

MAKING THE MOST OF A D&O UNDERWRITING MEETING

ISSUE

The presentation of a well articulated client risk profile has always been the cornerstone of any successful D&O program. Unlike any other stage in the renewal process, a strategically constructed and thoughtful underwriting meeting provides the client with a significant advantage in the marketplace. Conversely, a poorly constructed underwriter interaction strategy can leave underwriters with a negative impression, despite a positive company history. The result is a detrimental impact on a D&O renewal.

IMPACT

Now more than ever, the difference between a positive and negative renewal comes down to risk positioning; i.e., your message must differentiate your company's risks. Without a strong underwriter communication strategy, your message will be lost and the success of the renewal jeopardized. The underwriter will leave the encounter with unanswered questions, and worse – the feeling that his or her time was wasted. The primary goal of addressing underwriters' concerns in the light most favorable to your firm will have been lost.

ACTION

First, determine what's on the underwriter's mind. What are the underwriter's concerns relative to your company and within their own industry? Examine the types of losses the markets

have sustained and what issues they are most sensitive to. Getting out in front with these topics will demonstrate that you understand the underwriter's concerns and are prepared to mitigate your company's exposures in these areas.

Second, take an objective "underwriter's eye-view" of your company. Your broker should always request that underwriters submit questions in advance of a meeting and conduct pre-underwriting of your firm in order to understand significant issues affecting the company and the industry as a whole. By taking a proactive approach, you deliver a positive message, rather than subjecting your company to a deposition-style question-and-answer session. Underwriters will be able to shift their focus from how your company plans to address these issues to the effectiveness and status of the implementation plans. The result is a more positive tone and beneficial outcome.

At a minimum, you should expect the following from your broker:

1. A detailed meeting agenda, including names and titles of attendees;
2. A presentation tailored to the specific underwriting questions culled from D&O insurers; and
3. Early decisions regarding market participation and scheduling.



Your broker should also consider:

1. Whether a local versus centralized meeting location places your company in a more favorable light;
2. The appropriateness of a formal presentation versus a less formal Q&A session; and
3. The number of meetings required and the size and underwriter mix of each. Your broker should request that underwriters listen to your most recent Quarterly Earnings call so they are up to date on the company's results and to avoid duplicative questions.

Underwriters view your account as a business partnership and want to know that you will treat it as such. By sitting down one on one in smaller, more personal meetings with your key markets, you not only give the underwriter a chance to ask specific questions outside of a group setting, but you gain an invaluable opportunity to convey your commitment to the relationship. When your underwriter believes in management's ability to execute publicly stated game plans, as well as in your integrity and style, they will respond with more favorable terms.

Finally, never be afraid to turn the tables and underwrite your underwriter. In a climate where companies are looking more closely at the financial security of their insurance carriers, your broker should arm you with details regarding the outlook of markets and their ratings and should not hesitate to question underwriters regarding account and staff retention, market appetite and new product offerings.

CONTACTS

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