Submission Strategies for Brokers: Successful Insurance Selling in a Hard Market
HOW TO GET YOUR SUBMISSIONS TO THE TOP OF THE STACK AND PUT MORE NEW BUSINESS ON THE BOOKS

This year, we are experiencing a general hardening of the insurance market. That means for general liability and excess coverage, policy terms and conditions may be restricted and rates and pricing may increase. But what's driving these increases and more importantly, how can you best position yourself for successful insurance selling?

THE IMPACT OF SOCIAL INFLATION

One major cause of a hard market is thought to be social inflation. This is what the insurance industry is calling the increases in liability loss severity that we have been experiencing in many business lines. For example, we can say that a claim that would have settled for a few hundred thousand dollars five years ago, could very well settle today for millions of dollars. This trend of larger settlements and jury verdicts is driven by several factors including corporate mistrust, litigation funding and the lack of tort reform.

Today, social inflation is being seen in all types of liability claims including general and professional liability, employment practices, and perhaps most especially with auto and excess liability. Insurers have responded to social inflation by charging higher premiums, restricting coverage and reducing limits, while many carriers have completely ceased writing certain classes of business and are re-underwriting their entire books of business. The result of this is a hard market that doesn't appear to be going away anytime soon.

In a hard market, you must be prepared to work harder for every account and recognize that you might be working until the very last minute to secure final coverage and pricing.

This hard market climate has caused a flood of submissions to come into the marketplace. In fact, some carriers report that their submission counts this year are up by 1000%. This has underwriters struggling with a large number of submissions, resulting in delays in average response times on new business and renewals. Fortunately, there are strategies that agents and their wholesale partners can deploy to help ensure the best marketing response possible in this challenging time.
10 TIPS ON GETTING THE BEST RESULTS WITH YOUR CASUALTY SUBMISSIONS IN A HARD MARKET

A good submission takes time to put together. However, the extra effort to ensure that submissions are complete will greatly increase your chances of getting the best possible quotes. When submitting business in a hard market – or any other market for that matter – consider the following 10 strategies:

1. Submit fully completed Acord applications. Attempting to block the market by way of an incomplete submission isn’t going to get you to the top of an underwriter’s stack of new business applications. In a hard market, anything less than a full submission will have a boomerang effect – coming back to you for missing information from a less-than-happy underwriter.

2. Include a narrative describing the insured’s operations. In a hard market, it’s important for underwriting to understand as much as they can about a new account upfront.

3. Don’t forget to include all gross receipts and payrolls.

4. Provide underwriters with expiring premiums and deductibles so they know the target premium they are up against.

5. Attach five years of loss runs valued within 90 days of the effective date.

6. When submitting new business where there has been significant claims activity, don’t rely on loss runs alone as they only provide a snapshot of loss at a particular moment. On accounts with multiple losses, be sure to explain certain claims situations so the underwriter or carrier better understands the issue and won’t automatically decline the submission. In addition, try to highlight what the insured has learned from prior losses and what they have done to avoid future claims.

7. If you are looking for excess, be sure to have the auto fleet broken down on the umbrella section of the Acord form and provide copies of the primary auto, GL and workers’ comp quotes when they become available.

8. Explain why you need the surplus lines market to quote. For example, is the account being non-renewed? Is the current carrier restricting coverage and increasing price? Are you trying to win the account from another broker? Remember, even if a standard market is increasing pricing or limiting coverage, they still may be the best deal out there.

9. If you have good information about the insured’s quality control and safety practices be sure to include in the submission.

10. Some risks require a supplemental application. This can include contractors, products liability, farm & ranch risks, trucking risks, product recall accounts and risks with a professional liability exposure - to name just a few. Be sure to include with your submission.

Take Note!

A well-written narrative included in your submission should tell the story of the risk by providing, for example, a brief outline of the business, when it was founded, the overall philosophy, the management style, and management’s commitment to control of their product line, service and safety.
START EARLY AND BE PREPARED

In a hard market, communicate with your insured’s well in advance to prepare them for possible price increases and coverage reductions. To make this happen with require gathering as much underwriting information from your policyholders as you can. This year, we are being asked to provide carriers with more underwriting information than ever before. If you aren’t sure what type of information underwriters will need, please call us so we can help you prepare the appropriate information.

Prior to submitting the risk, don’t forget to do an online search to review the insured’s website – if they have one. Keep in mind that insurance company underwriters will look at websites to validate the information they get on an application, so look for any activity your insured might be engaged with so that you’re prepared to discuss before the underwriter finds any possible non-consistent information during the underwriting process.

The bottom line is that all of these things have an impact on risk assessment. Sharing the best information with your broker is what will bring you the most positive results in your insurance selling efforts.

What sounds exciting to a potential customer – new products or the ability to perform difficult or unusual types of work – can raise red flags for an underwriter. Be sure to review your client’s online presence and supporting marketing materials to make sure that they aren’t exaggerating their true operations and capabilities.

MAKING IT ALL WORK

A hard market is difficult for clients, agents, brokers and underwriters to navigate. And while it is impossible to predict just how long these market conditions will last, by reviewing accounts early, submitting complete applications, anticipating changes in pricing or terms and communicating with stakeholders, you can experience success. Moreover, investing the time required to develop a strong relationship with a specialty MGA/Wholesaler will only enhance the value you provide to your most trusted client placements.

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Take Note!

Search your favorite wholesaler’s website for the most appropriate supplemental applications. If you can’t locate the application you need, contact your underwriter directly.

Keep in mind that if you have previously completed a recent submission, your underwriter may be able to help you determine whether any specialty supplemental coverage forms, questionnaires or applications from the carrier are required.
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