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tips to improve your renewal process

An already bruised insurance marketplace continues to feel the effects of a dramatic series of natural catastrophes. While precise market reaction varies in accordance with exposure and appetite, general signs point to markedly harder conditions for policyholders.

That said the news is not bad for every policyholder. By following a few simple steps you can minimise difficulties during the renewal process.

1 Start early and stick to an agreed timetable

In periods of changing market conditions, it will take considerably longer to achieve optimal outcomes.

You should begin strategising with your JLT Client Risk Advisor and collating renewal submission information well in advance of your renewal date, preferably at least three months prior.

Structure a timetable for renewal which allows both yourself and your JLT Client Risk Advisor sufficient time to collect and collate necessary underwriting information and make informed decisions on risk strategy.

2 Identify your Risk Tolerance

Work with your JLT Client Risk Advisor to understand your organisation's ability to absorb risk – your risk tolerance – from a programme and retention structure perspective.

This allows you to formulate what will constitute an acceptable renewal programme. By categorising your coverage mix in terms of “must haves”, “important to haves” and “nice to haves” you improve your ability to make informed decisions in relation to the composition of your insurance programme.

Carefully review current programme limits and retention levels always in reference to your business and risk strategies. Your programme must suit not only your current needs, but also any anticipated changes in the short term (the next twelve months).

The ability to voluntarily amend your retention levels provides you with valuable leverage in negotiations with the insurance market.

3 Understand what is happening in the market

Insurance market conditions are cyclical and current conditions are particularly volatile. Recent catastrophic losses have focused insurers' attention on areas such as flood, cyclone, earthquake and fire.

To counter increasing risk scrutiny, you should develop an understanding of your exposure to these perils and be able to articulate any measures your organisation takes or will take to mitigate exposure to these types of events.

Catastrophe protection, particularly in relation to natural perils, will drive the cost of property insurance, so carefully consider your coverage requirements and make sure you are not paying for unneeded capacity.

With your JLT Client Risk Advisor, identify capacity issues in the market and consider approaching alternatives with an appetite for your risk.

4 Avoid gaps in information

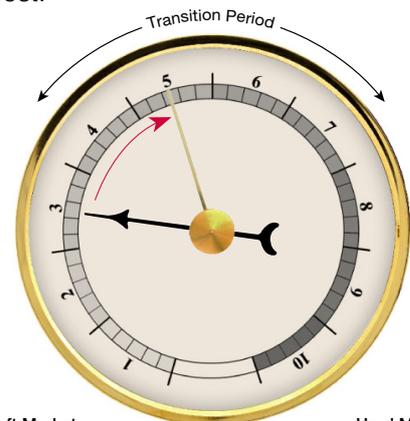
You have a legal obligation to disclose to insurers, before a contract of insurance is entered into, all matters relevant to their decision to accept the risk and the terms they will impose.

As the market hardens insurers will increasingly crave certainty and predictability. Be wholly transparent with your renewal submission information and provide it in a format which is easy to interpret and understand.

Communicate openly and clearly what your business does, and what you are planning to do, to ensure that coverage options are provided for all business exposures; past, present and future.

Recent risk surveys or property valuations will help to eliminate many of the insurers' questions.

An unwritten rule to remember is that insurers will generally fill information gaps with premium – by eliminating these gaps you can better control your end cost.



Soft Market

Hard Market

5 Expect questions

Having worked with JLT to identify insurers' areas of concern as they apply to your programme, be prepared to field and respond to additional questions to help alleviate any lingering doubts in insurers' minds.

Going the "extra mile" by being transparent and forthcoming will help differentiate your risk.

6 Highlight lessons learnt

While insurers appreciate that claims do occasionally occur it is important to detail work undertaken by your organisation to determine loss drivers and implement control programmes.

Changes to the exposure, process or protocol which have been made to minimise the potential of reoccurrence can significantly alter an insurer's view of the risk.

7 Sell your risk - make an impact

Renewal presentations by senior management to insurers demonstrate the level of importance your organisation places on insurance, and can have a positive impact. Such forums also allow you to show passion and deep understanding of your business and its risks.

The risk selling process also provides a valuable platform for an honest and open exchange of information between you and your insurers.

Importantly, face to face discussion helps build trust. The benefit of this trust is borne out in a smoother renewal process and considerably less turmoil in a claim scenario.

Where presentations are not practical, written statements may provide a useful substitute.

8 Use your relationships

Maximise your leverage by considering utilising common insurers across multiple lines of your insurance programme.

Long term relationships are valued by insurers and will allow you to negotiate renewal terms from a platform of historical profitability for the insurer.

Relationships should be mutually beneficial and in difficult times you should rightly remind insurers of your loyalty during periods when competition for your business was more prevalent.

9 Throw the net wide

Market appetite can vary across territories, and markets such as London and Asia can have greater relevance and prominence on Australian placements during the harder stages of the insurance market cycle.

Consider such alternatives, recognising that distance can lengthen the time required to present, negotiate and ultimately bind a policy.

10 Have a "Plan B"

Do not make the mistake of assuming the terms and conditions which were available last year will be available this renewal.

Work with JLT to agree the options which are to be obtained from insurers and establish a fall back position so that you are not caught out with no alternatives as your renewal date approaches.

For further information please contact your JLT Client Risk Advisor or:

Marcus Pearson - NSW

Managing Director - Business Development
Email: Marcus.Pearson@jlta.com.au
Tel: +61 2 9290 8136

Dirk Van Elst - VIC & TAS

Account Director
Email: Dirk.VanElst@jlta.com.au
Tel: +61 3 9613 1491

Gavin Brown - WA

Board Advisory
Email: Gavin.Brown@jlta.com.au
Tel: +61 8 419 919 394

Michael Woolley - QLD

General Manager - Business Development
Email: Michael.Woolley@jlta.com.au
Tel: +61 7 3246 7545

Gary Okely - SA

General Manager - SA
Email: Gary.Okely@jlta.com.au
Tel: +61 8 8235 6410

Rhiannon Alexander - NT

Branch Manager - Darwin
Email: Rhiannon.Alexander@jlta.com.au
Tel: +61 8 8925 5300

Jardine Lloyd Thompson

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