Taking charge of your business
insurance program and costs.
HORTON

Kevin Mershimer, CSP, CIC, CRM

That’s not me.

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Todays topics.

- Topics:
  - What is driving these changes
  - Ways to reduce premiums. What do I have control over.
  - How to handle inspections/ Underwriter visits
    - What are they looking for while there.
  - How to make your property stand out
  - If you want paper: just raise your hand. A lot of info today. I am going to move pretty fast: only 1 hour.
  - Questions.
    - We will have time at the end, but feel free to shout them out.

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Disclaimer

Check with your agent before making any changes to your program (ROI)

Not all of may suggestions will result in a decrease in premiums or have an immediate impact on eligibility.

Understand your next carrier may not value the same things.

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Property Focused

While today's conversation will focus primarily on property.

Understand the approach will benefit other lines of coverage as well. (i.e. Workers Compensation, Auto, etc.)

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Why are my rates going up, I haven't had any losses

- Deductible changing,
- Pricing increasing sharply
- Carriers exiting the market place
- Expected increases on building and contents values.
- Unreasonable loss control recommendations.
- Five carriers when I used to have one?

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Why are my rates going up, I haven't had any losses

- Normal vagaries of the market
  - Its cyclical, called a hard market.
  - Simply less carriers are interested in certain lines or occupancies.
- We simply have fewer carriers interested in writing our niche.
- Losses drive their desire to write it as well as a lack of understanding/ Comfort.
- Large loss of aged underwriters. Welcome Millennials to underwriting.
- Cat losses also a big driver in creating a hard market. Florida
- large gains in the market makes carriers less hungry.
  - When will it turn?: normally when the market turns (like now)

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What can I do?

- No special order:
- Ask about stop losses: look at largest potential loss.
- Deductible: don’t risk a lot for little savings
- Keep your BI adjusted w/ climate changes. Called seasonal
- Look for association endorsement programs with carriers.
- Ask about monthly reporting on stock.
- Exclude: mulch, buildings, equipment, logs, obsolete equip.
- Ensure mobile equipment is listed at ACV.
  - What's ACV, keeping its value lately.

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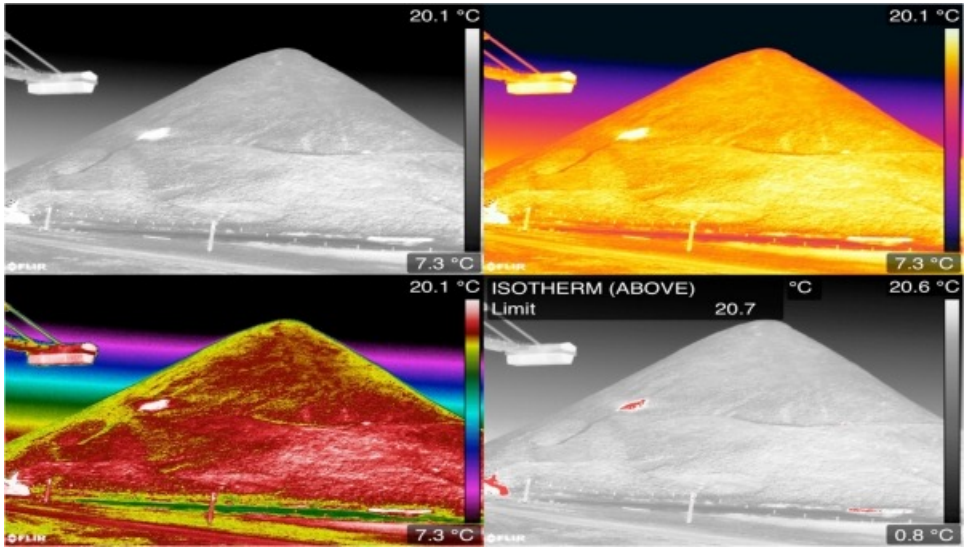
New technonlogy

- Be on the front end. Keep exploring how to manage risk yourself.
- firerover, Utube.
- https://youtu.be/Pcs50WSGvbQ
- IMC industrial monitoring & Control;
  - https://www.imcontrol.com.au/white-papers/woodchip-stockpile-combust/



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Ways to reduce premiums: Short term.

- Get involved in the process: owners
- Don’t just shop your program,
  - Improve the risk
  - Build your insurance resume
- Look at your property like an underwriter: Will discuss later.
- Ask you agent and then ask your carrier.
  - What else can I do to lower my premium/ increase credits?
- Look for an agent that works in your industry, not your best friend.
- Educate him/ her on what you do.

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Ways to Reduce Premiums: Short Term

- How can I improve my property:
  - Ask underwriters/LP people when touring property.
- Invite loss control to your plant for a pre-renewal visit and participate in the plant visit. (Whether you agree or disagree with recommendations, upper management involvement is critical to the Underwriter).

- ** discuss changes to your operation w/ agent. He is your consultant.

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Ways to Reduce Premiums: Short Term

- Provide or maintain security fence vegetation/damage.
- Repair damaged buildings/fascia boards, etc.
- Review past Loss Prevention visit reports:
  - Have issues been addressed?
- Review any past claims in the last five years:
  - Be prepared to provide detailed explanations and corrective actions taken.

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Ways to Reduce Premiums: Short Term

- Capitalize on what you already have:
  - Provide fire extinguisher training,
  - Maintain fence,
  - Ensure security lighting works,
  - Upgrade housekeeping.
- Develop contingency plans. We will discuss later
- Develop ERP; coordinate w/fire department.
- Contact carrier prior to new bus. ventures.
- Prepare for underwriter/LP visits. Discussed later.
- Your agent should have a back up carrier w/ acceptance.

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Ways to Reduce Premiums: Long Term

- Build some buyers equity with your carrier.
  - We make exceptions for our long term customers.
- Make sure your agent is attune to the players in the industry. Who writes your kind of operation.
- Have an insurance appraisal: loss statement
  - Not over-insured/ underinsured.
  - Not Market appraisal.
  - Industrial Appraisal co. .

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Ways to Reduce Premiums: Long Term

- Work with city to improve town class:
  - Fire Department.
  - Water.
  - 911 service.
  - Explain CMC/ Town class :
    - capacity and rating.

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Ways to Reduce Premiums: Long Term

- Work with city to bring hydrants within 500 feet of your
  - main buildings.
- Dry hydrants: not all carriers recognize them for capacity.

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Ways to Reduce Premiums: Long Term

- Sprinkler your buildings:
  - Rate reduction.
  - Larger capacities.
  - Eligible to more carriers.
  - Cures a lot of ills. Older properties, etc.
  - Long term payback.

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Ways to Reduce Premiums: Long Term

- What if I am already sprinkled?
  - Ask your LP person or agent what else you can do
    - Monthly 2” drains.
    - Change out heads that are over 50 years old.
    - Interior pipe inspections.
    - Fire pump weekly runs.
    - Low point drains.
    - **Sprinkle all areas.**
    - **Watch new additions/ offices**

Just because you have a sprinkler system, doesn’t mean you are obtaining all of the available credits. ASK

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Ways to Reduce Premiums: Long Term

- Install Heat / smoke detection to 24 hour central service.

Early detection is the key if you are not Sprinkled.

Ways to Reduce Premiums: Long Term

- Isolate dangerous operations or finished goods.
- Don’t use frame construction for new bldgs.
  - I know we are in the lbr. business.
- Space buildings 100 feet apart.
- Security systems: motion/door.
- Camera systems.
-

Ways to Reduce Premiums: Long Term

- Prepare for underwriter/ LP visits.

- What are LP/Underwriters looking at while on my property?

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What Are LP/Underwriters Looking At While On My Property?

- Overall they are looking for two things:

1. Do I want to insure this, called eligibility.
2. If I do, how aggressive do I want to be? Rating

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What Are LP/Underwriters Looking At While On My Property?

What is Underwriting?

- Using a series of debits and credits to not only determine whether to quote/write your coverage, but also to help set the pricing.
- Discuss two types of credits discussed today;
  - Some affect rate: sprinkler, town class, bldg constr.
  - Others are used in overall determination; subjective
    - Not all LP activities result in rate reduction. Fire ext.

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What Are LP/Underwriters Looking At While On My Property?

- You get **debits** for all the things that **scare** the underwriter.

- *You get **credits** for those things that you do or your property has that **makes the underwriter comfortable** with your property.*

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What Are LP/Underwriters Looking At While On My Property?

Before they get there:

- **Financials:** check out your own Dunn and Bradstreet.
- **Loss Runs:** have an explanation on losses and what you have done to prevent them from happening again.
- **Website review:** if you don't do it, tell them (tool rental).
- **Deductibles**:
- Reason for shopping.
- Google earth, make sure his map is correct.

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What Are LP/Underwriters Looking At While On My Property?

Attitude:

- Inflexibility to recommendations:
  - Especially after a loss.
- Comments such as green sawdust doesn't burn.
  - Have not had a fire in 30 years.
  - Steel doesn't burn.
  - That's why I buy insurance.
  - The fire dept is very familiar with us.

its mulch, what can happen?

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What Are LP/Underwriters Looking At While On My Property?

General items:

- Sawdust used as oil soak in garage.
- Hydraulic units (catch bins) filled with sawdust.
- Home made processes.
- Distance between buildings. storage
- Fire door maintenance. Annual testing, blocked?
- Employee manuals. Policies, discipline (smoking, etc)
- Safety director. Any teeth?
- Self inspections (written/ process after) work order?

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What Are LP/Underwriters Looking At While On My Property?

General items:

- Blocked exit doors, cluttered exits.
- Sufficiency of security lighting, fencing.
- Separation of hazardous processes.
- Construction of buildings.
- Water protection and distance/quantity. Dry hydrant maintenance.
- Do you power down at night?
- Loading / unloading procedures: where do drivers stand?

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What Are LP/Underwriters Looking At While On My Property?

Ignition sources:

- Signs of smoking. Extinguished cigarettes on ground.
- Butt cans available.
- Open burning. Screen caps on wood burners

  In barrels or in the open.
- Torpedo heaters.
- Wood burner condition/clear space.
- Gloves on heaters to dry.

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What Are LP/Underwriters Looking At While On My Property?

Household appliances:

- Toaster ovens
- 7 microwaves on single circuit.
- Hot plates in Green-chain.
- Household fans.
- Coffee pots.
- Personal heaters in offices.
- Rated multi outlet centers.

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What Are LP/Underwriters Looking At While On My Property?

Building Maintenance:

- Broken trusses, W/poor repairs.
- Old roofs lacking maintenance.
- Signs of leaking roofs.
- Missing fascia boards/ vegitation
- Roof panels lifting.
- Gutters with trees growing.
- Lightning protection .

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What Are LP/Underwriters Looking At While On My Property?

Maintenance:

- PM programs
  - Documented or as needed
- Oil analysis.
- Scheduled or as needed.
- Bungies or ratchet straps.
- FL light fixtures (1/2 lit).
- Mobile equipment maint.
- ME disconnects.

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What Are LP/Underwriters Looking At While On My Property?

Housekeeping:

- On rafters, in corners, under machines.
- On transformers, top of sawyers cab.
- Dust piles outside, mulch piles close to buildings.
- Sawdust on roofs
  - (rains/ gets heavy).
- Dust inside electrical panels.
- Painted zone for electricals/ FE's
- ME cleaning schedules.

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What Are LP/Underwriters Looking At While On My Property?

Exposures:

- What is next to you? How close they are?
- Railroad tracks, Clinkers.
- Residential areas? Graffiti on your bldg.
- Beat down wire on fence from people climbing over/under?
- Vagrancy.

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What Are LP/Underwriters Looking At While On My Property?

Special hazards:

- Dust bag houses: protection.
- Direct fired, frame, kilns
- Flammables: storage, quantity.
- Pellet operations.
- Turnings on mulch piles
- Continuous dry kilns.
- Boiler (isolated, wood fired safety).

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What Are LP/Underwriters Looking At While On My Property?

Special hazards:

- Sawdust used as oil soak in garage.
- Hydraulic units (catch bins) filled with sawdust.
- Home made processes.
- Distance between buildings.
- Fire door maintenance.
- Dirty loaders/ skidsteers .
- Build up of mulch on motor vents.

What are underwriters really looking at?

- How far away from a hydrant is our colorizer,
- Maint on tub grinder, housekeeping.

- Flammables near our colorizer, storage.

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What Are LP/Underwriters Looking At While On My Property?

Electricals:

- Open: ended wiring
  - Open boxes, door panels, LB's
- Damaged conduit/ receptacles.
- Fuses on the tops of panels.
- Renewable fuses in parts room.
- Blocked panels, dust covered boxes.
- Dust covered motors.
- Thermographic reports.
- Surge suppression.

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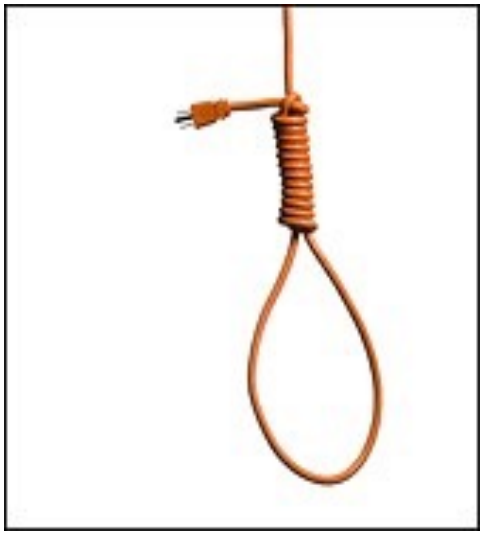
What Are LP/Underwriters Looking At While On My Property?

Extension cords:

- In lieu of permanent wiring (stapled).
- Household ext cords.
- Damaged, repaired.
- Under carpets.
- Used for heaters in offices (rated).
- Ground lugs missing.



- Remember, some UW are work comp/ others property. Some are just looking at it like a overall culture issue.

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What Are LP/Underwriters Looking At While On My Property?

Fire extinguishers:

- Placement : gas stations.
- Charged/ blocked.
- Inspected. Clean?
- Proper kind (water?)
- Quantity: 75 feet
  - Think accessibility / travel.
- Training.
- Behind seat in loader???

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What Are LP/Underwriters Looking At While On My Property?

AS system: overall Condition.

- Tested, shut off, blocked,
- Training in case of false trip?
- Working knowledge, keys to lock,
- tripped, impairment program.
- Items hanging from piping. Coated heads.
- Designed for your hazard.
- Supply: volume / pressure.
- Fire pump maintenance.

Fire hoses: training, tags, fire department plans.

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What Are LP/Underwriters Looking At While On My Property?

HOT WORKS:

- Written program.
- How well maintained the designated area is.
- Flashback arrestors, check valves.
- O2/acetylene tank storage.
- Cutting torches stored inside mfg.
- Contractor involvement.
- Old tags as evidence.
- Flashing light.

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What Are LP/Underwriters Looking At While On My Property?

HOT WORKS:

- Water availability
- Frequency of training
- Attitude towards implementing

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What Are LP/Underwriters Looking At While On My Property?

- Fire department coordination.
- Who's in charge?
- Distance to fire department.
- Coordination with their ERP.
- Frequency of drills, mulch fires (training).
- Response time, closest water.
- Fittings tested on your hydrants.
- Pole disconnect?
- Class A foam for mulch?

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What Are LP/Underwriters Looking At While On My Property?

Early detection services:

- Security.
- Smoke.
- Fire.
- Cameras.
- Night watchman.
- Dogs.
- Boiler operator.
- Fire rover

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What Are LP/Underwriters Looking At While On My Property?

Contingency plans: do you have?

- Back up motors, belts, boilers.
- Friendly competitor.
- Foreign made equipment.
- Generators.
- Air compressor rental agreements.
- Plans for weekend outages.
- Lease agreements for loaders.

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How can I prepare for an underwriting visit?

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How Can I Prepare for an Underwriting Visit?

- Have someone knowledgeable walk with them.
- Don’t stick them with Si.

How Can I Prepare for an Underwriting Visit?

- When they call to set up the appointment, ask them what you could gather in advance.
  - Make a packet even if they say they don't need anything.
- Make sure the person at front desk is nice to them.
  - Coffee / water/ move them into conference room.
- When they arrive, ask them how they want to handle the process.
- Take notes; don't have to agree, just be open to the ideas.
  - **It may be a test to see how flexible you are: Heat detection, etc.**
- They may not follow the flow of the process.
- This is important so don't just stick them with anyone.
- Warn loader operators and make them wear a high vis vest.

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- Let them walk where they want.
- Don’t make them wear safety gear you don’t make the employees wear other than maybe the vest.
- Its ok to speak to the employees. Called having a culture.
- Make sure you are using a hot works tag if welding that day.
- Clear debris from fence.
- Ensure security lights are working; I used to arrive very early or drive by the night before.
- No pallets, vegetation or garbage next to the building.

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How to prepare for a visit

- No welding carts outside of maint.
- Tanks secured.
- No butts near the refueling station.
- Locked handles and disconnects on fueling station.
- FI lights should be working or pull bulbs.
- No torpedo heaters that day.
- Take care of obvious electrical issues, close boxes, plug holes.
- FE’s unblocked, clean, charged, tagged (current).

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How Can I Prepare for an Underwriting Visit?

Make an insurance packet:

- PM programs, used hot work tags.
- Fire department number and names, distance to station.
- Updates to roofs.

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How Can I Prepare for an Underwriting Visit?

- Water department name and number.
- Size of main, distance to property.
- Pressure and GPM if available.

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How Can I Prepare for an Underwriting Visit?

- Building ages.
- Updates to roof or electricals.
- Old LP reports.
- Copies of self inspection checklists.

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How Can I Prepare for an Underwriting Visit?

- Map of property.
- Copies of sprinkler trip tests, fire pump tests.
- Alarm tests.
- Security system information.

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How Can I Prepare for an Underwriting Visit?

- Emergency response program.
- Employee manual/ safety program.
- Any written programs: housekeeping, EPM, Machinery preventative maintenance,
- Old thermo reports.

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How Can I Prepare for an Underwriting Visit?

- Make the outside of the property as nice as the inside. I can tell a lot from the lot.
  - Gutters, litter, old cigarette butts
- Adopt a clean culture before we get there. We can tell when its cleaned for us.
  - Look at corners and in hydraulic spill containment areas.
- Have guys turn down the radio.

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How Can I Prepare for an Underwriting Visit?

- Bottom line: this is just like a job interview. While they may be competing for your business, you want the best possible pricing. That is done through credits and that is done by making them feel comfortable with the property and the culture.
- Understand, this is just property. There are host of things you can do on the auto and workers compensation that would make you stand out as well.
  - Your agent should be giving you advice on what you have control over or you should ask your carrier.

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- Wood thrown at me.
- Safety glasses handed out that morning: kid with heart drawn on his.
- Tour guide told me not to write it.
- Tour guide told me about all of the fires that they have.
- Cig up the dust system
- Cig from grader dropped.
- Sawdust guy smoking while shoveling sawdust: nonemployee
- Cig into hog.
- Death stares.
- Mike didn’t say hi to one employee.

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Copy of PPT

- If you would like me to send you a copy of this PPT.

- Kevin.mershimer@thehortongroup.com or just send a note to shelli at membership@mulchandsoil.com.

- Questions.

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