PLUS Podcast Ep 3: Expanding D&O Knowledge: The Experts' DOmain

PLUS Staff: [00:00:00] Thank you for listening to this PLUS Podcast, Expanding D&O Knowledge: The Experts' DOmain. Our host, Justin Kudler of ARC Excess and Surplus, a CRC Group company, will be joined by featured guests Daniel J. Wadley of Westfield Specialty and Ed Talarico of ARC Excess and Surplus, a CRC Group company. Before we get started, we would like to remind everyone that the information and opinions expressed by our speakers today are their own and do not necessarily represent the views of their employers or of PLUS.

The contents of these materials may not be relied upon as legal advice. With that said, I am pleased to turn it over to Justin Kudler.

Justin Kudler: Thanks, Tikeya, and welcome everyone to Expanding D&O Knowledge: The Experts DOmain. To introduce myself, I'm Justin Kudler. I currently serve in the Claims Advocacy [00:01:00] Unit at ARC Excess and Surplus, a CRC Group company, where I am a Senior Vice President and Senior Claims Counsel.

My past experience includes handling D&O and other claims at AXA XL, as well as private law practice. My past PLUS experience includes serving as a co-chair of the PLUS D&O Symposium. I also have been a D&O claims subject matter expert, and I am currently a member of PLUS' D&O Think Tank. I'm excited to drill down on today's topic, by exploring with today's guests, Ed Talarico and Dan Wadley, who will introduce themselves.

Dan, please go first.

Daniel Wadley: Great. Thank you, Justin, and at the onset, let me take the opportunity to thank PLUS and ARC to participate in today's conversation. I'm looking forward to it. So as Justin said, my name is Dan Wadley. I work at Westfield Specialty. I oversee three business units, our Professional Service Firms, our Cyber E&O, and our Environmental Business [00:02:00] Units.

I've been in the industry for thirty-five years, always in the professional liability financial line segment with the first half of my career on the broking side of the

industry and the second half on the underwriting side. Hopefully that provides a slightly different perspective than many and I look forward to sharing that today.

Ed?

Ed Talarico: Great. Hello everyone. Thank you to Tikeya and Justin for this opportunity. My name is Ed Talarico. I'm a broker at ARC CRC. I've spent almost six and a half years here on the brokerage side, and before that I was an underwriter at Chubb, Kemper, RSUI, and Axis.

My PLUS affiliations, I'm a long-term supporter of PLUS. I was on the Eastern Chapter Committee, I was on the PLUS Foundation, and I was a trustee on the big board. Pleasure to be here and have this conversation.

Justin Kudler: Super. Well, why don't we start with a brief introduction to today's topic?

So insurance fundamentally is a people business built on things like trust, personal relationships, [00:03:00] even if it is transforming, these days through AI digital platforms. Today's episode, we're focusing on service standards between two essential D&O partners, the brokers and the underwriters. As you may have realized from listening to the introductions, we have an underwriter turned broker. That's Ed. We have a broker turned underwriter. That's Dan. And we'll see how it goes from there. So in our people business, which is built on things like collaboration, responsiveness, clarity, what should brokers expect from underwriters and vice versa? How do communication, accessibility, follow-through affect quality of a submission, efficiency of the underwriting process, and ultimately the thing that matters, which is the client experience?

We're also going to get to how these service standards shape the next generation of industry professionals, for younger brokers and [00:04:00] underwriters, and I guess when I say younger, I mean younger in terms of time in the industry, but it could be age as well. Early interactions, influence how they learn the business, how they build confidence, how they create professional relationships, and how they develop what kind of colleagues and leaders they will become in the industry.

So today we're going to discuss what excellent service looks like in the broker-underwriter relationship, where we can improve, and why investing in strong personal interactions is essential to the future of D&O insurance. So I think I'll

start by just laying out a starting premise that drives business on the underwriting side. Dan and Ed, please chime in where you want.

So, what are the keys? There's the policy form, but the policy form tends to be pretty similar across products. There's the financial rating of the insurer. Brokers prefer, really, to do business with strong companies, pretty exclusively do business with strong companies. Claims-paying ability and [00:05:00] reputation, this is something I know a little bit about. Few accounts have claims, right? We hope, but brokers prefer insurers with a solid claims reputation. There's the underwriting appetite, which obviously depends on the line of business and the insurer. There's the relationship, which I think Ed would say is, a must-have.

And then, there is what we can only describe as the differentiator, which is the service. And only the last two really are the things that we individually can control, so, that's kind of where we're gonna focus today, I think. So why don't I throw out a discussion question and we'll get to it.

Pre-COVID, post-COVID, can we level set on what the relationships were then and what they are now? I'll let whoever wants to take it, take it.

Daniel Wadley: Want me to kick it off, Ed?

Ed Talarico: Please.

Daniel Wadley: Look, I think it's a very legitimate topic. As you said at the onset, this is still very much a relationship business.

There are exceptions in certain customer segments [00:06:00] based upon technology advances, et cetera, but in general, it's very much relationship business. There seems, in my view, to be less personal or in-person interaction these days. I would argue less investment in fostering meaningful trading relationships than at least what I'm used to seeing.

COVID didn't help us. Zoom meetings got us through a very difficult, challenging time for the industry and for everyone else, but for too long, in my opinion, became the default method for communication.

Justin Kudler: But you think it's changing now? Are we moving to more in-person? I've been doing a bit more, I would say.

Daniel Wadley: I think definitively we're seeing that change. We're getting back to more in-person meetings, which is a great sign, but we're still using it, or I'm still seeing it used, relatively frequently. The whole work from home dynamic that came out of COVID, right? Useful in certain situations, but in my view, not particularly accretive to collaboration and relationship building.

And I think, [00:07:00] finally from my initial thoughts, you combine this with the younger generation of talent who grew up in kind of a digital first world, who are already very comfortable communicating electronically, and it, in my view, doesn't add up to really fostering and investing in relationship development.

I don't know, I'm guessing all of us have seen multiple emails that were misinterpreted when a phone call probably would've been far more effective in providing an opportunity to talk particular issue through and certainly, reduce any, opportunity to build animosity. So, these are things I think about as I watch transactions on a daily basis.

Ed Talarico I agree. I'd add that COVID gave us all a sense of, "Wow, we can make it if we have to." We could work from home and rely on Zoom and phone calls, and that was necessary. I do think in-person meetings are starting to become more frequent.

The missing piece, going back to my underwriting days when I worked with Dan, is that when so many people work remotely on different days of the week, spontaneous visits are harder to arrange. I think that's a significant drawback today.

I also think some bad habits developed after COVID. People like working from home, and I'm all for having a balance and working from home now and then. That's important. My biggest concern is for younger people. I don't know how you learn unless you're physically working alongside your team. So much of my learning came from spontaneous ideas, lunches, or a quick drink before catching the train. Those things happen much less often now.

To the extent younger people will listen to old guys like us, I'd say: You want to be in the office. Your time for remote work from Florida will come. You can't learn the same way from a computer as you can in person, and building relationships is critical to your success. Those relationships matter inside your organization as well as outside it.

When you mentioned claims-paying ability and reputation, one thing a good broker should take pride in is placing business with carriers that have a good policy form, strong financial ratings, and a solid claims reputation. But do you also have a relationship with the claims professionals you work with? When a problem happens—and it will—you can pick up the phone, draw on that relationship, and work through it.

Justin Kudler: We have insurance because it does happen.

Ed Talarico: Exactly.

Daniel Wadley: I would just kind of, to put a bow on it on the internal piece because I think that's a very important piece, right? So as some of you know in 2021, Westfield Specialty was formed. That was right in the heart of the pandemic. We got it done, but doing it over video [00:10:00] calls versus sitting in a conference room, putting our heads together, which we were able to do about halfway into our second year. We were just so much more effective, right? So, it's hard to put a value on that in-person collaboration and building of those internal relationships.

If you think about what we were doing, we were also building relationships with people at Enterprise in Ohio who most of us had never met. Not as easy to do, over a video call, so completely agree with your point that it's equally important internally as it is externally.

Justin Kudler: Yeah. Your example, Dan, about the forming of Westfield, that's a good one because that has no real predecessor.

It starts right in the beginning of COVID, and then it comes out of COVID, so it's interesting. A couple observations on a couple of things you said, Dan. Emails, you're like, "Well, you'd be better off if you had a call." You know, one thing I'll say about emails though is they're time savings too, right?

It's quicker to do an email. I don't know if that means we're lazy or if we're just out of time, we're overworked, whatever it is, but that's [00:11:00] one observation. Another observation is you talked about how there are these platforms and how the business is maybe becoming a little bit less of a people business, but, I think I would reframe that or, bounce it a bit and say that the technology, the front end, may be less personal, but ultimately we're all working together to get the technology up and running, and then we are in fact the people behind the technology as well.

So it's not so much that it's less personal in my mind, but it's that it's shifted where the people are.

Daniel Wadley: No, I think those are valid points, so a little more clarity around my comments. So yeah, emails, it's an efficient, effective way to communicate. I think my point was around difficult messaging, right?

Justin Kudler: Fair enough.

Daniel Wadley: So if you have a difficult message, in my view, it's much more effective to pick the phone up, communicate that and say, "Hey, you got an email coming. This is why we're taking the position that we're [00:12:00] taking. Let's talk it through if you have any questions." I just find it reduces friction and as I said earlier, animosity.

Now, in terms of your other point, completely agree. As you go up what I'll call the complexity ladder, right? You know, certainly you're talking microbusiness. You're talking SME business. You're talking lower end middle market business. You're going to see a lot of that. It already is and it'll continue to be electronically traded.

You work together on the front end and then you hope we all gain the efficiencies and the economic benefits of trading business in that fashion. I'm really talking about the business that needs human interaction, so more complex business. You know, we've all worked on really large corporate accounts, multinational accounts, right?

You're not going to have that same dynamic in the room of less communication. You're going to be talking about manuscript coverage. You're going to be talking about program structures. You know, if you truly have a relationship with the underwriters, you might even be bouncing ideas off of one another.

Hey, there's some unique exposures here. You guys see a bit more of this than I do. [00:13:00] What are the types of things you think the underwriting side of the business is going to want to understand as we bring this to market? Have you seen interesting program structures? You know, so I think I want to circle it back to relationships. You're still going to see that level of discourse and interaction on the complex business.

I just see it starting to get muted in the higher flow business. That's just been my observation.

Ed Talarico: I agree. We're getting very comfortable with email. Walk around an office in our industry and listen for the phones. If you had done that 20 years ago, you would have heard phones ringing constantly. People now email and text, and the younger generation is comfortable with that. We should embrace it.

I've always told young underwriters to communicate with people in the manner in which they were contacted. If someone calls you, call them back. Don't email them, "Hey, what's up?" They took the time to call, so take the time to call back.

If you want to talk with a broker, pursue a piece of business, understand the client's needs, and learn what the broker can support, call. Most people will tell you exactly what you need to know and what they're looking for. Those points can get lost when everything happens by email.

We're all attached to these devices. They can pull us away from one another, but they also help us communicate in ways we never could before. The key is that you're almost always reachable, and you should be. Use that to your advantage, but know when to pick up the phone, as Dan said, and when to invite someone to lunch or a meeting.

Face-to-face interaction is refreshing these days. Those of us who have been around a long time enjoy it. If you're younger in the business, know that this is how you build relationships. It's hard to do that through a device.

Justin Kudler: Sure. Now, in terms of relationships, do you think people have different expectations about [00:15:00] relationships today?

Daniel Wadley: You know, that's an interesting question.

Ed Talarico: That is a good question.

Daniel Wadley: You know, expectations based upon the conversation we've had so far, I guess it depends upon who you ask. I don't think you can generalize across the entire business, but, you know, repeating myself a little bit, but I think there is.

I think there's a little less interest or willingness to spend time outside of typical business interactions. Maybe pivoting a little bit, but relationships need to be invested in, right? And it takes work. In my opinion, that usually inures to

everyone's benefit. Ultimately, the most important party is the insured, but I think it generally avails to the benefit of the broker and to the underwriter because it fosters greater collaboration. It's not forced communication when you have a relationship, right? It just happens naturally, but it takes time and it takes effort. And I would encourage all the younger folks out there, as Ed has, you know develop and invest in those professional relationships.

I'm here to tell you, as you said, Ed, as an old guy, [00:16:00] a lot of those turn into personal relationships over the years, but you'll be far more effective. And frankly, I think you'll enjoy what you do more, so are there different expectations? I think that used to be what I would call the standard.

That was how the majority of the industry operated and I'm not observing the same level of interest in putting that extra effort in to really build those trading relationships to the next level.

Ed Talarico: I agree, Dan. I think it's hard for young people to build relationships right now. Some middle and upper managers have probably developed bad habits and work from home when they should be in the office more often. If you're responsible for training someone and supporting their development, but you aren't with them physically most of the week—guiding them, taking them on visits, and showing them how to carry themselves at a lunch or dinner—you're doing them a disservice.

You need to invest in people and in younger colleagues. When I worked in New York City, there were many spontaneous meetings after lunch because we were all in the office. It's difficult for young people to develop relationships now, and we should acknowledge that. They also have to work at it. Relationships won't come to you; you have to go to them and put yourself out there. Attend the events you're invited to whenever you can.

You can go to the gym later, and you can make time for family commitments. No one is saying you should miss your father's birthday to go out drinking with broker colleagues. But more often than not, you'll have some free time during the week. Use it wisely and try to develop relationships. It's challenging, but it matters.

Tools like LinkedIn can help you make connections. If you're young and working at a large company, five to ten years from now you'll see turnover. Someone who used to sit beside you as an underwriter may become a broker. That could be a valuable connection to have. It will happen.

Internal relationships are key. That's where it starts, I would argue. We probably focus too much on external relationships right away. Start internally, then branch out.

Justin Kudler: Well, and another thing about internal, and this is where I wanted to take it next. Is there an issue at all these days with money?

In other words, if you're in New York City, that's one thing, but if you're in other places, to get to an underwriting meeting where as a more junior underwriter, maybe you would get to meet other people. Is there less of that going on? There's less money going around and how does that affect it?

Ed Talarico: I think so. It can be challenging for an underwriter who isn't in a large, densely populated city where it's easy to get around and many brokers are located to meet people in person. You'll have to manage that internally with your supervisor or manager.

I do think you should attend some of these meetings in person as much as you can. There's always a cost-benefit decision to work through internally. It's more challenging in a smaller city. In places like London, Bermuda, New York City, Chicago, and Los Angeles, there will be meetings. By and large, though, most people can find a reason to see brokers in New York City, where many meetings take place.

It's a legitimate issue, and it probably varies by company. Some companies are willing to spend money on it, and some aren't. I don't know the solution beyond recognizing the effect of geography and New York City's role as a hub.

Justin Kudler: Well, I'll just let Dan comment, but one thing I would throw in just because this is a PLUS podcast is that PLUS is great. PLUS conferences are a great place to see people, and PLUS [00:20:00] regional events as well.

You know, it's a bunch of people who want to meet, getting together in one place, so I don't know. Dan, did you have something to offer here?

Daniel Wadley: Yeah, Ed, I don't disagree necessarily with what you've said. I do think it's situational. I do think it differs perhaps by company.

From where I sit and I think, I'll be from the perspective of my employer. We see those as great training opportunities, first and foremost, so we try not to be penny wise and pound foolish. With that said, you would make a smart decision

about who you were flying halfway across the country to represent you versus attending a local meeting, you know, for development purposes.

But, you know, we think it's wise to invest in attending those meetings, right? So from our perspective, it's an opportunity. You know, if we've done our job right and we've trained our underwriters properly and helped prepare them to kind of stand out a little bit in that meeting and not be a wallflower who doesn't ask questions and just takes notes.

So that's our goal, is getting our underwriters exposure so that they're comfortable[00:21:00] in that environment. If that requires a little bit of investment, I think overall we're pretty happy to make it.

Justin Kudler: Sure. I think this is going to be our final question. I feel like we haven't covered as much ground as I would have liked, but I guess that's the way it always is with these things.

Question…that's a little bit broader and goes more to service and the interaction between brokers and underwriters. I said in the beginning that service is the differentiator and that's one of the two things that you can control. Why is service the differentiator and why is it important?

Daniel Wadley: Maybe I'll kick it off if that's okay, and hand it to you. And I say this a little bit intentionally, Justin. As I said to you before we kicked off the call, my perspectives from having worked on both sides of the industry change a little bit depending upon where I'm sitting.

But almost tongue in cheek I would say quality financial strength, competitive coverage, positive fair claims reputation. If you don't have these, you're not in the game, right? These are table stakes, in my view. Can you differentiate? You [00:22:00] can, but overall, if you're deficient in any one of those areas, you know, if we had a room full of brokers in here with us live and we said, "How many of you are placing business with less than A-minus rated carriers or with this carrier that's got a pretty poor claims reputation?"

I'd be surprised if we saw a single hand, right? So, you can differentiate by being particularly strong in any of those categories, but there's not a ton of areas where you can really stand out. There's innovation, which is easier said than done, but there's service. Every single day of the week, there's service.

And from where I sit, nothing annoys me more than an underwriter who services an account around renewal time. It's a 365-day-a-year responsibility,

right? So when an underwriter starts chasing a broker for a renewal order and the broker's sitting there saying, "Well, hold on a second. I want you to have my midterm endorsement from three months ago." You know, you're not getting it right.

[00:23:00] So I think the blocking and tackling, you can actually stand out from a service perspective just by being good at the blocking and tackling. So issuing complete and thorough quotes, responding to the coverage requests, even if you don't agree with them, respond to them. Complete quotes, timely and accurate policy documents, binders, quotes, et cetera.

And be responsive. I mean, I don't think the industry does a fantastic job across the board on just the basic blocking and tackling around simple service standards. I don't know if you agree, Ed.

Ed Talarico: I agree. Having worked as an underwriter for many years and more recently as a wholesale broker, I find it frustrating how long we sometimes wait for simple responses.

Underwriters need to recognize that the broker sits between the client and the underwriters. We can't get anything done without our carrier partners. Some clients are patient; others aren't. We need to be kept informed. If you can't get to something yet or need more time, let the broker know you're working on it. As a broker, if I don't hear from someone, I have to assume the issue isn't being addressed. I can't assume it is without some confirmation.

Service can be a differentiator. I've seen markets that meet some of the standards we've discussed, but not all of them. A market may have an acceptable rating and an unknown claims reputation, but an excellent policy form and outstanding service—and still write business successfully. There's no better time than now to provide great service to brokers.

You have a phone and email at hand, so use them. Put more effort into communicating. I'm not generalizing or saying the whole industry has this problem, but I think we could do better. If more underwriters understood the pressure brokers face in responding to clients and meeting deadlines, they might provide better service. Sometimes the issues are complicated; sometimes they aren't. Either way, communicate. If you don't have an answer, say, "I need a little more time." It comes back to the basics.

Justin Kudler: Yeah. I like what Dan said. You know, service is there every day of the week, 365 days a year and it does seem like that is a differentiator

here. I hope that everyone [00:26:00] enjoyed learning about something new from two industry veterans who are focused on this issue. I hope we have imparted some knowledge that will improve your performance, whether it's in underwriting, brokering, or even claims, and I think that goes double for every newer industry member.

So thank you Dan and Ed for being our guests. I look forward to the next episode of Expanding D&O Knowledge: The Experts' DOmain.

Ed Talarico: Thank you.

Daniel Wadley: Thank you.

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