification
 - Reduction of Uncertainty
 - Risk Control and Claims Services
- Costs
 - Premiums
 - Administration

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Retention Self Insurance

- Pay own losses
- Passive, unplanned retention
 - Active, planned retention
-
- Deductibles
 - Captive insurers

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Sources of Help

- Insurance Broker/Agent
- Insurance Companies
- Independent Consultants
 - Risk Financing and Insurance
 - Safety and Risk Control
 - Claims Consultants

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Insurance Sales System

Broker: Rep to a number of carriers
Agent: Captive (single carrier) or selected carriers

Carriers:

- Represented by agents or brokers
- Wholesale

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Broker Services

- Review contracts, leases and hold harmless agreements
- Workers Comp Ex Mod projection
- Building/equipment valuations
- Issue certificates and bonds fast

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Claim Services

- Loss runs
 - Claim reviews with carrier and client
 - Claim status reports for open claims including closure plans
- Online access to claims reports
- Monitoring claims for old policies
- Fraud investigations

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Risk Control Services

- Safety program review/development
- Site hazard surveys
- Training: Managers, Employees
- Industrial hygiene: air quality, noise
- Ergonomics
- Assistance with OSHA, EPA, DOT

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Medical Services

- Medical facilities
- Early return to work programs
- Medical bill review

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Other Services

- Multilingual claims
- Human resources consulting, employment practices
- Financial actuarial consulting

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More Services

- Property Protection Engineering
- Valuations
- Vehicle Fleet

- What else can benefit the organization?

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What's in it for

- Organization – “The Insured”
- Broker – “The Producer”
- Carrier
- Consultants

Win Win Win Win

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What Should Each Do?

- Organization: Use all services
- Broker: Provide/coordinate services, supplementing carrier services
- Carrier: Reduce risk transferred by reducing loss exposure
- Consultants: Fill in gaps

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Services

- Who can get what when and for how much
- Negotiation and planning
- What is a benefit exists in the eye of the beholder
- Does “Service” add value?

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Service Benefits of a Policy

- Risk Transfer
- Services from insurance carrier
- Services from broker

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Broker Benefits

- Retain business
- Cement relationships
- Easier to place or sell a good risk to underwriters

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Insurance Carrier

- Reduce loss exposure
- Assess extent of loss exposures
- Cement relationship
- Compete with carriers who do not provide services

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Consultants

- Fill In Gaps
- Unbiased
- No competing motives
- Higher quality, usually

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Your Action Plan Wish List

- Loss analysis
- Industrial Hygiene
- Ergonomics
- Hazard assessments and operational Surveys
- Business Contingency planning
- Training

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More Wish Lists

- Property protection services and engineering
- Products safety assessments
- Legal defenses

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More Wish Lists

- Help sell to your customers
- Program development
- Experience Mod projections
- Ex Mod Explanations
- What else can be provided that will benefit?

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Service Action Planning

- Who does what?
- One page
- Involvement all players

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Action Plan

Exposure	Organization	Carrier	Broker	Consultant

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Action Plan Example

Exposure	Organization	Carrier	Broker	Consultant
Empl Practices				
Property				
Fleet				
Cont Bus Int				
Reputational				
Products				
Work Comp				
New Unknown				

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Benefit

- What is a benefit exists in the eye of the beholder
- Does "Service" add value?

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Working Together in Progress

Everyone works together for better results

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