

## THE 6 ATTRIBUTES OF A HIGHLY SUCCESSFUL BROKER-MGU RELATIONSHIP

Working with a Managing General Underwriter (MGU) can be one of your most beneficial relationships, helping you build your book while addressing your clients' major insurance issues. Selecting the right MGU partner, and understanding how they differ from carriers, is important. If you can identify the following six attributes in a prospective or current MGU, you are likely to have found a professional MGU partnership that will work well for both you and your clients.

- 1. Knowledge**—MGUs are often specialized and have a higher level of product expertise, or a greater comfort working in specific geographic areas or market niches, than a carrier might. In today's environment, for instance, an MGU may have more experience dealing with stop-loss medical coverage, a risk that has become a top concern since healthcare reform became law. Carriers understand this and often grant MGUs the ability to underwrite, price, offer binding coverage, and even settle and pay claims. When working with a client who has specific needs, an MGU may be able to provide more value than a carrier with broader, general knowledge.
- 2. Speed and Flexibility**—Speedy and accurate claims handling, flexible underwriting decisions and reliable communications should be a given when working with carriers or MGUs. Unfortunately, there are no guarantees and it is necessary to conduct due diligence when establishing a relationship. A carrier's larger size and stringent processes, for instance, may result in potentially slow claims processing. And while MGUs are smaller and should be more nimble, that isn't always the case. Choose your partnerships wisely by asking for referrals that demonstrate the skills, expertise and responsiveness you want in your relationships.
- 3. Creativity**—Competition has commoditized most insurance products, making price a non-issue within many lines. All risks, however, are not the same. Perhaps you have a client with claims experience that is shorter than desirable. Or you have a client with recent poor experience, but no prior history of higher-than-average claims. In these instances, you face the possibility with many major carriers, which operate within strict guidelines, that the insurance your client needs is unaffordable or even unavailable. MGUs are more likely to look outside the box when evaluating specific risks – and in some cases, may be able to customize a program to meet a client's unusual circumstance. A good MGU will maintain flexibility and look for ways to do business (not ways to avoid business) that work for everyone.
- 4. Intimacy**—How often have you tried to talk with a decision-maker at a carrier to speed along some business, only to be rebuffed? MGUs focus on personalization, and offer brokers a smaller company vibe with more ownership and accountability. With an MGU, you are more likely to have direct access to underwriting and claims managers without the red tape you might have to maneuver around at a carrier. The right MGU offers a level of transparency and responsiveness your clients deserve.

- 5. Empathy**—Because MGUs typically operate with an entrepreneurial spirit, they enjoy working with brokers to understand a client’s entire risk portfolio. Good MGUs will ask lots of questions while looking for real opportunities; they will roll up their sleeves and dig in to truly understand a client’s needs. This holistic approach can open doors to new business.
- 6. Financial Strength**—An MGU’s financial strength must play a role in any decision you make, so make sure the MGU you select has a profitable track record. Equally as important are an MGU’s carrier relationships and their insurers’ ratings. While many lines of business may be commoditized, a slightly lower price is worth little if a carrier struggles to maintain decent financial ratings or if loss ratios regularly exceed industry norms. Lastly, ownership and long term stability are key to consider when selecting such an important partnership.

Add it all up and the right Managing General Underwriter can give you and your clients a level of service that you might not expect from a carrier. In fact, many MGU managers gained their experience working for carriers, but have moved on as they prefer the autonomy and authority MGUs grant them. They sought to find an approach that was a blend of art and science and enjoy the benefits they can provide their clients. Taking time to select the right MGU will lead you to a long-term partnership that can satisfy both you and your clients. Because good service trumps everything else, the right MGU will understand that relationships matter and are key to keeping clients happy.