RIMS 2015
ANNUAL CONFERENCE & EXHIBITION >> APRIL 26-29

NEW INNOVATIONS >> NEW ENCOUNTERS >> NEW KNOWLEDGE

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What Has Your Broker Done for You Lately?
Is It Time for an RFP?
(RIF008)

Speakers:
Selena Linde, Partner, Perkins Coie LLP
Craig Hoffman, Risk Manager, Wakefern Food Corp.
Learning Objectives

At the end of this session, you will:

• Understand Your Current Broker Relationship

• Be Able to Weigh the Pros and Cons of Having Multiple Brokers on Your Program

• Have the Necessary Tools for Drafting an Effective Broker RFP
The Broker Relationship

• One of the most important business relationships maintained by a risk manager
  – CFO and GC involvement

• Relationship built on trust, often over a period of years

• Relationship usually with individuals at the broker house

• Not a privileged relationship
Evaluating Your Current Broker Relationship

• What is your broker doing for you?
  – Benchmarking?
  – Insurance structuring?
  – Policy negotiation?
  – Policy administration?
  – Claims management?
Evaluating Your Current Broker Relationship

• Is your broker:
  – Providing education?
  – Creating playbooks/cheatsheets?
  – Proposing ways to minimize risk?
  – Conducting on-site visits?
  – Staying abreast of your business?
  – Proposing Pro-active suggestions?
Evaluating Your Current Broker Relationship

- How does your renewal process work?
  - When does it start?
  - How much time do you have to make decisions?
  - How often is your broker shopping for new carriers?
  - Are you purchasing off the shelf policies?
  - Are you rushed into binding?
  - Does your broker interview top management prior to renewal? Does he/she need to?
Evaluating Your Current Broker Relationship

• How long after coverage is placed do you receive your policies?
  – Do you have to ask for them?
  – Are they in order when received?

• Who is your broker contact?
  – Do you have one or multiple?
  – Do you know your team
  – Do they return calls/emails promptly?
  – Do you have a list of experts you can call?
The Romance is Gone, Now What?

- Identify Needs
- Evaluate Broker Model
- Requests for Proposals (RFP)
Identify Needs

• Is specialization in a particular industry or technical matter needed?

• What administrative capabilities are needed?

• Is your company shooting in the dark?
Evaluate Broker Model

- National broker/Regional broker?
- Single broker/multiple brokers?
Designing the RFP

- Process
- Timing
- Confidentiality/Non-Disclosure
- Materials sent to participating brokers
- Telephone conference for questions
- Submission of written questions
- Written submissions from participating brokers
- Oral presentations from those brokers making the cut
- Internal selection process
- Notification
RFP Process

• One or multiple RFP’s?
  – Separate RFP’s for property, casualty, and executive risks?

• Written and oral presentations

• Discussions with management on needs and desires

• Define company objectives
RFP Timing

• Start early

• Leave the company room to make decisions and presentations to necessary constituents (board, members, etc.)

• Provide brokers with times for written submissions and oral presentations in the initial RFP
Confidentiality/Non-Disclosure

• Have all participants sign confidentiality and non-disclosure agreement prior to providing company documents

• Why important?

• Sample included in handout
Materials For Participating Brokers

- Summary of current program
- Copies of policies
- Loss runs
- Claims history
- Company financials
- Company by-laws
Telephone Conference and Written Question Submission

• Objective?
• Who should be on the conference?
• Who moderates the conference?
• Share all questions and answers with all participating brokers
Written Submission

- Evaluation
- Who reviews?
- Unanswered questions?
- Check references
Oral Presentations

- Key team members must attend
- Discuss each firm’s service capabilities
- Discuss recommendations for improvements to reduce company’s total cost of risk
- Discuss ways to decrease administrative burdens
Internal Selection Process/Notification

- Who evaluates?
- Presentation to Board or key constituents?
- Notification to brokers
It Takes Two

- What You can do to make the broker relationship successful
  - Communication
  - Set Objectives
  - Report Cards
Questions?
Selena Linde is a nationally ranked policyholder attorney, has an active trial practice representing policyholders in complex insurance coverage matters, and is a primary author and editor of the Association of Corporate Counsel's "A Policyholder Primer on Insurance." Selena was named by Benchmark Plaintiff as one of the Top 150 Women Litigators in 2014 and three of her cases were recently profiled in a Law 360’s write-up of Perkins Coie as Insurance Group of the Year.

Ms. Linde has recovered more than one billion dollars for her clients during her career. In addition to her litigation practice Ms. Linde has a robust practice counseling and advising clients on coverage audits, policy renewals and policy language. Selected representations include:

- Lead Coverage Counsel in high profile data breach for public company (Cyber, CGL and Property)
- Lead Coverage Counsel for Residential Capital—largest bankruptcy of 2012 (E&O and D&O)
- Lead Coverage Counsel Global 50 Pharmaceutical Company (D&O Claims)
- Lead Coverage Counsel NorthWestern Energy (CGL and EPL Claims)
- Lead Coverage Counsel designing new insurance department protocols and full coverage audit for $12B+ Retail Cooperative
- Lead Coverage Counsel NBA Basketball Team and MLB Baseball Team (NBA Player Disability Claim and Event Cancellation Claim)
- Co-lead Coverage Counsel Motors Liquidation Trust (CGL claims related to all historical asbestos and environmental liability for pre-BK General Motors)
Craig Hoffman is the Risk Manager for Wakefern Food Corp. He transformed the Insurance Division into a full service Risk Management Division. This encompasses risk evaluation, risk retention, insurance procurement, claims management and loss prevention. He is responsible for the procurement of all lines of coverage, including Property, Casualty and Executive Risk lines.

He manages the company Captive Insurance company and recently redomesticated it from Bermuda to New Jersey. The Captive is used to either be a deductible buyback or primary policy.