

How to  
**Bid Your  
Insurance**

SCOTT SIMMONDS, CPCU, ARM, CMC

# How to Bid Your Insurance

Scott Simmonds, CPCU, ARM, CMC

Insurance from an Unbiased Point of View

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To my five kids.  
We have learned from each other.  
Thanks for the lessons.  
I love you all.

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# INTRODUCTION

The most effective way to get the best insurance coverage at the best price is to obtain competitive bids from several different insurance agencies.

There. Follow that advice and you will keep your insurance costs under control and pay for this booklet a hundred (or a thousand) times over.

As a consultant, I approach the topic of insurance from a different perspective than most insurance experts. I started my consulting practice on the idea that insurance buyers should have someone on their side of the table. I never sell insurance. My advice isn't clouded by fees or commissions from insurance companies or insurance agents. I can recommend coverage from the full breadth of the marketplace. I'm unbiased. I work for insurance buyers.

The information in this book comes from twenty years as an insurance agent and my work as a consultant since 2000. In many ways, I wish that insurance bidding were not necessary. Unfortunately, if you don't put your insurer and your agent in a position where they are going to lose your business, they will not get you the very best combination of coverage and price.

This is not an indictment of insurance agents or insurance companies. A key part of business is the importance of competition. It is what keeps providers sharp.

I hope the information in this book will be helpful to you. Feel free to let me know what you like and what you don't like about this guide. Call (207) 284-0085 or email me at [Scott@ScottSimmonds.com](mailto:Scott@ScottSimmonds.com). I'm interested in your thoughts and comments.

**Scott Simmonds, CPCU, ARM, CRM**

Saco, Maine

January, 2008



# CHAPTER ONE

## OVERVIEW – HOW TO BID YOUR INSURANCE

The renewal is almost an automatic part of the insurance transaction for most business insurance buyers. Each year, the insurance company seems to slowly increase your premiums (sometimes not so slowly). My experience as both an agent and an advisor to insurance buyers is that without competitive bidding, your insurance premium will go up almost every time you renew. This book will help you get the very best price and coverage you can.

### **Here are some truths I have found in my work for insurance buyers:**

- Having two agents bid for your coverage in a competitive process will get you the absolute best combination of coverage and price. You then have to interpret the results of the process.
- Having one agent bid your coverage within his own fleet of insurers can provide some of the benefits of a bid while keeping the same agent.
- Selecting an agent using an orderly process can result in a better insurance program at a better price.

Go to my website for a wide variety of free articles and other books on business insurance issues. [www.ScottSimmonds.com](http://www.ScottSimmonds.com)



# CHAPTER TWO

## TO BID OR NOT TO BID

There are two ways to search for alternatives to your current agent and insurer. First, you can pick a few agents and have them submit competitive bids. Such is the traditional bid process—multiple agents and multiple quotes.

The second option is to select one agent who will then obtain quotes from multiple insurers. You can use your current agent or you can review the services of multiple agents and select the one you feel best meets your needs. Once you select the agent, he or she goes to work for you. Such an approach is called “broker selection.”

### **Competitive Bid Process Steps**

- Step 1 Select agents that you believe may be able to handle your account.
- Step 2 Have agents complete an information questionnaire.
- Step 3 Select participating agents.
- Step 4 Provide basic information about your business to the participating agents and ask them for listings of proposed insurers.
- Step 5 Assign the insurers each agent will be able to access.
- Step 6 Provide full bid specifications and claim data to the participating agents.
- Step 7 Agents interview you and gather additional information they need to provide bids.
- Step 8 Agents present proposals. You review proposals and select the program you believe is best.
- Step 9 Successful agent implements the program.

### **Broker Selection Process Steps**

- Step 1 Select participating agents.
- Step 2 Agents complete information questionnaire.

- Step 3 Select participating agents to interview.
- Step 4 Interview the successful agents.
- Step 5 Review proposals and select the agent you believe is best.
- Step 6 Successful agent implements the program, gathers information, accesses insurance companies, and follows through on obtaining proposals.

**Comparative Points in Approach**

Advantages and disadvantages need to be considered in how you will go about your review of your insurance relationships:

| <b>Competitive Bid Process</b>                                                                                                                                                                 | <b>Broker Selection Process</b>                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| The process is time consuming, as you must educate multiple agents about your organization.                                                                                                    | Less time commitment in educating multiple agents about your business.                                                      |
| Usually results in a lower price due to competition.                                                                                                                                           | No conflicts on the assignment of insurance companies.                                                                      |
| You'll get multiple opinions as to exposures and coverage needed—a good thing.                                                                                                                 | Broker has full access to the marketplace, allowing for the use of several insurance companies within the proposed program. |
| Trying to compare the coverage offered by more than one agent may result in confusion—different coverage limits, terms, and conditions. Each agent will usually claim his program is the best. | There is a chance that the successful agent may not be as aggressive on pricing as in a full competitive bid situation.     |

## Timing

While you can go through the agent selection process at any time during the year, in most cases you'll want the decision in place in time to prepare for the renewal. Your decision on the renewal strategy should be made with at least 90 days' lead time to the expiration of your current insurance plan. Obviously, the bid process is performed close to the policy renewal dates.

### Sample Time Line – Bid Process

|                                                                  |                           |
|------------------------------------------------------------------|---------------------------|
| Select prospective agents for initial round                      | 130 days prior to renewal |
| Phone calls to prospective agents                                | 125 days prior            |
| Send out questionnaires to agents                                | 120 days prior            |
| Questionnaires due from agents                                   | 115 days prior            |
| Notify selected agents for actual bid                            | 110 days prior            |
| Assign insurance companies to selected agents                    | 105 days prior            |
| Send bid specifications                                          | 100 days prior            |
| Agent information-gathering meetings                             | 90–100 days prior         |
| Bids due                                                         | 21 days prior             |
| Agent selection and start of agent's work to assume your account | 10 days prior             |
| Program renewal                                                  | Renewal                   |

## Sample Time Line – Agent Selection Process

|                                                                  |                           |
|------------------------------------------------------------------|---------------------------|
| Select prospective agents                                        | 150 days prior to renewal |
| Phone calls to prospective agents                                | 145 days prior            |
| Send out questionnaires to agents                                | 140 days prior            |
| Questionnaires due from agents                                   | 125 days prior            |
| Notify selected agents                                           | 118 days prior            |
| Pre-interview meetings for agents who want more information      | 119–103 days prior        |
| Interviews/presentations by agents                               | 104 days prior            |
| Agent selection and start of agent’s work to assume your account | 90 days prior             |
| Program renewal                                                  | Renewal                   |

### How to Find the Right Agents for the Process

Regardless of whether you bid your insurance or use the agent selection process, you’ll start by identifying prospective agents. Here are some general thoughts:

- Rarely do I recommend excluding your current insurance agent from the process.
- Talk to business people in your area whom you respect. Find out who their agent is—the agent and the agency.
- Call your local trade association. Find out what agents are sponsored by the association. What agents are members?
- Consider regional agencies from surrounding large cities.

Once you build a list of five to ten firms, get on the phone. Call the agent (or agency) and tell him your situation. You may have to leave a message on voice mail. Cross any agent off your list who does not call you back in one business day. (By the way, my personal standard is 90 minutes for a call-back. It's a promise I make to all my clients—phone calls returned in 90 minutes—email returned in 24 hours.)

Think of the first phone call as speed dating. You're going to spend ten minutes talking with the agent about what you're doing. You want a quick impression of whether there is a reason to pursue the relationship. After the phone conversation, decide if the agent is someone you would like to learn more about. If so, put him or her on your list of potential agents and move on in your process.

If you plan to utilize the Agent Selection Process, go to Chapter Three.

If you plan to use a Bid Process with several agents, go to Chapter Four.



# CHAPTER THREE

## AGENT SELECTION PROCESS

Quick review, in case you jumped to this section. There are two ways to pick an insurance agent—bid or agent selection process. Go to the prior chapter for a review of the advantages of both approaches.

If you plan to use a Bid Process with several agents, go to Chapter Four.

### Agent Questionnaire Form

Using the previous chapter of this book, you should have a list of potential agents—more than four but fewer than ten. Five usually works quite well.

Send each agent the Agent Qualification Questionnaire Form included in Appendix One.

Email me at [Scott@ScottSimmonds.com](mailto:Scott@ScottSimmonds.com) to receive the Agent Qualification Questionnaire Form in Microsoft Word format. You'll save time and effort.

The purpose of the questionnaire is to learn more about the agents and agencies so you can move toward your final selection. Customize the document with your own information. Areas of customization are indicated by “<” and “>” marks.

Complete the “About Us” section, giving the agent an idea of who you are and what you do. Give the agents information about your business. You need to share some data here—asset size, number of employees, payroll, etc.

Send the agent your customized form as a word processing document attached to an email. This will make it easier for the agent to respond.

Agents will respond by email, fax, and mail. Some will want to meet with you prior to completing the form. I usually put a meeting off until after the forms are returned. The form is designed to give you a true feel for the agency. Can they follow instructions? Do they meet deadlines? Also, the form doesn't require much effort on the agent's part. Some brokers have a form they have used for other projects. As long as I get the information I want about the agency, I don't get too clutched about the format the agents use to respond.

### **Selecting Agents for the Next Step – Presentations**

The form will help you decide who is qualified to go the next step, the presentation. Using the completed questionnaires, select the three agents who most clearly meet your needs. Review their experience in your type of business. How did they answer the questions? Do they seem to focus on value to you? Does it appear that their service will be responsive?

Call the successful agents to set up a presentation meeting. Be sure to call those agents who completed a questionnaire but were not selected. They put effort into the first phase of this project and deserve the courtesy of a call.

Your presentation meetings should all be held on the same day. Tell each agent he or she has 30 minutes. Schedule the presentations 45 minutes apart. This gives you some time to discuss each presentation with other members of your team and builds in time for presentations running a bit longer. Don't put off calling the agents who were not invited to make presentations. Procrastination here only will make the call tougher.

### **Pre-Presentation Meetings**

Some agents will want to meet with you before they make their presentation. They'll want to get to know you and your business. Frankly, it's the good agents who will ask for such a meeting. I don't ask the agents for a meeting. I let them come up with the idea. Remember, you're trying to get into the agent's heads to see how interested they are in your business. What they don't do may be as important as what they do.

Plan to spend about 60 minutes with an agent in a pre-presentation meeting. Don't let the agent talk a great deal about himself or his agency. The purpose of the meeting is for the agent to get to know you so he can do a great job in his presentation.

### **Agents' Presentation Meeting**

In most cases, you'll want to include several of your key people in the sessions. Depending on the size and structure of your organization, your corporate officers and human resources managers may be involved.

Some call these agent presentations "dog and pony shows." It's the agent's opportunity to show off his or her qualifications and expertise. Different agents take different approaches to the presentation. Some will bore you with an overview of the history of their agency or will give a live version of their résumé. Good agents will focus on the value they will provide you as your insurance agent. The best agents will provide you with a case study as an example of how they serve clients.

The presentation meeting is the agency's opportunity to tell their story. From that meeting you will select the right agency.

Have a list of questions prepared that you will ask of all the prospective agents. Here are some examples:

- Describe a situation where you provided exceptional client service.
- We are also interviewing the ABC Agency and folks from DEF Insurance. Why should we pick you?
- Tell me about a recent situation where you lost a client.
- Describe your service team and how a request for a certificate of insurance will be handled.
- What is your process for handling a small claim?
- Will you provide us with an annual account review? When in the year will this take place?
- How will you ensure that we have renewal quotes at least 21 days before our renewal?

- What claims management services will you provide?
- What loss control services will you provide?

You're trying to get the agent talking about his or her service and approach to the business. You want the person who will be working on your account to talk. In many cases, a supervisor or principal of the agency will attend the meeting. Don't let the boss hog the show. You want to hear from the people who will be working on a day-to-day basis on your account, the service reps.

I try to get the team off their scripts so I can have a conversation. Ask probing questions that cause the presenters to think and speak outside of their comfort zone. These people will have millions of dollars of your assets in their care. You want sharp people on your team.

### **After the Presentation**

On occasion, the choice of agents is easy. One agency may be the clear winner. Don't jump too fast. Pick your top two agents and ask each for a one-page service plan for the first year he or she will be handling your account. Explain to the agents that the choice is difficult and that you need a bit more information.

Depending on geography, I sometimes meet the agents at their office. It gives me a chance to learn more about the agency and its culture.

### **The Decision**

After the questionnaire, the presentation, the written service plan, and perhaps a visit, you should have a good idea of whom you'd like to work with.

If you're having trouble with the decision, here are a few questions to ask yourself:

- Which agency would I like in my corner if I were in a claim dispute with my insurance company?
- Which agent seemed to be the most comfortable with my industry and the unique exposures presented?

- If your attorney had a question about your insurance coverage, which agent would you be most confident would provide accurate information and assistance?
- If my operation were destroyed by a fire, which agent would I want on my team?

Notify the successful agent and those who were not selected.

In your conversation with the successful agent, you should reiterate your intent to hold the successful agent to the service schedule he or she provided you. You expect that claims will be managed effectively and that the renewal quotations will be timely. This is the time to be clear on expectations.



# CHAPTER FOUR

## BIDDING YOUR INSURANCE

Quick review, in case you jumped to this section. There are two ways to pick an insurance agent—bid or agent selection process. Go to chapter two for a review of the advantages of both approaches.

If you plan to use an Agent Selection Process, go back to chapter three.

The insurance bid process is a complicated and time-consuming undertaking for most organizations. It should not be entered into lightly. Many businesses have fallen into a program of bidding insurance every three or four years. If you have bid your insurance more than twice in the past six years without changing agents, the marketplace may not be thrilled with seeing you again.

Bidding is an intense process for the insurance agents and companies too. In 85 percent of all bids, the insured party ends up staying with the current insurance agent and insurance company. Many agents are leery of “practice bidding.” Be honest with yourself: if another agent comes to you with a better program at a lower price, are you prepared to fire your current agent? If not, rethink bidding.

### **Agent Questionnaire Form**

As with the agent selection process, the first step is to build a list of several potential agents. See the information at the end of chapter two to build that list. You want more than four agents but fewer than ten. Five works quite well.

Send each agent the Agent Qualification Questionnaire Form found in appendix one.

Email me to receive the Agent Qualification Questionnaire Form in Microsoft Word format – [Scott@ScottSimmonds.com](mailto:Scott@ScottSimmonds.com). You'll save time and effort.

The purpose of the questionnaire is to learn more about the agent and agency. Customize the document with your own information. Areas of customization are indicated by “<” and “>” marks.

You complete the “About Us” section, giving the agent information on your company and your subsidiaries. You need to share some data here—sales, number of employees, payroll, etc.

Send the agents your customized form as a word processing document attached to an email. This will make it easier for the agent to respond.

Agents will respond by email, fax, and mail. Some will want to meet with you prior to completing the form. I usually put any meeting off until after the forms are returned. The form is designed to give you a true feel for the agency. Can they follow instructions? Do they meet deadlines? Also, it doesn't require much effort on the agent's part. At times, brokers have a form they have used for other business owners. As long as I get the information I want about the agency, I don't get too clutched about the format the agents use to respond.

### **Selecting Agents for the Next Step – Bid Process**

The form will help you decide who is qualified to go to the next step, the bid process. Using the completed questionnaires, select no more than three agents who most clearly meet your needs. Review their experience in your industry. Do they work with companies similar to you? How did they answer the questionnaire? Do they seem to focus on value? Does it appear that their service will be responsive?

Your current agent will almost always be one of the two or three agents you pick. If you are definitely going to change brokers, fire your current agent now. Don't pretend you're happy with the service you're getting if you're not. You should have had conversations with your agent in the past if you are truly unhappy. If you

plan to fire your agent, go ahead. It's never easy. It will only be harder later. Waiting until later in the bid process may mess things up too.

## **Market Selection**

Now that you have selected agents, assign insurance companies to each agent.

In property and casualty insurance, carriers limit agents' access. If agent A contacts Podunk Insurance Company, no other insurance agent will be able to get a quote from Podunk. Through this process of market blocking, only one agent has access to an insurer. Other agents are blocked unless they get a broker of record letter signed by the insurance buyer. The broker of record letter moves the authority and access from the first agent to the agent in possession of the letter. The first agent loses access.

Confused? It's understandable! It's a confusing process. I think the whole thing is anticompetitive and wrong. I've been fighting it for 20 years. It is a tradition that protects sloppy agents at the expense of quality. It is, however, the system we have to work with in most states.

Prevent misunderstanding by ordering agents not to contact insurers without your approval. Ask your selected agents to submit a list of insurance companies they wish to use on your account. The list should be ranked in order of preference.

When each agent submits his or her list, complete the following matrix with the agents' selections. Note: Your current agent will be using your current insurer—that automatically becomes his or her 1st choice.

|            | Current Agent   | Agent A | Agent B |
|------------|-----------------|---------|---------|
| 1st Choice | Current Insurer |         |         |
| 2nd Choice |                 |         |         |
| 3rd Choice |                 |         |         |
| 4th Choice |                 |         |         |
| 5th Choice |                 |         |         |
| 6th Choice |                 |         |         |

Are there overlaps with the other agents and your current agent? This may be your chance to further narrow your choice of agents.

Whenever possible, I recommend that you bid using only two agents—your current agent and the strongest competitor. Having three agents may force you to split up the markets too thinly.

By the way, I’ve long felt that the market selection process is the single toughest part of the bid process. Assign markets improperly and you may end up hurting the outcome of the bids. At times, you may have to discuss the issues with the participating agents. If one insurance company is the top choice of each agent, consider calling each agent and having them make the case for that insurer.

Frankly, in a three-agent bid situation, someone always ends up being ticked off at the assignments. It is possible that one agent will pull out at this point if he feels he cannot get a fair shot at the business with the markets assigned to him. I never hold such a move against an agent. His time is valuable too.

## **Bid Specifications**

You're going to have to put together information on your current insurance program along with claims information and underwriting information. Ask your current agent to help with this process. Most will help you. It may be a touchy subject. Some agents don't want to help the competition. Take the stand that this is part of an agent's job. Failure to cooperate here will be viewed negatively at decision time.

It is possible for each participating agent to build his own information. This will mean a great deal more time and effort on your part. Push your agent to cooperate.

### **Bid specs should include:**

- Schedule of all vehicles, mobile equipment, buildings, and other property to be insured. A list of each vehicle's cost new, use of the vehicle and radius of operation. Mobile equipment should show market values (actual cash value). Buildings and personal property should show replacement cost values.
- Five years of insurer loss runs (your current agent can provide these to you).
- Workers' compensation experience modification worksheets for the upcoming year and the current policy period.
- General liability premium basis (payroll, sales, square footage) based upon the current policy (available from your agent), updated for what is expected in the policy period being quoted.
- Your company's marketing materials, web site address, sample brochures, and the like.
- Copy of your employee handbook.
- Other information that may help underwriters to see the company in a positive light.

Once the bid packet is put together, get it out to the agents. Agents need the bid specs at least 100 days before the renewal date.

Review the information in chapter two regarding timing of this process. Be clear when the bids are due. Specify that bids are due at noon on a specific date at a specific place. Events sometimes conspire, making it difficult for an agent to get bids in on time. You will have to decide if you will allow late bid presentations.

### **Should You Tell Everyone Your Current Premiums?**

Obviously there are two schools of thought—tell and don't tell. Those in favor of "don't tell" say it keeps everyone on their toes. Everyone, that is, except your current agent. It's an advantage to your current agent to have the competing agents in the dark over your premiums. It's not a fair advantage.

I say "tell." In my bid specifications I include information on the current premiums by line of coverage. To me, this puts everyone on the same level. Everyone knows the current premiums. Nobody knows the proposed premiums.

### **Other Rules of the Game**

Another issue you will have to deal with in a bid is: Will your current agent get the last shot at your business? It is a common practice for insurance buyers to give their current agent a last chance to match pricing of the competitors.

The logic goes like this: "We have done business together for a long time. My agent has done a great job and deserves every opportunity to keep my business."

First, if this is how you look at your agent, why are you bidding your insurance? Don't put the other agents through the exercise of bidding if, at the end of the process, your current agent is going to get the last chance to hit a stationary target.

The bid process should be fair and up front. If, at the end of the process, you plan to give your current agent the advantage of a second chance, you should reconsider going through the bid procedure.

Be clear and up front on how the bid is going to be handled. If your current agent gets a second chance, you should tell the other agents at the beginning of the process. Give them a chance to walk away before they invest 20 to 50 hours on your bid process.

To me, the only fair bid is a bid that is decided based on the proposals presented. Notice I didn't say that the best price wins. You should make your decision on services, coverage, and price.

### **Sample Bid Rules:**

We promise to deal openly and fairly with all agents and insurance companies.

Problems rarely "take care of themselves." If you have a concern, issue, or problem, bring it up sooner rather than later.

Your proposals are confidential. We believe that an insurance marketplace that is fair and up front is in everyone's best interest. We will never reveal or share any competitive information you provide with any other agent or company prior to receiving their proposal.

In a bidding process we allow the competing agent to review "current" policies and pricing. We believe that this puts everyone on an even playing field. Everyone knows the current year's price. Nobody knows the bidding price when they submit proposals.

We do not give "second chances" in bids or proposals. We expect your best work up front. Discrepancies will be addressed without revealing any other participant's position.

We set deadlines in an effort to make the process work better for us. If you are going to miss a deadline, we are better off knowing as soon as possible. Any proposal you provide will be reviewed on the basis of coverage, price, and services offered. We are under no obligation to purchase insurance based on price alone.

The information we provide you is accurate to the best of our knowledge.

## **Information Meetings**

Encourage participating agents to meet with you to gather information needed for the bid. It is also your chance to get to know the agent. Good agents will request the meeting. They will want to spend some time with you and the other decision makers.

This is the agent's chance to learn about you. You also have the opportunity to see how the agent thinks and how he approaches the business. Competing agents may request different information or additional documents. Do your best to comply. I would urge you not to tell other agents (or your current agent) what info was requested by competitors. Exposure identification is an important part of what an agent is expected to do. Tipping the hand of one agent hurts the competitive process.

Don't play favorites with agents. If you're going to do that, why involve the other agents?

## **Bid Presentation**

In the beginning of the bid process, you gave each agent a deadline. Allow agents to present bids in any format they wish. Some will email, some will mail, and some will present in person. Here's another opportunity to learn about how the agent approaches the business.

## **Comparing Bids**

Now comes the hard part. You have to compare the different proposals. I use two tools. One is objective, the other is subjective.

For coverage comparison, I find a matrix is useful. Make a chart with columns for each bid. Down the left side, list coverage limits and issues. A sample of a form I use is included in appendix two. You can also use the various proposals for information on issues you should consider.

If you're having trouble with the decision, here are a few subjective questions to ask yourself:

- Which agency would I like in my corner if there were a claim dispute with my insurance company?
- Which agent seemed to be the most comfortable with our industry and the unique exposures we present?
- If my attorney had a question about my insurance coverage, which agent would I be most confident would provide accurate information and assistance?
- If a major part of my operation were destroyed by a fire, which agent would I want on my team?

### **After Bid Interview**

In cases where you are still undecided, it may be helpful to interview the agents again. Here are some general tips:

- Don't divulge the other agents' pricing.
- Don't allow the agents to amend their price.
- What coverage is included in one proposal but absent from another? Ask the agents why there is a difference. "Bill, you didn't include coverage for business income. Any reason why? Your competition included the coverage."
- Affirm the service schedule that the agent promised. Will there be annual reviews or will you meet quarterly?

The Golden Selection Question: If I had a catastrophic fire, which insurance agent would I want standing next to me?

## **Bid Ethics**

The bid process is filled with opportunities for misunderstanding and abuse. As I've stated before, industry-wide, 85 percent of all insurance bids result in the incumbent agent and insurer retaining the business. Many agents are no longer bidding insurance coverage because of the odds against them. Many choose to compete only on a broker/agent selection basis.

### **Here are some general thoughts about bidding:**

- Treat all agents the same. Don't play favorites.
- Promise the competing agents that the current agent will not get a "last shot" at the bid.
- Be up front with each agent about your process and approach. Nobody can claim foul if the rules are spelled out ahead of time.

# APPENDIX ONE

## AGENT QUALIFICATION FORM

See chapters three and four for instructions on the use of this form.

### ◀Insert Your Company's Name Here▶

Note: This document is to be used to gather information on agents and brokers you are considering for a bid or broker selection process. Email me at [Scott@ScottSimmonds.com](mailto:Scott@ScottSimmonds.com) for a free copy of this document in Microsoft Word format.

### Introduction

We are investigating a possible change in our company's insurance relationships. As part of that analysis we are reviewing the qualifications of a select number of brokers. Please answer all questions completely. Attachments may be used as necessary.

Using the information you provide and the information we obtain from other agents/brokers, we will decide whether to bid, select an exclusive broker, or continue our existing relationship.

If you have questions or need additional information please contact:

<Contact Name>

<Contact Phone>

<Contact Fax>

<Contact Email>

Please return your reply to this questionnaire by email, fax, mail, or courier to:

<Name & Address>

Your reply to this questionnaire is due by noon on <Date>.

## **About Us**

Include a narrative of your company here. At a minimum, provide at least the following:

- Subsidiary and holding company names
- Date established
- List of locations
- Web site address
- Overview of the business, including subsidiaries
- Estimated annual payroll
- Number of employees
- Current insurance broker's name
- Current insurance company
- Approximate total annual premiums paid

## **Basic Agency/Brokerage Info**

Please provide information on your agency. Feel free to use additional sheets or marketing material to help us get to know you.

Name of agency/brokerage:

Address of agency/brokerage office for this account:

Main phone:

Fax:

Web site address:

Normal business hours:

Time zone:

Date firm established:

Please provide a brief history of your organization.

Total number of employees:

Approximate firm revenues:

Please provide information on the individuals who will be responsible for this account. Attach résumés of each person.

| Name  | Title |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

List other clients handled by the above team.

What are your firm’s strengths compared to similar and competing insurance organizations?

- List the top five insurance companies (by premium) in your agency.
- Is your agency licensed in all states where we have operations?
- Is the account executive licensed in all states where we have operations?
- Does your agency carry professional liability insurance in excess of \$1,000,000?
- 

Provide at least three references who are current clients and who are in the <Insert Your Industry Here> industry. Provide account name, contact person, and telephone number. We will be contacting all three. Please let your references know that we will be calling.

| Name  | Company | Phone | Email |
|-------|---------|-------|-------|
| _____ | _____   | _____ | _____ |
| _____ | _____   | _____ | _____ |
| _____ | _____   | _____ | _____ |

## **Services You Will Provide**

- Describe your account review process.
- Will you provide a regularly updated summary of current insurance, including coverage limits, premiums, and policy terms?
- Describe the loss control services you will provide.
- Describe the claims management services you will provide.
- How will you be compensated for the services and insurance policies you provide?
- Is it your custom to disclose commissions, fees, bonuses, and other remuneration from insurance companies and other service organizations?
- What insurance companies would you consider using for our account? Please note this is for information only. We are not assigning insurance companies at this time.

Feel free to reference other material and to provide additional marketing material along with this document.

# APPENDIX TWO

## BID SUMMARY MATRIX

The following forms are samples intended to provide an idea of the information needed to review and compare bid proposals. They are not intended to outline all coverage features and exclusions.

### Property

|                                            | Insurer A | Insurer B | Insurer C |
|--------------------------------------------|-----------|-----------|-----------|
| Blanket Building & Personal Property Limit |           |           |           |
| Margin Clause?                             |           |           |           |
| Agreed Amount?                             |           |           |           |
| Coinurance                                 |           |           |           |
| Deductible                                 |           |           |           |
| Windstorm Deductible                       |           |           |           |
| Special Perils?                            |           |           |           |
| Property Valuation                         |           |           |           |
| Flood Coverage                             |           |           |           |
| Flood Limitations                          |           |           |           |
| Flood Deductible                           |           |           |           |
| Earthquake Coverage                        |           |           |           |
| Earthquake Deductible                      |           |           |           |
| Debris Removal                             |           |           |           |

**Property (cont.)**

|                                | Insurer A | Insurer B | Insurer C |
|--------------------------------|-----------|-----------|-----------|
| Building Ordinance             |           |           |           |
| Improvements and Betterments   |           |           |           |
| Personal Property of Others    |           |           |           |
| Personal Property Off-Premises |           |           |           |
| Off-Premises Services          |           |           |           |
| Boiler & Machinery             |           |           |           |
| Accounts Receivable            |           |           |           |
| Computer Equipment             |           |           |           |
| Signs                          |           |           |           |
| Property In Transit            |           |           |           |
| Flood Deductible               |           |           |           |
| Earthquake Coverage            |           |           |           |
| Earthquake Deductible          |           |           |           |

**Business Interruption**

|                               | Insurer A | Insurer B | Insurer C |
|-------------------------------|-----------|-----------|-----------|
| Business Income               |           |           |           |
| Extra Expense                 |           |           |           |
| Coinsurance                   |           |           |           |
| Blanket All Locations?        |           |           |           |
| Agreed Amount?                |           |           |           |
| Maximum Period of Indemnity   |           |           |           |
| Peril of Service Interruption |           |           |           |
| Loss of Rental Income         |           |           |           |

## General Liability

|                                     | Insurer A | Insurer C | Insurer A |
|-------------------------------------|-----------|-----------|-----------|
| Occurrence or Claims Made?          |           |           |           |
| Occurrence Limit                    |           |           |           |
| Aggregate Limit                     |           |           |           |
| Products Aggregate                  |           |           |           |
| Personal Injury                     |           |           |           |
| Fire Legal Limit                    |           |           |           |
| Per Location Aggregate              |           |           |           |
| Premium Basis                       |           |           |           |
| Premium Basis                       |           |           |           |
| Premium Basis                       |           |           |           |
| Owned Watercraft or Aircraft        |           |           |           |
| Pollution / Environmental Liability |           |           |           |

**Auto Policy**

|                                      | Insurer A | Insurer B | Insurer C |
|--------------------------------------|-----------|-----------|-----------|
| Auto Limit of Liability              |           |           |           |
| Non-Owned Auto Coverage?             |           |           |           |
| Uninsured Motorist                   |           |           |           |
| Medical Payments                     |           |           |           |
| Personal Injury Protection           |           |           |           |
| Drive Other Car Coverage             |           |           |           |
| Employees as Insured                 |           |           |           |
| Common Insurer for GL/Auto           |           |           |           |
| Comprehensive / Collision Deductible |           |           |           |

**Workers' Compensation**

|                                        | Insurer A | Insurer B | Insurer C |
|----------------------------------------|-----------|-----------|-----------|
| States                                 |           |           |           |
| Employers' Liability                   |           |           |           |
| Class                                  |           |           |           |
| Payroll                                |           |           |           |
| Class                                  |           |           |           |
| Payroll                                |           |           |           |
| Class                                  |           |           |           |
| Payroll                                |           |           |           |
| Class                                  |           |           |           |
| Payroll                                |           |           |           |
| Experience Modification                |           |           |           |
| Rating Plan:<br>Standard or Preferred? |           |           |           |
| Premium Schedule Credits               |           |           |           |

**Excess/Umbrella**

|                                 | Insurer A | Insurer B | Insurer C |
|---------------------------------|-----------|-----------|-----------|
| Occurrence or Claims Made?      |           |           |           |
| Occurrence Limit                |           |           |           |
| Aggregate Limit                 |           |           |           |
| Products Aggregate              |           |           |           |
| Personal Injury                 |           |           |           |
| Fire Legal Limit                |           |           |           |
| Per Location Aggregate          |           |           |           |
| Underlying Limits Acceptable?   |           |           |           |
| Include Professional Liability? |           |           |           |
| Include Liquor Liability?       |           |           |           |

**Other Casualty**

|                                | Insurer A | Insurer B | Insurer C |
|--------------------------------|-----------|-----------|-----------|
| Fiduciary Liability            |           |           |           |
| Employment Practices Liability |           |           |           |
| Directors & Officers Liability |           |           |           |
| ERISA Bond                     |           |           |           |
| Pollution Liability            |           |           |           |
| Professional Liability         |           |           |           |
| E-Commerce Liability           |           |           |           |

**Crime Coverage**

|                            | Insurer A | Insurer B | Insurer C |
|----------------------------|-----------|-----------|-----------|
| Employee Dishonesty        |           |           |           |
| Forgery                    |           |           |           |
| Money & Securities Inside  |           |           |           |
| Money & Securities Outside |           |           |           |
| Kidnap & Ransom            |           |           |           |
| Computer Fraud             |           |           |           |
| Counterfeit Currency       |           |           |           |

**General Issues**

Are all appropriate entities listed on the policy?

- Operating companies
- Real estate owners
- Employer
- Additional insureds?

Are appropriate mortgage holders and loss payees listed?

**Agency Service Expectations**

|                                  | Insurer A | Insurer B | Insurer C |
|----------------------------------|-----------|-----------|-----------|
| Frequency of Account Review      |           |           |           |
| Claims Department                |           |           |           |
| Producer Involvement in Account? |           |           |           |
| Extent of Loss Control Services  |           |           |           |
| Phone/Email Return Policy?       |           |           |           |

**Insurer Issues**

Complete for each insurer offered by a participating agent.

Insurer name: \_\_\_\_\_

Offered by agent: \_\_\_\_\_

Best Rating: \_\_\_\_\_ Weiss Rating: \_\_\_\_\_

Underwriting office location: \_\_\_\_\_

Claims office location: \_\_\_\_\_

Loss control location: \_\_\_\_\_

Will one adjuster handle all claims; a single contact person?

What loss control services will be offered?

Are audits handled by the insurer company or by an audit company?



## About Scott Simmonds

Scott Simmonds, CPCU, ARM, CMC is a 27-year veteran of the insurance business. He has provided insurance advice and counsel to well over one thousand companies, large and small, throughout the US.

After graduating from Babson College, Wellesley, Massachusetts, Simmonds entered the insurance business. In 1987 he received the Certified Insurance Counselor designation from the Society of CIC. In 1995, Simmonds completed his studies to qualify for the Chartered Property and Casualty Underwriter designation conferred by the American Institute for CPCU. He completed the requirements for the Insurance Institute of America's Associate in Risk Management designation in 2005.

Simmonds' insurance work has involved companies in a wide range of industries. He has handled insurance and risk management issues for public and private corporations, including many with international operations. His work includes nonprofits, banks, manufacturing organizations, hospitality companies, municipalities, and schools. He is licensed in property, casualty, life, and health insurance consulting.

Scott's writing and comments have appeared in the Wall Street Journal, Forbes, Portland Press Herald, The Boston Globe, MaineBiz, Fortune, Money, Inc. Magazine, the New York Times, Investors Business Daily, Kiplinger's, the Los Angeles Times, and countless trade publications.

The Institute of Management Consultants awarded Scott the Certified Management Consultant designation. CMC represents evidence of the highest international standards of consulting competence and adherence to the ethical canons of the profession.

Scott is a member of the Society for Advancement of Consulting, an organization accepting only the top 1% of consultants nationwide. He is the first insurance consultant granted membership in this prestigious organization. The society recognized his accomplishments in insurance by awarding “Board Approved” status. Scott was only the nineteenth consultant worldwide afforded this honor.

Simmonds lives in Saco, Maine, with his family. He enjoys canoeing, reading, hiking, and playing his Great-Grandfather’s 100 year old violin. He is a past president of the trade association, Maine Association of Professional Consultants and of the Biddeford-Saco Rotary Club. He is also active in many trade associations and serves on the adjunct faculty at the York County Community College teaching small business management.

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The best way to control business insurance costs is the competitive bid process. This booklet provides step by step guidance in a practical, straightforward system that any small business can use. The result will be better insurance coverage, better service, and a better price.

Scott Simmonds, CPCU, ARM, CMC entered the insurance business in 1979. He has provided insurance advice and counsel to companies throughout the US. As an insurance consultant, he does not accept fees or commissions from insurance agents or insurance companies. His education, experience, and unbiased position make him unique among insurance professionals.

A graduate of Babson College, Simmonds has earned the Certified Insurance Counselor designation from the Society of CIC, the Chartered Property and Casualty Underwriter designation conferred by the American Institute for CPCU, and the Insurance Institute of America's Associate in Risk Management designation. In 2007 the Institute of Management Consultants awarded Scott the Certified Management Consultant designation in recognition of his experience, approach, and knowledge.

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