

The Annual Risk Assessment Survey

By George Moody, Licensed Risk Manager

About a year ago I was sitting in a client's office when the CFO came in and advised us that she had just gotten a call from the bank to confirm that she had authorized several wire transfers. She informed the bank that no, she hadn't. In the 15 minutes it took to close the wire transfer account, a hacker had moved more than \$1.3 million to 47 banks around the world.

During that same time, I was busy confirming that we had Fraudulent Funds Transfer coverage on their Crime policy. Fortunately we did, but it prompted me to immediately review all our clients' policies and either call or send emails outlining the need for them to consider adding the coverage. Most of us have experienced the feeling of doubt when we hear about a potential claim that may not be covered. The feeling we get is even worse when we have to advise clients that they don't have coverage for an event they thought was covered. Of course, most clients think everything is covered.

Agencies must learn to practice E&O avoidance by establishing an annual risk survey protocol for clients. The WorkComp Advisory Group's DAPPER Risk Assessment & Exposure Survey allows your agency to:

1. Reduce those anxious moments when you get the claim notification and find out there may not be coverage.
2. Establish a sound basis for managing the ever-growing risk of claims under your E&O policy.
3. Give the client a greater comfort level that all areas of significant risk have been addressed by your agency.

4. Allow each producer to feel comfortable that he or she has probed and uncovered most if not all the potential sources of loss.
5. Differentiate your agency from the vast majority of agencies that simply don't do anything other than "renew as is" or perhaps update exposure information so the underwriter can rate the renewal premium.

I can't overemphasize the differentiation aspect of doing an annual review of risk. The buyers want and need to know that you're keeping up with all the changes they have to implement over the year.

"Ch-ch-ch-ch-changes," as David Bowie said in his 1970s hit song, are taking place constantly, and if you're not talking to the client about them and addressing them from a risk management standpoint, then you're exposing yourself not just to uncovered claims but also to a competitor who is out asking questions and completing a risk assessment survey.

Many agencies have implemented internal risk management controls that require an annual risk assessment on every account over a certain size. It assists them in negotiating their E&O policy renewal, and, more important, it provides the producers and account managers with a way to document the exposures on each account. I know that we all think we have a good handle on what is going on with each of our accounts, but surprises and experience tell me that we don't!

Changes are occurring daily at every account. Some are subtle, and others can totally change the dynamics of the operation and the risks associated with the business.

Competition and the economy are forcing every business to make changes in order to compete and survive. As professionals, we owe it to our clients to assess the changes and assist them with protecting the assets of their company. If you're doing a sound risk assessment program now, kudos to you. If you're not, then you need to start, and the DAPPER Risk Assessment & Exposure Survey Program is a great starting point. Let us know what we can do to help protect your agency client base and attract new clients by implementing a risk assessment survey protocol for your agency.

About the Author



George Moody is a member development representative at The WorkComp Advisory Group. He is responsible for growing the company's community through the development of existing members and the addition of new members. George brings more than 30 years of risk management, sales management and claims experience to this role. He was most recently a workers' compensation specialist at Arthur J. Gallagher Risk Management in Houston, Texas. Contact him at 1 (888) 496-1117 or george@mywcadvisor.com

About The WorkComp Advisory Group

The WorkComp Advisory Group provides independent insurance agencies and producers with innovative strategies designed to attract and retain business based on value rather than price. Using a consultative approach, the company leads clients through the process of identifying the risks and threats to their business and then advises them on developing a value proposition that differentiates their agency in the marketplace.

The WorkComp Advisory Group focuses on the competitive advantage of leading with Workers' Compensation and offers an approach that helps their clients achieve sustainable and measureable organic growth by:

- ◆ Differentiating through sales and technical capabilities
- ◆ Diversifying revenue with fee-based strategies
- ◆ Increasing success among their young producers
- ◆ Implementing an effective and repeatable sales process

Through leadership, training, consulting and community, The WorkComp Advisory Group's business objective is to assist agencies in achieving exceptional results.

To learn more about **The WorkComp Advisory Group**, membership opportunities and a free agency assessment, visit www.workcompadvisorygroup.com or call 888-496-1117.