

Broker Relationships

Aaron Hillebrandt, Principal and Consulting Actuary for Pinnacle Actuarial Resources, spoke with *Best's Review* about the importance of brokers and broker relationships. Following are excerpts from an interview.



Why are brokers so important in the property and casualty space?

Brokers play a vital role in the ecosystem and represent their clients' best interests, securing insurance coverage that best suits any given situation. Working with insurance service providers, including underwriters, TPAs, loss control firms, safety consultants, attorneys and actuaries, brokers understand the role each provider plays and how each helps their clients make better informed business decisions about risk mitigation and financing. Risk identification and management are strategic imperatives for insurers and insureds. Effective brokers understand this and work to establish relationships with skilled actuarial service providers that make the best possible partners for their clients.

Why is that relationship between brokers and actuaries so important?

Brokers commonly prepare premium, loss and exposure data to be analyzed by the actuary. Providing context about changes in operations and real-world circumstances impacting the client, a broker can provide invaluable insight into the manner in which the actuary interprets the underlying data. Providing context as regards changes in operations can be invaluable to the actuary's review. I view brokers as essential business partners that ensure clients get the best possible service and arrive at better business decisions.

What are the keys to a good actuary and broker relationship?

Communication is at the heart of the relationship between brokers and actuaries. As brokers work for what's best for their clients, actuaries need to keep brokers in the loop with respect to the status of client projects. No one likes surprises, and actuaries must sometimes report adverse news, such as worsening loss ratios. Or if an actuary fails to help a client understand proper capital deployment—a common situation we have seen firsthand. Recently, a broker came to us with a company whose previous service provider failed to show them that they had excessive reserves and idle capital. We were able to develop and communicate a new solution for the client. But ensuring that all of those impacted, whether client or broker, are aware of any nuances is absolutely critical to the relationship and any work being done on behalf of the client.

Aaron Hillebrandt

Principal and Consulting Actuary
Pinnacle Actuarial Resources



"I view brokers as essential business partners that ensure clients get the best possible service and solutions for the best business outcomes."

Scan or click to watch an interview with Aaron Hillebrandt.

What advantages do brokers offer captive insurance companies?

Insurance companies and insureds in all sectors and of all sizes avail themselves of broker services. But captive insurance is a unique, dynamic and exciting sector. It can be very entrepreneurial. Those seeking a captive insurance solution might not always have actuarial resources to counsel them through the captive insurance company life cycle. Establishing a captive insurance company requires a specific level of expertise that a broker experienced in the market segment might be in a unique position to provide. It's a real competitive advantage and we continue to serve brokers and their clients in collateral review, captive insurance company formation, due diligence for mergers and acquisitions, reserving, predictive analytics and others. The growth in partnership between broker and actuary is a productive trend and is being leveraged by many clients to take their risk management program to the next level. When an actuary delivers great service to a client and, by extension, a broker, all benefit.