

## CREATING AN EFFECTIVE INSURANCE SUBMISSION

Your recycling business insures its assets and operations in numerous ways, but did you take an active role in the insurance-buying process? Chances are you left the lion's share of that work to your broker, but there are compelling reasons to manage your insurance submissions as you would any other important component of your business. With a better understanding of how underwriters assess risk when writing insurance policies, you can position your business to receive multiple insurance offers. You might even end up with insurers competing for your business, which could lower your premiums or improve your coverage terms.

## UNDERSTANDING UNDERWRITING

Underwriting encompasses several activities insurance companies undertake to select which risks to accept at what price and under what terms and conditions. As underwriters review requests for insurance quotes, they try to identify and prioritize the best opportunities: submissions for risks that fall within the insurer's target class of business, those with a good loss history, and those with a complete, high-quality application package.

After making their selections, underwriters assemble as much information as possible about the operation, drawing on sources such as the standardized insurance application, supplemental applications (which usually are specific to the class of business), loss history, public records, and private databases. This information helps underwriters understand the operation, its loss exposures, and its controls—if any—to minimize the frequency and severity of claims.

## PRODUCING THE BEST SUBMISSION

To put your company's best insurance submission forward, meet with your broker and review the entire package he or she plans to submit to various carriers to make sure the information is accurate and complete. It's also a good idea to provide a narrative or executive summary on your business that makes the case to the underwriters for why they should insure you. Use the narrative to describe in detail your company's risk-management investments and its ongoing efforts to mitigate risks. These might include employee screening and training activities, safety plans in place for workers and invitees on your premises,

contractual risk-transfer practices, and preventive maintenance to your property, fleet, and equipment. Don't shy away from offering details on past claims and losses, but also explain what changes your company implemented to prevent similar losses in the future.

After working with your broker to produce a high-quality submission for your company, make sure your submission reaches the best carriers for your class of business. Find out how your broker selects possible carriers and which ones he or she plans to approach and why. Don't be afraid to ask questions and challenge ideas. For example, has your broker selected insurance carriers that truly have an appetite for scrap industry risks? After selecting your preferred carriers, consider inviting them to visit your operation so you can show them firsthand what you do and how you manage risks in your day-to-day business.

## SETTING PRICES AND TERMS

Once you send your submission to the underwriters at multiple carriers, they will assess the information and decide if your operation is a risk they want to assume and, if so, for which coverages. Next they will determine the coverage terms and conditions they are willing to offer and at what price. The underwriters will price the risk according to their comfort level with the risk they perceive at your facility, which is in large part based on the completeness and quality of the information in your submission. Notably, underwriters typically have significant flexibility in pricing.

If you and your broker created an attractive submission, multiple carriers could end up competing for your business in terms of coverage, services offered, and price. That would be the ideal scenario for your company, the best way to ensure you get the optimal insurance coverage at the most competitive price. ■

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