

Evaluating Program Carriers



You have worked hard to develop, market and grow a niche program that differentiates your agency. You built your program and customer base with hard work and dedication. You have become a subject matter expert in your particular class. Nevertheless, your carrier may be holding you back. Perhaps your carrier handles the program in a general underwriting unit or perhaps your carrier simply lacks a true program perspective. As a result, you and your program are essentially left begging for some proper attention and resources.

Your clients deserve better. Your agency deserves better. Your program deserves better.

You need a market with a specialty mindset.

The key to a long-term successful program is to team up with a capable carrier—one that has demonstrated a long-term commitment to the program model, has dedicated program resources and has the flexibility to customize each program.

Is your carrier as committed to program business as you are?

You are committed to your clients' unique exposures and have developed significant subject matter expertise. You can anticipate their insurance needs as they evolve. Are you working with a carrier who is just as specialized or are you stuck with a general commercial underwriter?

If your business is being lumped in with a carrier's small commercial or middle market operations, it is probably not being treated like a program or evaluated on its own merits. Your program business will be subject to all of the directives and course corrections that the carrier is making on their entire generalist operation. For example, if the carrier starts to sour on Workers' Compensation, it will start to pull back on Workers' Compensation in your program. Or, if the carrier decides that its property rates are too low, your program will have to raise rates along with the carrier's book in general. This is not a program mentality. Even if your program is serviced by a separate program department, you should try to gauge how firmly committed the company is to the program model.

- First, how long has that carrier been in the program market? So many carriers have entered and exited the program space. Stability and commitment are crucial to your program's long-term success.

- Second, does the carrier's leadership understand and value the program model? Will they shut all programs down the instant that one program runs into trouble? Will channel conflict from the carrier's other operations limit your ability to grow or even retain your book of business?
- Third, what is the carrier's reputation as a program underwriter? Are they writing volatile classes/lines with an undisciplined pricing approach? You do not want to get caught up in a "flash in the pan" situation where your profitable program has to suddenly seek a new home because your carrier was an irresponsible underwriter on other deals.

Look for a carrier with a long-term commitment to the program model and a long-term track record of profitable program results.

Is your carrier specialized in working with your program's unique exposures or are you stuck with a general commercial underwriter?

Does the carrier have dedicated program resources?

As discussed above, it is always preferable to be with a carrier that has a dedicated program department rather than being handled by a general commercial underwriting unit. However, even when a program unit exists there are additional inquiries you should make about the resources available to that organization.

How does the program unit fit into the bigger organization at the carrier? Do they have independent authority? Are they a flat organization? Are they able to make quick decisions? You certainly want to avoid program units that lack autonomy or that are bogged down in a bureaucratic corporate culture.

How does that program unit handle relationship management? Will you have a dedicated underwriter or program manager? Avoid any type of pooling approach to underwriting or separate underwriters by line of business.

What support services does the program department have directly available to them? Do they have their own dedicated personnel for actuarial, product development, claims, loss prevention, marketing? If not, they (along with other units) will be accessing these services from some centralized corporate provider. This usually means that there will be less specialization and less understanding of the nuances of your particular program.

Does the carrier have the flexibility to tailor each program?

Success in the program marketplace turns on differentiation. A good program carrier will have all the tools and capabilities to customize each program so that it is positioned well against the competition and that it is meeting all of the needs of your agency.

Does the carrier have good systems and products? One of the things that can hold a program back the most is inadequate rates and forms. How good is the carrier at making filings and getting those filings programmed and operational?

How flexible is the carrier when it comes to outsourcing services? Will they unbundle underwriting, claims, loss control? This is important to many programs but not all carriers allow it.

What else is the carrier willing to do to help you succeed? Will they participate in (and perhaps fund) marketing efforts? Are they willing to give you territorial or countrywide exclusivity? Do they offer compensation options like profit-sharing or captive risk-sharing? Since no two programs (or program agents) are the same, a good program carrier will be able to customize the offerings and terms of each individual deal.

In summary, here are the key questions to ask when evaluating program carriers:

Commitment to the program model

- How long has the carrier been in the program market?
- What is the experience level of the program team?
- What are the carrier's ratings? The underwriting reputation of the program unit? Track record of profitable results?
- What level of support does senior management have for programs?
- Is it a specialty company or general commercial writer?
- Is there channel conflict?

Dedicated program resources

- Is there a separate program department or division?
- Is the program department a flat organization with authority?
- Is the carrier able to make quick decisions?
- Does your program have a dedicated program manager and/or underwriter?
- Does the program unit have its own dedicated resources for actuarial, product development, claims, loss prevention and marketing?

Flexibility to customize each program

- Does the carrier have acceptable forms, rates and systems? Are they willing and capable to make a timely filing?
- Are they willing to outsource functions such as underwriting, claims and loss prevention?
- If you have interest in co-branding and other marketing support, can the carrier provide it?
- What level of exclusivity is the carrier willing to offer?
- What are the available compensation options?

Program business takes time and energy to develop and grow. You cannot afford to spend time begging for attention to get the resources your program needs to succeed and compete. A program agent must perform due diligence on any potential carrier.

At Great American Alternative Markets, programs are our business and program agents are our top priority. We understand the model and we put our agents in a position to succeed. Each relationship is unique and each program receives a tailored response. We value long-term profitable relationships.

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