

# Getting Along With Underwriters

## Cooperation, communication ease the insurance renewal process

BY PAUL M. ABLAN

The process of obtaining or renewing professional liability coverage is surely one of the most painful tasks associated with law firm management.

With the increasing tendency of insurers to require more information each year, the process can take weeks and, in the end, leave the firm's management exhausted, frustrated and grateful that the ordeal must be repeated only once a year.

As they face myriad applications and supplements that require details ranging from the firm's areas of practice to its policies on written fee agreements, law firm partners and administrators will want to ask their agents or brokers: What really matters to the underwriter?

Following are some answers to that question:

**What's new?** If you are renewing your coverage with the same insurance company, expect your underwriter to focus on how the risk exposures represented by your firm have changed in the past year. Since many insurers' rating schemes are based on the type of law practiced, changes in a firm's focus are important and may even trigger the need to complete a supplement specific to an area of practice.

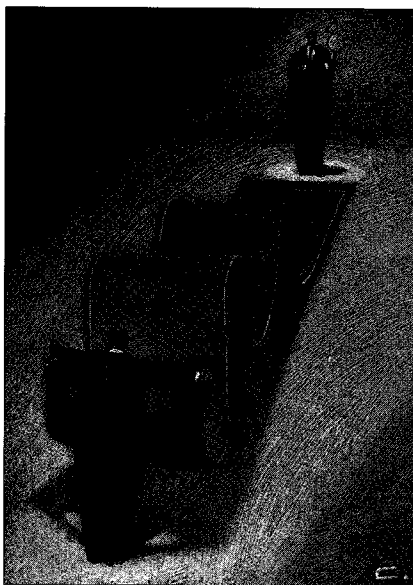
**What is the firm's attitude on loss prevention?** If your underwriter issued recommendations or requirements regarding loss prevention last year, anticipate a request for a progress report. Even if the adequacy of your firm's loss prevention systems has not been an issue in the past, it may become one as insurers place greater emphasis on risk management.

Law firms that wait until claims have been filed against them before getting serious about loss prevention risk strained relation-

ships with their insurers. A firm that displays a cooperative and open-minded attitude about loss prevention quickly can put the underwriter at ease.

**What is the firm's policy on officer/director/equity interests?** This is a crucial element in a law firm's loss prevention efforts.

It is common today for underwriters to expect firms to have writ-



ten policies governing their lawyers who serve as officers or directors of outside organizations, or who hold equity interests in client companies.

This should no longer be the sort of information that is assembled by firm management once a year to satisfy the underwriter's inquiry. Expect your underwriter to monitor not only the specifics of these interests, but also their numbers.

Firms that agree to subject such interests to the prior approval of firm management one year, and then submit renewal information showing several additional interests the next year, give underwriters the impression that the firms do not recognize the hazard and are merely trying to tell underwriters what they want to hear.

**How has the firm reacted to claims?** Insurers expect to defend and pay claims. Therefore, despite the anger and indignation that a lawyer feels when faced with an

allegation of malpractice, the underwriter expects the lawyer to learn something from every claim that is brought.

When providing claim information as part of your underwriting process, assume the underwriter will review it with an eye toward the failed system or procedure that may have given rise to the allegation. To that end, be prepared for the underwriter's question: What changes have you made to prevent a recurrence of this type of claim?

In addition, when reporting details on claims or incidents as part of the renewal process, don't just summarize the claimant's allegations or attach a copy of the complaint; tell your side of the story, too!

**Does firm management understand the underwriter's concerns?** While it is true that a firm's administrator can handle much of the application process, the principals should become involved when issues arise, particularly those involving coverage and loss prevention. Many times, however, it becomes clear to the underwriter during the renewal process that some of the concerns raised in the previous year were never discussed with the appropriate people in the firm.

Firm management would do well to begin each year's renewal process with a face-to-face meeting with the agent. This is a good time to review the previous year's process, discuss any outstanding issues, and anticipate new ones. Agents and brokers who have good access to firm management do a more credible job of representing the firm to the underwriter.

Remember that most underwriters are not lawyers. If you believe your underwriter is not understanding some aspect of your practice, calmly explain the reason for the misunderstanding. Taking the adversarial approach rarely is productive.

The annual liability insurance underwriting process merits your attention, your candor and your time. By giving them, you can help relieve the pain of obtaining or renewing your coverage. ■

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