

# Proactively Manage Your Insurance Process— Seven Best Practices

## Why Recreate the “Insurance Wheel”?

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Today, Credit Unions are constantly looking to find processes to manage risk and drive more cost effective decisions. However, there seems to be a disconnect with this take-action decision-making approach when it comes to the insurance procurement process. With insurance, it is easy to put the path on auto-pilot . . . put the speed on cruise control . . . and continue doing the same process year-in and year-out.

Let’s face it. Insurance is simple. You simply renew your coverage and assume that you have adequate protection.

Not exactly. Unfortunately, insurance is complex with ambiguous language and hard-to-identify coverage limitations.

The good news is programs can be modified, enhanced, and tailor-made to fit your needs. But they won’t change by themselves, and insurance companies certainly won’t change them for you. Just like all effective decisions, you have to get proactive and take control of the process. Fortunately, you are not alone. There are plenty of resources and experts available to you to help guide you through the process and help you achieve a better outcome.

In addition, more so than ever before, there are significant opportunities for Credit Unions to capitalize on the increasing competition from insurance companies trying to appeal to the

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Credit Union movement. You no longer only have one choice. There are a number of strong alternatives out there.

So how do you take a proactive approach? Simply leveraging the following procedures can transform your current process. We recommend implementing the following seven steps:

## SEVEN BEST PRACTICES

### 1. Start Early

As the old saying goes, “the early bird gets the worm.” We recommend starting early, 60 to 120 days out is ideal, although, in certain cases, the process can be done in 20-30 days, if necessary. By beginning early, you control the process, the process does not control you. This allows you time to visit with other insurance providers, time to tailor-make a program that best fits your Credit Union’s specific risk exposures, and time to fully understand your coverages . . . the good, the bad and the ugly.

### 2. Take Control—You Have Options.

When you go to the grocery store, you want options: side-by-side alternatives that you can compare and contrast in order to select the item that is right for you. The same is true for insurance. By working with a knowledgeable and independent broker that can engage the whole marketplace, you develop multiple options. There are a number of “A” or better-rated insurance companies within the Credit Union movement that may be right for you.

“By engaging the whole marketplace, you can develop multiple options.”

- ▶ Well-capitalized Credit Unions can find price reductions, generous terms and conditions, and plenty of market competition.
- ▶ Distressed Credit Unions continue to see price increases, restricted terms and conditions and market limitation, but there are options and several markets providing coverage.

### 3. Determine the Right Coverages Needed

What are your risk exposures? What types of services do you offer to your members? Do you recommend other third-party service providers to your members, thus exposing you to vicarious liability associated with services you have no control over? Third-party services can include: investment advisory services, insurance sales, or even trust or fiduciary services. Simple recommendations can drastically change your exposure to risk and require a more thoughtful approach to coverage needs.

Having a strategic plan in place to identify these exposures will help customize your coverage to fit your needs—not every Credit Union fits into the same “cookie-cutter” insurance program.

### 4. Benchmarking—Determine the Right Limits and Deductibles

You are not alone. Knowing what others are doing throughout the movement can help you make more informed decisions. It is important to ask your broker partner for internal peer group comparisons. This will provide a reference point and help you identify any outliers within your current programs.

## 5. Communicate With Underwriters

Nobody tells your story better than YOU do. Meet the underwriter, conduct interviews, share your story—the more an insurance company understands your Credit Union and where it is going, the more willing it is to offer enhanced coverage. A broker can help you understand what the insurance companies are looking for and how they view your Credit Union, but it is important for you to develop a relationship with the underwriters, not just the sales team.

Communicating with the underwriter will also help you determine the quality of the relationship your broker has with the insurance market it is presenting you. Understanding the strength of your broker and insurance carrier relationship gives you a glimpse into the future. A solid Credit Union-Broker-Insurance Company relationship creates more efficient and effective communication, trust and credibility, and a committed partnership that has your best interests at heart.

## 6. Provide a Quality Submission

A submission is the request for coverage sent by your broker to the insurance company. The quality of this document can be the difference in receiving an insurance quote or having your submission for coverage denied. Ask to see a copy of the submission representing you in the marketplace. Have your broker walk you through it and explain what the insurance company is looking for and how you will be evaluated. The better the information—the better the results.

## 7. Negotiate Coverage Options

No two insurance policies are exactly alike, nor are the options offered. If you have options, it is important to be able to accurately compare those options. Different insurance companies offer different coverage enhancements, and it can be difficult to contrast the alternatives or even know where to look for the differences. Utilizing a seasoned professional to help manage the process and provide side-by-side comparisons can enhance your understanding and save hours of toil and confusion. A professional can also help you negotiate coverages . . . not just limits, deductibles, and premiums.

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## SUMMING UP

Due to the current state of the economy and with the litigious environment, lawsuits against financial service companies and individual officers/directors are on the increase. The days of simply renewing the same old coverage with the same old insurance company and then crossing your fingers are over. Your fiduciary duty and obligation to appropriately protect your Credit Union (and you) require you to get proactive. Utilizing best practices is a good start.

By taking a “down-to-business” approach to your insurance procurement you will fulfill your fiduciary duty to your members and regulator, and ensure that you can rest easy, knowing your Credit Union has the best protection the market has to offer.

## **Our Mission**

To be the worldwide value and service leader in insurance brokerage, employee benefits, and risk management

## **Our Goal**

To be the best place to do business and to work

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