Understanding Underwriting to Get a Good Deal

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Today’s Panelists

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UNDERWRITING
A process of assessing risk.

This course will review some important considerations in the process of underwriting and provide insight into the actions that design professionals and their firms can take to reduce their risk from an underwriting perspective.
Learning Objectives

Participants in this session will:

1. Gain insight into the underwriting process;
2. Review risk factors and other important considerations in the underwriting process;
3. Discover ways to complete the application process more efficiently;
4. Consider the value of a holistic insurance solution.
How do you evaluate an application?

Hypothetical

2 similarly sized firms. Each employing 100 architects, each performing similar services.

One is located in New York City, the other in Wisconsin.

Which has a greater auto exposure?
Factors for Consideration

- Application(s)
- Resumes or Curriculum Vitae
- Description of Projects and Services
- Credentials and Designations
- Risk Management
- Other Information—Online
- Website
- Loss Runs—3 or 5 Years
- Other Insurance Information
What are some risk factors?

The kind of work you do matters
Specific Considerations

Increased Exposure

Responsibilities for construction
Environmental remediation
Product design, fabrication, or manufacturing
Real estate development

*We’re not telling you what to do...*
Responsibility for Construction

Environmental Remediation
Product Design, Fabrication or Manufacturing

Real Estate Development
Specific Considerations

Increased Exposure

- Software development
- Coastal locations
- Foreign offices
- Diving/Bridge inspection

...we’re just telling you how we see it...
Software Development

Coastal Locations
Foreign Offices

Diving/Bridge Inspection
Increased Exposure

Aircraft
Mining
Roofing consulting

History includes loss(es)

...and that engaging in one of these will likely increase your premium, if we can provide you with a quote at all...
Aircraft and Mining
Roofing Consulting
Course Description

History of Loss(es)
What are positive factors to highlight?

Professional Liability Considerations
Professional Liability Considerations

Things to Highlight

Demonstrate relevant experience
Integrate new hires
Establish financial strength
Perform Go/No Go analyses

These are all favorable for underwriting
Demonstrate Relevant Experience
Integrate New Hires
Establish Financial Strength
Professional Liability Considerations

Things to Highlight

- Develop written contracts
- Maintain clear communication protocols
- Follow quality assurance/control procedures
- Require systematic recordkeeping (and audit)

_These are all favorable for underwriting._
Develop Written Contracts
reviewed by counsel
Quality Assurance/Control Procedures
Require Systematic Recordkeeping and audit
Professional Liability Considerations

Things to Highlight

Leadership
Provide ongoing training
Provide mentorship
Review lessons learned
Plan strategically

These are all favorable for underwriting
What are some additional considerations?

Professional Liability Considerations
Professional Liability Considerations

Things to Highlight

Quick to follow “hot markets and trends”
No discretion in selecting projects
High staff turnover
Poor financial aptitude

These are unfavorable for underwriting
Professional Liability Considerations

Things to Highlight

Handshake deals
Poor documentation of major project decisions
No formal quality program
Proceeding without prior written approval

These are unfavorable for underwriting
What are positive factors to highlight?

Property & Casualty Considerations
Property & Casualty Considerations

Things to Highlight

Written and tested business continuity plan
Inventory control system
Continuing education
Return to work program
Written policies and procedures for auto safety

*These are all *favorable* for underwriting*
Business Continuity Plan
Inventory Controls and Continuing Ed.
Auto Safety

Seat belt use policy
Driver agreements
Crash reporting and investigation
Vehicle maintenance and inspection
Reward/incentive program
What are some additional considerations?

Property & Casualty Considerations
Lack of a screening process for company drivers
Lack of a company cell phone policy
Coastal location with history of windstorms
Installation responsibilities on FF&E
No centralized risk management/loss control

These are **unfavorable** for underwriting
Filing out your policy application

Any advice?
Steps to Improve Outcomes

Completing your application

1. Examine the entire application.
2. Review prior applications.
3. Organize your information.
4. Complete all required questions.
5. Answer clearly and succinctly

Remember: Time is your friend!
Pro Tip: Use last year’s policy as a guide
Providing Date Ranges

Provide complete dates

Month/Day/Year to Month/Day/Year

...to the best of your ability...
When do you ask additional questions?

Policy application process
Resolving Discrepancies

Between your website and application
Additional Information
For a more complete picture

Current projects
Awards won
Firm experience
LEED accreditation
Etc...
Addressing prior claims and disciplinary action(s)?

Policy application process
Addressing Prior Claims and Discipline

Lessons learned

1. Recognize mistakes;
2. Observe what works;
3. Document both; and
4. Share the lessons learned.

Demonstrate why those issues are unlikely to reoccur
Understanding Your Risk Profile

Help us, help you
RLI’s Philosophy

SPECIALTY

CLIENT

PRODUCT

SOLUCTIONS
Strong Collaboration Between Broker and Insurer

Fewer Coverage Gaps or Overlaps

Multi-Policy Discounts

Free Tailored Continuing Education Programs

Additional Discounts for Participating in CE
Thank you for your time!

QUESTIONS?

This concludes The American Institute of Architects Continuing Education Systems Program

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