



Why You Need an Insurance Broker that Understands You in Today's World

The current property and casualty insurance market is characterized by increased pricing, diminished capacity, higher deductibles and retentions, and unfavorable coverage terms, which can create significant challenges for individuals and organizations alike who turn to insurance for the critical financial protection it provides. So, what are the factors driving these unfavorable conditions?

Natural disasters are growing in severity and frequency, replacement costs continue to trend upward, and more people are now living in harm's way -- these factors all increase carrier losses. And much like the property market, casualty lines are not faring much better. Cyber breaches only seem to get worse every year, with costlier losses for carriers. Social inflation, a trend in which insurance claims costs rise as a result of increased litigation, plaintiff-friendly legal decisions, broader contract interpretation, and larger jury awards, continues to strain the cost of casualty lines for individuals and businesses alike.

For businesses, the employee benefits space has presented its own challenges. With employees wanting to work for organizations that offer work-life balance, competitive salaries, and increasing demand for holistic benefits, companies are struggling to meet these expectations in the face of ballooning operational costs during a time of economic uncertainty. The rising cost of care and prescriptions also increases the cost of employee benefits.

The bottom line—premiums have skyrocketed.

However, forgoing insurance coverage is rarely an option. On the commercial side, significant uninsured losses

may force companies to curtail their operations or even close, while in the private risk space, individuals run the risk of losing a significant amount of their wealth. Insurance can prevent these outcomes from becoming a reality.

Because of market conditions, your loss history and evidence of loss control strategies matter more in today's underwriting process. When your broker truly understands the ins and outs of your business, or understands the totality of your lifestyle, they can help you build a resilient risk management program that decreases the likelihood of a loss. Your broker can then help you create a narrative of your risk that highlights the proactive measures you take to prevent claims from happening so that carriers underwrite your risk with greater confidence and provide more favorable terms for coverage. This ultimately results in improved insurance costs and better, tailored coverage.

In today's world, saving money and time is crucial.

Working one-on-one with a singular experienced broker instead of several is more efficient, saving insureds valuable time. Gathering all insurance brokers from various firms together who manage multiple policies—not to mention other financial professionals, like lawyers, or trust officers—may waste time and decrease visibility into changes and conflicts that impact insurance coverage needs. One broker can manage all policies and minimize duplication, errors, and expenses and ensure that you are not over or under insured.

Though a challenging insurance market and economy highlight the importance of working with the right broker, the value add of your broker relationship has benefits that are valuable at any given time.

The BKS Guide to Selecting and Working with a Broker helps you choose the best professional who will make a measurable, long-term difference for you or your business.



Selecting and Working With a Broker

A Guide to Help You Choose with Confidence

The impact an insurance broker makes shapes many worlds. From the health and well-being of employees and lifestyles and legacies of individuals to businesses needing to protect their assets, people rely on their broker to help protect them and their assets.

The insurance environment is complex and always shifting, so trustworthy guidance and thoughtful approaches to managing risk are imperative to helping protect your business, family, and employees. An ideal partnership between individuals and businesses with their broker should align priorities and goals to ensure the most effective risk management and insurance programs are created to stay financially protected. Your broker should be comprised of a team with proven experience that regularly communicates among each other, as well as with you, regarding industry updates, changes in your unique risk situation, legislative updates, and more.

The right broker will help you:

- **Stay informed about changing market conditions**
- **Avoid over-insuring assets**
- **Identify gaps in coverage**
- **Manage the renewal process**
- **Provide claims advocacy support**
- **Increase possibilities of premium discounts**
- **Maximize the benefits of your coverage**



A Broker's Responsibility

Whatever your unique circumstance might be, a broker should serve as an advisor and intermediary between you and insurers, best represent your risk profile to underwriters, and leverage relationships with carriers so that you get more favorable terms for coverage. And your relationship with your broker shouldn't be a game of "now you see me, now you don't" wherein you only hear from them when it's time to prepare for an upcoming renewal.

Beyond checking in solely to prepare for the renewal process, your broker should also provide resources and support throughout the year:

Keeping you abreast of market changes

It's your broker's responsibility to keep up with developments in the insurance market and monitor market conditions. They need to understand how different carriers' underwriting standards evolve over time in case these changes impact your ability to find coverage. Because there are a lot of options in the market for different lines of insurance, your broker should be constantly learning about these developments directly from carriers and inform you, especially in circumstances where your coverage might be affected.

Leveraging carrier relationships

Insurance isn't always black and white, so you need someone on your team who can navigate placements and exceptions, and work through the intricacies of underwriting guidelines. This is especially crucial for clients with more complex risk profiles. Your advisor's relationships with carriers are what pave the way for you to have meaningful conversations with underwriters so that you get more favorable terms for coverage. When your broker has cultivated effective relationships with insurers, this puts them in a better position to negotiate policy terms on your behalf.

Identifying and communicating new exposures

Your broker should have the education and technical acumen needed to understand your or your business' unique risks. If there are emerging risks due to socioeconomic and environmental conditions, your broker needs to be able to forecast how the market is trending and communicate this information to you. When your broker anticipates emerging risks and keeps track of market changes, they're able to educate you so that you make an informed decision about how you can use insurance for financial protection, and which steps you can take to minimize your exposure to risks. The ability to provide this service is especially important as it relates to complex emerging risks that might require more preparation on your end to understand and triage.

Assisting with claims management

No one wants to have to use their insurance, but if you need to open a claim, you'll want your advisor's support and guidance. This is also when your broker's relationships in the market should prove themselves to be valuable. Your broker should be working with carriers who have a positive claims management history so that you're less likely to have negative experiences down the road. Additionally, your advisor should serve as a claims liaison between you and the carrier. They should advocate on your behalf and monitor the claim to ensure that it's processed promptly. When the adjustment process doesn't fully make sense, your broker can step in and communicate with the adjuster on your behalf and let you know what factors are impacting your claim.



A Broker's Responsibility continued...

Conducting risk assessments

In order to minimize your risk, you'll need to have an understanding of which exposures you're facing. And with a constantly evolving risk landscape, it's up to your broker to proactively determine what these risks are, as they arise, throughout the year. Depending on the complexity of your risk profile, they can conduct midterm or quarterly meetings with you where they can ask questions that help them learn how and if your risk profile has changed.

If you have claims history, your broker should conduct a claims analysis so you can determine what you need to do to prevent similar issues from arising in the future. Conducting a claims or risk analysis and determining a corrective course of action also makes your risk more defensible in the eyes of carriers when you approach your renewal.

Implementing risk management strategies

Once your broker helps you obtain a full understanding of your risk profile, they should help you determine a course of action to minimize it. This can come in the form of trainings, connecting you to resources, conducting risk management exercises, and rolling out safety initiatives. Implementing risk management strategies has many benefits, including a decreased likelihood for claims, which in turn makes you more insurable in the eyes of carriers.

Communicating proactively

Your broker should communicate with you regarding their offerings and information about different policies so that you understand how they can help. When your broker facilitates open communication, this helps you become a more educated as a consumer and also allows you to see that your broker is invested in their relationship with you.

Providing specialized expertise for your needs

The broker you choose to partner with should have highly specialized knowledge to address your unique needs. They should peer review your policies to determine if there are coverage gaps or room for improvement. The entire brokerage team needs to understand your unique risks, whether you're a high net worth individual, or a business in a specific industry. When assessing your risk profile, your broker should ask you thought provoking questions that indicate they understand the exposures that come with your lifestyle or line of business.

Learning and understanding your goals and core values

Your needs, goals, and values are likely to change over time, and it's your broker's job to learn this information from you and adjust their approach to the insurance purchasing and risk mitigation process accordingly. An effective broker will form their strategy around your goals.

Prospective Broker Checklist

Whether you work in employee benefits, manage insurance and risk management for a business, are an affluent individual, or a mix of all the above, asking more questions during your selection process can help you see how all the pieces fit together and ensure you're partnering with a broker who has your best interests in mind.

As you begin speaking with brokers, consider the following list of questions you may want to cover.



Cost Effectiveness

If you're in search of a cost-effective program, communicate to the broker that is important to you but without compromising coverage needs.

- Do they review and analyze existing coverage?
- How do they determine what type of insurance is needed?
- What does their risk assessment process entail?
- What do they do to market and present the risks to carriers and how proactive are they?
- How will they structure our insurance and risk management program?



Relationships

Let the broker know you want to see the types of carrier or global broker network relationships maintained, whether local, regional, or international.

- How many carriers do they have access to within their network?
- What do those relationships look like?
- Do they have a global footprint, and how do they handle international exposures when locally admitted policies are required?



Industry Expertise

For commercial clients, placing coverage varies from industry to industry because the risks in each industry can differ greatly. Ask the broker how he or she has advocated for clients in your industry.

- Do they have a team specialized in your industry?
- How long have they worked with clients in your industry?
- Can they identify key exposures your organization faces?
- Can they provide specific examples of how they've advocated for clients in your industry?
- Do they have specialists who can help your company develop training programs to minimize risk?
- Can they speak to other specialized experience they have related to this industry?



Breadth and Depth of Resources

- Does your broker have access to a large network of resources to support your growing needs?
- What self-service resources are available for clients?
- What technology strategy do you have in place to support the growing needs of clients and ever-changing insurance landscape?



Client Service

If you work with a broker, you want to make sure they're responsive and provide the level of support you need if you have questions or a claim arises.

- Which team will service my account?
- Will I work with the same, top-tier team for the duration of our relationship?
- Will a team be dedicated to servicing my account? What is your team's experience?
- What does your submission process entail?
- How will you support us during the renewal process?
- What do you do to support clients in the event of a loss?
- Do you offer claim reviews once a claim has closed?
- How accessible is your team via phone and email?
- What is your policy for responsiveness?
- How do you handle transitions between carriers?
- Can you provide references?
- What additional services do you provide?

What You Want To Know Employee Benefits

If you are a benefits professional or work in HR, the answers to the following questions will facilitate your understanding of how a broker's support can help attract and retain talent and manage costs.

- How do they use compensation statements and benefit administrative tools to retain employees? How do they help focus on the Total Rewards Package?
- What types of non-traditional benefits and vendors do they partner with, i.e., wellness programs or concierge services?
- What are some examples of cost containment strategies the broker has successfully implemented with clients?

What You Want To Know Commercial Risk Management

Get clarity on any type of online safety programs or tools or other loss control and prevention strategies a broker can provide with the following questions.

- Can they provide you with competitive benchmarks to strive for industry alignment?
- Are they experienced in structuring alternative insurance program structures to lower the cost of coverage?
- Which loss control resources do they have access to, and how can this help outcomes for your organization?
- Do they partner with all of the right insurers who seek to cover similar organizations at competitive rates?

What You Want To Know Private Risk

Having the right holistic plan in place helps free up time for you and your family to spend time doing things you enjoy. Answers to the following questions from a broker will help achieve that goal.

- What are the steps the broker takes in identifying areas of personal liability exposure, especially for individuals who hold one or more positions on a board(s) as a director?
- How do they align themselves with your centers of influence to best protect your assets and finances?

Consider One Broker For All Your Needs & Policy Consolidation

Whether you are searching for a broker for personal insurance, business insurance, employee benefits or a combination of these needs, it's important to understand how they all work together to help ensure you have a cohesive and solid risk management program.

Commercial Risk and Employee Benefits

While commercial insurance and employee benefits largely manage different corporate risks, they do not operate in silos. Information that nominally impacts a commercial risk coverage can often impact rates and provisions available from benefit carriers and vice versa. Our client teams meet regularly to understand the head and tailwinds our clients face. We act as a relationship manager between you and carriers, coordinate as a team to identify potential coverage gaps and overlaps that may arise as your business changes and collaborate with you to create a culture of risk management to best represent your risk to carriers. When your employee benefits, retirement, and commercial lines brokers don't work collaboratively, your company loses the insights that we deliver as a team.

Maximized efficiency and cohesion

Partnering with the same broker for all your commercial risk and employee benefits needs means that you're able to adapt your insurance portfolio more quickly in tandem with business changes as they arise. This can even have implications for how you remain legally compliant. For example, if you add work locations in different states, this affects both employee benefits and commercial risk: your collaborative team will be able to advise you not just about statutory requirements impacting your health, disability, and absence, but also how to navigate specific legal requirements for workers' compensation in those states and coordinate benefits in the event of a claim. When your benefits and commercial risk advisors work on the same team, they can participate in conversations that more easily allow them to identify inflection points that might trigger changes or needed adjustments in other coverages.

Private Risk

Having your complete insurance portfolio with one insurance broker rather than multiple professionals can strengthen your risk management strategy and your confidence in it.

Because being a high-net-worth individual requires efficiency of time and keen oversight of wealth preservation, being able to communicate with one trusted professional in a single phone call or meeting is ideal. In comparison, taking time to gather all insurance brokers who manage various policies—not to mention other financial professionals, like lawyers or trust officers—can be counter-productive. When the time for renewals arrives for all your insurance policies, ask yourself, “Do I want to be working with one individual who can manage all these renewals quickly and effectively or spend my time coordinating communication among multiple parties?”

The goal of maintaining one broker to oversee your risk management portfolio is to have a clear holistic picture as you protect your assets against various and unexpected financial risks.

Key Takeaways



Maximize your broker relationship by knowing what to expect from them up front.



A broker’s relationships with insurers are vital to helping you during the negotiation process for coverage.



Partner with a reputable broker who looks at your total risk exposure and can explain it and strategize with you to minimize it.



You should hear from your broker at numerous touchpoints throughout the year to ensure they are aware of any updates to your risk profile and keep you informed about changes in the market that may affect you or your business.

BKS’s Advisors take the time to understand each client’s specific needs, review your unique circumstances from a 360° vantage point, and provide practical steps that help build and maintain a risk management program that evolves in lockstep with your needs.

Contact us today to learn how we can work together to protect your now and your future.