

SERIES

Surviving a Hard Insurance Market

Market cycles are a natural phenomenon of commerce. You've no doubt witnessed cycles of home values, the national & global economy and the rise & fall of the stock market. Insurance is no different. Our industry ebbs and flows between what are dubbed "hard" and "soft" cycles.

Hard Market

- Increased losses, especially those of a catastrophic nature (earthquake, hurricane, wildfires)
- Decreased interest rates
- Usually limited to specific types of insurance (ie: Property & Excess/Umbrella)

Soft Market

- Less stringent underwriting guidelines
- Broadening of appetite
- Increased carrier competition
- Increasing interest rates leading to greater investment returns

The industry is in agreement that for many lines of coverage, and insureds in particular circumstances, the hard market has arrived. In this twelve-part monthly series, two of EPIC's seasoned risk advisors highlight topics to help you survive a hard market.

Risk Assumption

Assuming more risk can be an effective method for countering a hard insurance market. Modest changes in plan design can effectively reduce your "Net Cost of Risk". These changes include:

- Deductible increase
- Loss sensitive workers compensation programs
- Group Captives or Single Parent Captives

Risk Mitigation

Eliminating or mitigating risk is a key component of deductible and loss sensitive program design. You're given a premium discount for assuming additional risk. If you are able to reduce or eliminate claims, the loss sensitive nature of these programs will result in reducing your "net cost of risk". A few risk control measures within everyone's reach are:

- Vehicle Telematics
- Increased employee accountability
- Employee Training systems
- 24/7 Injury Triage

Developing a Plan

- Evaluate prior experience and develop trends
- Understand whether you're reducing your "net cost of risk" or creating a recipe for increased costs
- Historical experience is the best indicator of future experience
- Determine the most effective methods to reduce the potential for claims

Next Steps

As seasoned industry professionals, we understand how to reduce your "net cost of risk". We will review your prior exposures (payrolls, sales, vehicles & equipment) and compare it with your historical claims. We can help you determine the best path to lower your net cost of risk and increase your bottom line.

Our Expertise

- Over 30 years of experience designing & implementing risk management programs
- Experience in both middle market and national account level clientele
- One of the Top 10 U.S. Brokers

Give us a call for a no obligation interview. Let us show you why our clients rarely entertain bids from others. *We design, We market, We implement, and most importantly, We perform.*

Let's Talk

Find out how EPIC Insurance Brokers & Consultants can help your business.

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