



By
Steven R. Pozzi

In *A Tale of Two Cities*, Charles Dickens writes: "It was the best of times, it was the worst of times." This well-known opening line sums up what the insurance industry and our customers are experiencing right now.

In these difficult times, insurance carriers have the opportunity to further solidify relationships with producers and customers by providing loss control or insurance purchase recommendations that will achieve savings without

insureds prioritize their recommendations and offer solutions to make limited dollars go the furthest.

In addition to prioritization, offering alternatives to higher-priced recommendations also will go a long way.

For example, a recommendation is made to upgrade a sprinkler system in a warehouse with 12-foot-high or greater storage. However, the insured is experiencing a 20% reduction in inventory due to the current economic downturn. An alternative to the high-priced sprinkler replacement could be to reconfigure the warehouse so those 12-foot-high piles are only eight-feet high, thereby making the current sprinkler system acceptable.

Insurance companies also can look within to help customers. By looking at solutions developed for individual clients in unique situations, carriers can develop a repository of best practices across underwriting, claims and loss control. These best practices can then be shared for a wider range of customers that may be facing similar circumstances.

The key here is to develop the skills to ask customers what tough situations they might be facing. These conversations may be uncomfortable at first, but letting customers know you can work with them to develop practical safety and insurance solutions will pay off in the long run.

Even in difficult economic times, insurance carriers can be creative in helping solve customers' problems and find ways to help them emerge from today's financial crisis ready to compete in a stronger global market.

Carriers that can help their customers also may find that they are rewarded, too. Not only will their customer base emerge with a solid loss control program to help mitigate costly losses, but customers may feel a stronger sense of loyalty to the insurance carriers that helped them make the best of bad times. **BR**

Making the Best Of Bad Times

In an economic downturn, insurance carriers can help solve customers' problems so they're ready to compete in the next upturn.

Customers may feel a stronger sense of loyalty to the insurance carriers that helped them.

undermining the overall insurance protection and portfolio.

Many insureds are facing decreased payroll and sales, so take a look at ways in which these decreases can lead to appropriately adjusted exposures and premiums.

For example, in today's economic environment, companies may find their inventory levels fluctuating from month to month. A stock reporter endorsement will allow the company to purchase flexible property and business income insurance in an amount adequate to cover their anticipated maximum inventory during the year, but only pay premium based on the amount on hand each month.

Performing improvements and upgrades that are normal procedures in a bustling economy are some of the first items to be postponed in a financial slump. Understanding this, underwriters and loss control specialists should help

Steven R. Pozzi, a Best's Review columnist, is senior vice president, Chubb & Son, and chief underwriting officer for Chubb Commercial Insurance. He can be reached at spozzi@chubb.com.