

ON YOUR TEAM.

AmWINS
Group, Inc.

DISCUSSION TOPICS

- What is Underwriting?
- Identifying & Assessing Risk Exposure
- Information Reviewed
- Risk Selection
- A Closer Look at Worker's Comp
- The Application Process
- Some Insider Advice



RISK EVALUATION - EXPOSURES

IDENTIFYING RISKS

- What Does the Operation Do?
 - Applications
 - Class Codes, Audits, Ex-mods
 - Narrative of operations
 - Loss Control Reports
 - Company Websites
 - Google Search
 - Google Earth
 - D&B

- How Does the Operation Work?
 - Process?
 - Product?
 - Equipment?
 - Who Does it?
 - Who interacts with your firm?
 - Where does it happen?
 - Who and what rules regulate?
 - Industry Best Practices Followed?

RISK EVALUATION - EXPOSURES

IDENTIFYING RISKS & CONTROLS

- **Identify Sources of Loss – Frequency & Severity by LOB**
 - UW training, experience, reference resources, UW guidelines
- **Identify Controls in Place – Prevent or Mitigate Claims**
 - Safety Manuals
 - Loss Control / Site Visit
 - Broker / Agent Input
 - Claims Notes
 - Best Practices
 - Safety Blueprint
 - Employee Training
 - Risk Manager
 - Equipment & Fleet Maintenance
- **Effectiveness of Controls?**
 - Appropriate for the Ops?
- **Loss Analysis**
 - Validate Effectiveness of Controls
 - Root Cause
 - Mitigating factors / Changes in Risk?

RISK EVALUATION - TOOLS

SOME UNDERWRITING INFORMATION RESOURCES INCLUDE:

- AMBest
- IRMI
- Secretary of State
- OFAC
- D&B
- Experian
- Motor Vehicle Records
- USDOT / FMCSA
- SAFER / CSA
 - Permits
 - Driver OOS
 - Veh OOS
 - Maintenance
- VIN Decoder
- Truck Blue Book
- Marshall & Swift – BVR
- Risk Meter
 - Flood
 - Quake
 - Wildfire
 - Wind
 - Hail
 - Tornado
 - Crime
- Google Maps / Earth
- ISO – Spec Rates
- ISO – BUR
- EPA
- State Environmental Databases
- OSHA
- NCCI & Other Rating Bureaus
- PAAS
- Scopes
- Comp Websites
- Google Search
- Facebook
- LinkedIn
- YouTube



RISK EVALUATION – RISK SELECTION

UNDERSTANDING & QUALIFYING RISKS

- **Underwriting – Bring all the Information Together for a Decision**
 - Review and summarize finding on exposures & controls
 - Understand the risk being assumed
 - Compare findings to company underwriting guidelines
 - Does the operation fit underwriting appetite?
 - Make the decision - Move forward or close file?
 - Or.. Yes but I need more information / Restrictive T&C
- **Terms & Conditions**
 - Exclusion of certain Operations, Locations, Property, Named Insureds, Etc
 - Coverage Extensions
 - Deductibles
 - Self Insured Retention
 - Sub-limits

RISK PRICING

PRODUCT PRICES WITHOUT KNOWING THE COST

- **Exposure Based Pricing**
 - Rated based on Industry Data
 - Average Loss Costs
 - Applied to Risk's Exposure Base
 - Estimated Loss Cost
 - Adjusted for Risk Specific Characteristics
- **Experience Based Pricing**
 - Reported Losses
 - Developed Losses using Multiple Methods
- **Credibility Weighted Pricing**
 - Blended Approach
 - Based on Statistical Credibility / Size of Exposure
- **Underwriter Judgment**
 - Fit in Class
 - Risk Specific Criteria
 - Changes in Operations
 - Actions Taken Relative to Loss Experience
 - Loss Control



Illustration by Chris Gosh

WORKERS' COMPENSATION – A CLOSER LOOK

SCRAP RECYCLING INDUSTRY

- Tough Exposure
 - Heavy Mobile Equipment Ops
 - Heavy Machinery Ops & Repair
 - Trucking / MVA Exposure
 - Heavy Materials
 - Hot Work
 - Occupational Disease
 - Demolition
 - Height Work
 - Confined Space
 - Off site Operations
 -

WORKERS' COMPENSATION – A CLOSER LOOK

THE EMPLOYEE

- **Employee Screening & Selection**
 - Applications
 - References
 - Background Checks
 - Drug Test
 - Motor Vehicle Record
 - Physician Screening – Preexisting Conditions / Injuries
 - Related Experience & Training
 - Sound Judgment
 - Leased / Temporary Workers
- **Employee Engagement**
 - Turnover
 - Compensation relative to Benchmark
 - Healthcare Insurance Provided
 - Other Benefits / Paid Time off / Retirement
 - Performance and/or Safety Bonuses
- **Ownership / Management**
 - Employees held accountable
 - Safety taken seriously
 - Workplace Injuries Investigated

WORKERS' COMPENSATION – A CLOSER LOOK

SAFETY PROGRAMS

- Risk Manager
- Safety Manual / IIPP
 - Height Work, Below Grade, Confined Space, Hot Work, Equipment, Machinery, Vehicles
- Safety Training
 - Height Work, Below Grade, Confined Space, Hot Work, Equipment, Machinery, Vehicles
- Lock-out Tag-out
- Over the Road Exposure / Driver Training
- Heavy Equipment
- Safe Equipment & Proper Preventive Maintenance
- PPE
- Occupational Disease

WORKERS' COMPENSATION – A CLOSER LOOK

LOSS EXPERIENCE

- Indemnity vs Medical Only
- Frequency vs Severity
- Loss Source Analysis
 - By Class
 - By Location
 - By Activity
- Claims notes
 - What facts can be gathered on risk from UW perspective
 - Employer aiding in investigation?
 - RTW?
 - MPN Utilization
- How and why did these losses happen?
- What changes have been implemented to prevent similar losses in the future?



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WORKERS' COMPENSATION – A CLOSER LOOK

RETURN TO WORK

- What happens after a claim?
- Investigation
- Employer Engagement with Injured Worker
- MPN Utilization
- Claims that Languish Tend to Develop
- The Longer an Employee is Away from Work, The Less Likely They are to Return
 - There is only a 50% chance that an injured employee will return to work after a six-month absence; this declines to a 25% chance following a one-year absence and is further reduced to a 1% chance after a two-year absence. - NYSWCB
- Best case outcome for IW (MMI), Employer and Company

SAFETY, INSURANCE & COST OF RISK

- Goals are Aligned
 - Reduced Accidents
 - Reduced Injuries
 - Reduced Loss Costs
 - Reduced Cost of Risk Transfer / Insurance
- Implement and Execute Safety Programs
 - More Desirable Risk
 - Better Terms & Conditions
 - Multiple Quotes Competing for your Business
 - Hard Cost Savings
- Reduce Indirect Cost of Claims
 - Down Time
 - Loss of Equipment
 - Reduced Productivity
 - Morale Impact
 - Opportunity Costs of Dealing with Accident
 - Reputational Damage



APPLICATION REVIEW – FIT & COMPLETENESS

- Thousands of Applications Received
- Identify Opportunities with Best Fit for Appetite / Most Likely to Write
 - Maximize Return on Resources
- Make your Application Attractive to More Carriers
 - One time major effort – then minor edits
 - Better Position Your Risk for Best Terms & Conditions
 - Multiple Offers



APPLICATION REVIEW – FIT & COMPLETENESS

- Complete Information
 - Acord Applications – Basic Info
 - Supplemental Applications – Industry & LOB Specific Info
 - Loss Runs
 - Narrative of Ops
 - Overview of the Operations
 - Overview of Controls in Place
 - Safety Information

IF I WERE IN YOUR SHOES...

SOME INSIDER ADVISE

- Insurance is Not an Annual Event
 - Claims Management
 - Risk Management
- Insurance Company Relationship
 - No need for Annual Marketing
 - Claims Team
 - Loss Control Visits
 - Underwriter visit

IF I WERE IN YOUR SHOES...

SOME INSIDER ADVISE

- “Safely or Not at All”
- Be a part of the Buying Process
- Understand your Loss Experience
 - Stay on Top of Claims Process – Be involved
 - Tell the Story – Explain the Fix
- Demand to see your Application BEFORE it goes to Market
 - Make sure to advocate for your business the way no one else can
- Manage your Broker
 - Understand how many markets are being approached
 - Understand why the broker selected those markets
- Underwriter or Loss Control Visit
 - Show off what you’ve built
- Request Options
 - Coverages, Deductibles, Other T&C
 - Insurance is not a commodity
- Ask Questions



DISCUSSION / QUESTIONS

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ON YOUR TEAM.

We're more than your partner, we're on your team.