

Insurance

BUSINESS
AMERICA

IBAMAG.COM
ISSUE 5.05

PRODUCERS ON WHOLESALE PARTNERS



IBA unveils producers' picks for the specialty wholesale distribution brokers and MGAs that stand out above the rest



SULLIVAN BROKERS WHOLESale INSURANCE SOLUTIONS, INC.

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Year founded: 1998

Website: www.sbwis.com

Leadership: Jerry Sullivan, Chairman; Hank Haldeman, CEO; Thom Smith (pictured), President

Sullivan Brokers is a part of the Sullivan Group and serves retail agents throughout the United States. Being privately held frees us to advance our philosophy: *Keep the focus on our clients' interests while fostering strong market relationships.* Our priority is to thoroughly understand our retail clients' objectives and the unique characteristics of each risk presented. We deliver the most unique solutions

because we engage the appropriate Sullivan resources through robust internal collaboration.

Our seasoned professionals think creatively about today's exposures, while critically examining emerging risks and new products. Access to the breadth of specialty insurance markets allows us to tailor the best solution for each specific risk in dozens of industry groups and hundreds of hazard classes. Sullivan Brokers excels by following a simple business model that places our retail clients first.

PRODUCERS ON WHOLESALE PARTNERS

IBA unveils producers' picks for the specialty wholesale distribution brokers and MGAs that stand out above the rest

THE WHOLESALE insurance market in the US has experienced great growth in recent years, and continues to be a cornerstone of the industry. Statistics produced by the 14 state stamping offices around the nation indicated a strong wholesale market last year, reporting a premium growth of 3.3% from 2015 to 2016.

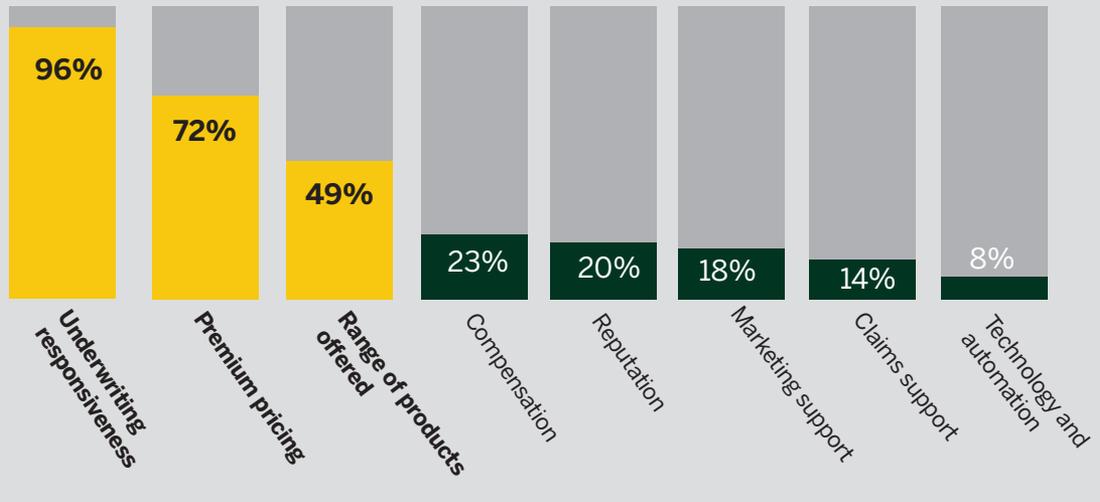
According to Corrine M. Jones, president-elect of the AAMGA, the demand for new products and coverage in certain marketplaces is a major driver of growth in the wholesale industry. "Wholesale continues to be a vibrant and growing part of the overall insurance landscape," she says. "The E&S marketplace in particular, and specialty distribution more broadly, has doubled as a total percentage of US P&C commercial insurance. While the wholesale space continues to change rapidly, the dynamic nature of the market leads to a lot of opportunities. It's a very healthy industry."

Providing further evidence of a strong and healthy wholesale market, Brady Kelley, executive director of NAPSLO, adds: "As noted in the September 2016 A.M. Best report, the surplus lines market reached its highest point in history at \$41.3 billion in 2015 premium, representing a 2.5% increase from the prior year and the market's fourth consecutive year of growth."

Apart from the financial power present in the market, enhanced underwriting capabilities in the wholesale industry are opening the door for business opportunities that have traditionally been reserved for the standard market, says AAMGA board member Kathy Schroeder. "As the business world tries to make everything more commoditized and cookie-cutter," she says, "more and more business falls outside their 'plan,' and a broker or underwriter who is willing to make a custom tailored product becomes more sought-after."

WHAT ARE PRODUCERS LOOKING FOR IN A WHOLESALE PARTNER?

Producers were asked to name the most important things they're looking for in a wholesaler. Here's what they said:



However, even with all the opportunities present in wholesale channel, challenges remain. Jones points to the highly competitive market, rising costs in technology investment and unrefined efficiency as challenges that are currently weighing on the market. Schroeder also highlights training and the talent gap, as well as the consolidation of businesses, adding that “ironically, at the same time that new players are entering our business [and] offering alternatives, others are growing through mergers and acquisitions, and essentially reducing options that were previously available to their customers.”

Yet, Jones notes, even these challenges pose unique opportunities growth, which largely stems from the dynamic nature of the wholesale market and all the factors that impact how the industry performs. In particular, the proposed merger of AAMGA and NAPSLO into the Wholesale & Specialty Insurance Association [WSIA] is expected to address these challenges for the betterment of the wholesale distribution channel as a whole.

“There are many benefits to members of this proposed merger, and one is in talent development,” Kelley says. “WSIA will build upon existing AAMGA and NAPSLO career development initiatives to reach and educate students about the wholesale, specialty and surplus lines segment and the career opportunities it provides.

WSIA will represent a larger, unified voice for wholesale brokers, managing general agents, underwriters and all members who are all specialists in creating value and innovative solutions for the most unique and complex risks.”

PRODUCERS SPEAK OUT

Producers were asked how their wholesale partners could improve their service. Here's what they had to say:

- “ Develop more proprietary options
- “ {my MGAs] accounting department needs improvement. In the past, they have sent cancellations to clients that have been paid
- “ More involvement in the claims management process
- “ I would like the ability to self-serve, [such as] lookup policy status, billing, etc
- “ Unify departments. Hate having to work with multiple departments and underwriters to properly quote scope of while business risk

PRODUCERS ON WHOLESAL PARTNERS

METHODOLOGY

For retail brokers, a wholesale partner – whether a broker or MGA – performs the essential function of giving them the specialized skill and access they need to service their clients' every need. Now in its fourth year, IBA's survey focuses on the best specialists in the wholesale distribution channel.

Hundreds of producers were asked to rate their wholesale partner on a scale of 1 (poor) to 10 (excellent) in seven key areas:

- Premium pricing
- Underwriting expertise
- Claims support
- Range of products offered
- Technology and automation
- Marketing support
- Compensation

Wholesale partners that earned an average score of 8 or higher across all seven criteria were awarded our five-star designation, recognizing their commitment and expertise in their rated specialty. In total, the survey produced 1,419 wholesale partner ratings across 12 specializations; the 41 wholesale partners listed at right earned five-star status in at least one specialty.

FIVE-STAR WHOLESAL PARTNERS

WHOLESAL PARTNER	CATASTROPHE	COMMERCIAL AUTO	COMMERCIAL PROPERTY
All Risks Ltd.			
AmWINS Group Inc.			
AP Advantage			
Apogee Insurance Group			
Appalachian Underwriters Inc.			
Arlington/Roe & Co.			
American Risk Management Resources			
Atlantic Specialty Lines			●
Atlas General Insurance Services			
Bass Underwriters			●
Breckenridge Insurance Group			●
Brown & Riding	●	●	●
BTIS			●
Burns & Wilcox	●		●
Capitol Special Risks			
Chris-Leef General Agency			
CRC Swett			●
Empire State Brokerage Services			●
Environmental Risk Managers			
Genesee General	●	●	●
Gorst & Compass Insurance	●	●	●
Hull & Company Inc.			●
Johnson & Johnson Inc.			●
MacNeil Group		●	●
Monarch E&S Insurance Services			●
NIF Group Inc.			
NSM Insurance Group			
Patriot Insurance Company			
RIC Insurance General Agency, Inc.		●	●
Risk Innovations			
Risk Placement Services Inc.		●	●
RT Specialty	●	●	●
Scottish American			●
SIS Wholesale Insurance Services			
Socius Insurance Services Inc.			
Sullivan Brokers Wholesale Insurance			●
TAPCO Underwriters Inc.			●
The Jack Nebel Companies			●
tKg Wholesale Brokerage			
U.S. Pro Insurance Services			
U.S. Risk Insurance Group Inc.			
Worldwide Facilities, LLC			

CONSTRUCTION	CYBER	ENVIRONMENTAL	FINANCIAL SERVICES	HEALTHCARE/MEDICAL LIABILITY	HOSPITALITY	NONPROFITS	PROFESSIONAL LIABILITY	WORKERS' COMPENSATION
●								●
	●			●				
							●	
							●	
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PRODUCERS ON WHOLESALE PARTNERS

COMMERCIAL PROPERTY

FIVE-STAR WHOLESALE PARTNERS: COMMERCIAL PROPERTY

- ★ Atlantic Specialty Lines
- ★ Bass Underwriters
- ★ Breckenridge Insurance Group
- ★ Brown & Riding
- ★ BTIS
- ★ Burns & Wilcox
- ★ CRC Swett
- ★ Empire State Brokerage Services
- ★ Genesee General
- ★ Gorst & Compass Insurance
- ★ Hull & Company
- ★ Johnson & Johnson
- ★ MacNeil Group
- ★ Monarch E&S Insurance Services
- ★ RIC Insurance General Agency, Inc.
- ★ Risk Placement Services
- ★ RT Specialty
- ★ Scottish American
- ★ Sullivan Brokers Wholesale Insurance
- ★ TAPCO Underwriters
- ★ The Jack Nebel Companies

One producer praised his wholesale partner for “[coming] up with creative layering solutions, as well as deductible solutions for large property schedules”

Economic shifts and changes in demographics all contribute to the ebb and flow of the nation’s commercial property market. But what remains constant is the need for adequate insurance coverage for the development and maintenance of commercial properties. For many producers, competitive pricing and a wide array of products led to top marks for their wholesalers – a whopping 21 wholesale partners earned five-star status, the most out of any specialty. One producer named “their knowledge of the property marketplace” and “quick turnaround and responsiveness” as defining factors of his wholesaler.

In all, producers had positive feedback on how their wholesalers are performing in the commercial property space – comments like

“excellent service” and “very responsive” were echoed throughout this section of the survey. One producer praised his wholesale partner for “[coming] up with creative layering solutions, as well as deductible solutions for large property schedules.”

However, a few respondents were critical of their commercial property wholesalers. “Our main wholesaler is starting to use insurance carrier policy download, which is a huge issue for us,” said Ted Joyce of Insurance Agency Services. “They are also planning to have commissions download in the future. Both of these activities are critical for us, as it helps us provide better service to our clients, as well as lowering or at least keeping expenses from rising for us.”

CONSTRUCTION

FIVE-STAR WHOLESALE PARTNERS: CONSTRUCTION

- ★ All Risks Ltd.
- ★ Appalachian Underwriters
- ★ Arlington/Roe & Co.
- ★ Atlas General Insurance Services
- ★ Brown & Riding
- ★ BTIS
- ★ Burns & Wilcox
- ★ CRC Swett
- ★ Empire State Brokerage Services
- ★ Genesee General
- ★ Gorst & Compass Insurance
- ★ Hull & Company
- ★ Johnson & Johnson
- ★ Risk Placement Services
- ★ RT Specialty
- ★ SIS Wholesale Insurance Services
- ★ Sullivan Brokers Wholesale Insurance
- ★ tKg Wholesale Brokerage
- ★ Worldwide Facilities

Construction projects continue to pop up nationwide, despite astronomical property prices and perceived congestion in many metropolitan areas. The past year has also seen many construc-

tion-related accidents; coupled with inevitable project delays, legislation-related challenges and litigation issues, they highlight producers’ consistent need for good rates and varied programs.

Reassuringly, the top-performing wholesalers in this specialty are offering programs for everyone, “from contractors to business owners, garage markets to slip-and-fall policies.” In total, 20 wholesale partners earned top marks from their producers, the second highest number out of any specialty.

Producers named a couple of wholesale partners that stood out because of their excellent builder programs; another said his wholesale brokerage’s advantage lies in its “comparable rating program for construction.” Another producer praised his wholesale partner for their

knowledge of the market, but felt they could do more in terms of advocacy for construction defect claims.

ENVIRONMENTAL

FIVE-STAR WHOLESALE PARTNERS: ENVIRONMENTAL

- ★ American Risk Management Resources
- ★ Appalachian Underwriters
- ★ Brown & Riding
- ★ Environmental Risk Managers
- ★ Hull & Company
- ★ Risk Placement Services
- ★ RT Specialty
- ★ Sullivan Brokers Wholesale Insurance

According to Tim Turner, CEO of RT Specialty, soft market conditions are driving environmental insurance rates down as new players emerge in the space, creating greater competition in an often difficult-to-insure market.

Producers were generally pleased with their wholesale partners' performance in this specialty; however, there were a few who expressed

areas where their partners could improve, including "better service in checking quotes for accuracy." However, the majority of respondents were happy with the knowledge and guidance their wholesalers provided them when placing environmental policies. In a space with such a wealth of exposures, having the right wholesale partner with the right products can make a big difference.

FINANCIAL SERVICES

FIVE-STAR WHOLESALE PARTNERS: FINANCIAL SERVICES

- ★ Brown & Riding
- ★ CRC Swett
- ★ RT Specialty
- ★ Worldwide Facilities

The current technology revolution in the insurance industry is affecting the financial industry, too. "The number of social engineering situations we are seeing [in financial services] truly is staggering," says Connor Dippel, AVP and professional lines broker at Worldwide Facilities. "Industries where there is a frequent exchange of money are especially vulnerable. The coverage extension used to be solely the crime, but we are now beginning to see a lot of cyber markets

offer it as well."

Despite being a soft market with excess capacity, financial services garnered the least amount of five-star wholesale partners – only four earned top marks. However, the select few wholesalers on this list received admirable remarks from their producer partners, who cited "knowledge of market trends" and "broad market access" as the reasons for their positive feedback.

HEALTHCARE/MEDICAL LIABILITY

FIVE-STAR WHOLESALE PARTNERS: HEALTHCARE/MEDICAL LIABILITY

- ★ AmWINS Group
- ★ Brown & Riding
- ★ Burns & Wilcox
- ★ Genesee General
- ★ RT Specialty
- ★ Sullivan Brokers Wholesale Insurance
- ★ U.S. Risk Insurance Group

Recently, Iowa announced a soft cap for medical malpractice lawsuits in an attempt to significantly temper premium increases and keep healthcare costs to a minimum, while allowing room for juries to increase awards for special cases. The development is a response to the continuing litigious climate within the healthcare industry, which is prompting medical professionals to proactively seek advice from law firms on how to protect themselves.

The situation requires wholesale brokerages and MGAs with expertise in this area that can properly advise producers on the best

plans to meet their clients' needs. "We focus on healthcare risks, and [our wholesale partner is] a one-stop shop for our agency with respect to healthcare industry risks," one producer said. "They provide innovative solutions as well as traditional products."

Producers would certainly welcome more wholesalers who are able to specialize in medical malpractice, especially as the industry expects to face more challenges due to possible healthcare reform spearheaded by the new presidential administration.

PRODUCERS ON WHOLESALE PARTNERS

HOSPITALITY

FIVE-STAR WHOLESALE PARTNERS: HOSPITALITY

- ★ Appalachian Underwriters
- ★ Brown & Riding
- ★ Burns & Wilcox
- ★ Genesee General
- ★ RT Specialty

Hospitality continues to be a very soft market in the class for property & casualty, with very few exceptions,” says RT Specialty CEO Tim Turner. “Rates continue to drop, and [there is] plenty of capacity and carriers competing for this class of business. Nightclubs and amusement parks would be an example of exceptions where rates are rising and terms/conditions are tighter.”

“Rates continue to drop, and there is plenty of capacity”

Producers have taken notice of the increase in rates for this market – one noted that “pricing is going up in this class, for some carriers much more than others.” Even with the uptick in rates for certain areas of hospitality, most producers were content with their wholesale partner’s ability to find competitive prices. “They have been able to compete with some of our leanest priced markets,” one producer said of his wholesale partner.

Just five wholesale partners netted five-star ratings in this specialty – a somewhat worrying number, considering that the US hospitality sector remains ripe for growth.

PROFESSIONAL LIABILITY

FIVE-STAR WHOLESALE PARTNERS: PROFESSIONAL LIABILITY

- ★ AP Advantage
- ★ Apogee Insurance Group
- ★ Appalachian Underwriters
- ★ Bass Underwriters
- ★ Brown & Riding
- ★ Burns & Wilcox
- ★ Capitol Special Risks
- ★ Chris-Leef General Agency
- ★ CRC Swett
- ★ Genesee General
- ★ Gorst & Compass Insurance
- ★ MacNeil Group
- ★ Monarch E&S Insurance Services
- ★ NIF Group
- ★ Risk Placement Services
- ★ RT Specialty
- ★ Scottish American
- ★ Socius Insurance Services
- ★ Sullivan Brokers Wholesale Insurance
- ★ Worldwide Facilities

Covering all types of professions, from doctors and landscapers to lawyers and tattoo artists, professional liability insurance protects professionals of all stripes from negligence claims. Working with a wholesale partner that understands the market is imperative for producers to ensure their clients’ businesses are accurately covered. Considering the breadth of the market, it’s no surprise that 20 MGAs and wholesale brokers earned five-star ratings from producers.

Many survey respondents agreed that their

wholesalers are well versed in professional liability and offer competitive pricing for today’s marketplace. “They give superior performance in all aspects,” said one producer of his professional liability wholesale partner. Another said that having a professional liability wholesale partner that “provides a policy tailored to the client’s specific needs at a reasonable cost, and is available during office hours to answer questions” makes a big impact on his agency’s success.

Many survey respondents agreed that their wholesalers are well versed in professional liability and offer competitive pricing for today’s marketplace