

## **SELECTING AN INSURANCE BROKER**

Good business decisions are a mark of excellence in executive management. Choosing the right insurance broker for your human service organization belongs among the good business decision-making of executive management.

Insurance is a highly technical and complex matter. There are new liability exposures such as eCommerce, employment litigation and contracts. There are a large number of legal entities seeking coverage in your organization's insurance. Organization's are increasingly dependent upon the professionalism, experience and expertise of its insurance broker. In a few words, the selection of an insurance broker is critical to the organization's financial and operational stability.

### **Broker Selection**

Smart insurance buyers spend their time selecting the right broker with clear understandings of what they expect of the broker and what the broker will expect of them. They leave the navigation of the tiny details and concepts of insurance to the professional insurance broker they have selected.

You should expect all of the following from your insurance broker.

#### **Transparency**

Shrewd insurance buyers demand transparency regarding commissions, potential conflicts of interests and the services that insurance premiums will buy.

#### **Assessment of Insurance Needs**

Insurance applications should be the end of an assessment process that has identified risks of financial loss, measured the probability of each risk, and targeted self and commercial insurance solutions.

#### **Positive Underwriter Negotiations**

Underwriters suffer with two issues. They have to achieve profitability for their employer insurance company, and they have to make certain their quotations satisfy all the rules of auditors and regulators.

It is also true that the insurance industry uses language that explains little and avoids assumption of liability for being open and fully honest about issues that need evaluation and discussion.

Your insurance broker should be able to demonstrate positive negotiations with insurance underwriters for deserving clients.

#### **Risk Financing**

This fancy term comes from the world of Risk Management – a formal discipline for which one can get a college degree. Risk Financing is a plan for funding the financial consequences of random unexpected accidents, or the consequences of oversight or errors. It also funds an organization's Emergency and Business Continuity Plans.

#### **Claims Case Management**

Some of the very same principles of your organization's performance of Case Management Services should apply to your broker's oversight of your insurance claims. Such oversight should reflect a broker's proactive advocacy work on the organization's behalf, alertness to miscommunication and processes that fail the organization's best interests and nuances that should be interpreted in favor of the organization.

## Broker Criteria

When selecting the insurance broker for your human service organization, consider the following criteria.

- A broad history of experience in providing insurance to community organization's that support people with disabilities.
- Indicators that the broker is quite familiar and knowledgeable in your type of business and your customers.
- A listing of those lines of insurance and their insurance companies for which the broker has direct agency contracts, and their Bests' financial ratings.
- A list of those areas of insurance coverage for which the broker utilizes the services of other brokers.
- A clear indication of how the broker will address your needs for insurance, thereby indicating their expertise in your type of business.
- Accepts responsibility for assisting your organization to ask all the right questions and providing answers as well.
- A typical calendar schedule that your organization can expect regarding the process of annual insurance renewals, including the process and kind of data they will be seeking.
- A description of the types of insurance portfolios that the broker has provided other organizations similar to your own.
- A listing of value-added services the broker offers that come with insurance commission.
- A listing of quality management services the broker offers for a fee.
- A certificate of insurance showing the brokers Errors & Omissions insurance currently in force.
- Any anticipated Broker of Record letters that might be required if the broker is awarded your insurance account.