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Building a Better Submission:

How to Get the Best Insurance Quotes

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Introduction

Preparing a timely, complete and effective submission for insurance is a vitally important process. A well-crafted submission can help obtain the best and broadest quotes for all lines of insurance – most importantly professional liability – for health care organizations (HCOs). A disciplined submission process is critical in today's hard market, as underwriters are more pressured and exacting in their submission requirements. Meanwhile, insureds and their brokers desire multiple quotes early in the renewal process.

The submission for coverage and quotes should be viewed as a formal and factual "storytelling" exercise. The primary objective of a submission is to present the HCO (the risks) in the most favorable light and to assure the underwriter that the HCO is dedicated to best practices in risk management, loss prevention and claims management.

Keys to a Successful Renewal:

- Underwriters are quite selective. The complete submission must be in their hands at least 60 days in advance of the renewal or effective date of coverage. That means it's important to start collecting information early; 120-150 days before coverage date is not too soon.
- Risk managers and other key executives should meet with underwriters who are likely to provide a quote. A face-to-face meeting provides an opportunity for both parties to gain a personal perspective.
- The health care organization (HCO) team must be well prepared for meetings with underwriters and able to address all data and issues addressed in the submission.
- Underwriters expect much more supportive information than they did in easier markets. Besides sound objective numerical and financial data, many now look for more qualitative information. They want to familiarize themselves with the HCO's operations, risk management and error reduction efforts, and steps taken to reduce the likelihood of claims.
- Confirm that your data are complete and consistent, keeping in mind that submissions information comes from a variety of sources (general statistics from the finance department, specifics from the clinical department, etc.). Crosscheck comparable data taken from various sources to ensure consistency, as well.
- Even the best plans for timely submissions can become complicated toward the end. Be aware that some underwriters do not provide a response or quote (with significant increases) until the last minute. An ASHRM survey of members' experiences with recent renewals revealed that some underwriters have delayed their replies and negotiations till a few days before renewal.

Today, with more submissions being pitched to fewer underwriters, selectivity is an especially important issue. Many underwriters are forced to be extremely judicious, given recent loss ratios for their companies and the industry in general. Some of those loss ratios, of course, have resulted from unfortunate underwriting decisions on some major health care accounts. New claims exclusions include terrorism and even mold.

In response to the new selectivity, the complete submission must be in the hands of the underwriter at least 60 days in advance of the renewal or effective date of coverage. With this expanded timeframe and expectation, it is important to start early (120-150 days prior). Begin by collecting information that is readily available and can be archived for inclusion when more time-sensitive information is prepared, such as financials and current loss information.

The Broker's Role

In a hard market, more health care organizations find it necessary to rely on brokers or consultants to manage the submission and renewal process. This hard market presents two basic but considerable problems both for HCOs and their insurance purchasing decisionmakers: affordability and availability.

In affordability, many buyers are faced with a two-pronged decision: Can the HCO afford the cost of insurance? Does it *want to* afford the cost?

The second question is more difficult to answer and the answer likely helps explain why so many HCOs are exploring alternatives for their professional liability risk. These alternatives include large self-insured retentions, self-insurance trusts, captives and risk retention groups. Brokers can explain the advantages and disadvantages of these options.

Whatever HCOs decide, a good broker can make the submission process less painful by helpfully sharing:

* Formalized and approved submission “checklists” with dates for completion.

* Scorecards/report cards created by line of insurance to track performance by brokers in meeting deadlines for clients (those created by the insured/client and those created by the underwriter).

* Formalized submission standards that may include (1) calendar turnaround dates, (2) effective planning and implementation tips, (3) role clarifications – who is responsible to collect data, (4) guidelines for collaboration with all parties, including third-party administrators (TPAs) and actuaries, (5) communication procedures, (6) training on interpreting data, (7) definition of standards, (8) explanation of outcome measurements and (9) personal broker accountability.

The Insured's Role

Ideally, the risk manager and other key executives at the HCO should plan to meet with underwriters who are interested in providing a quote. This important step provides an opportunity for both parties to gain a "personal" perspective of the HCO rather than just reacting to what has been included in the written submission for coverage. Underwriters may be more likely to look at a submission from individuals they have met.

The HCO team must be well prepared for the underwriter meeting. This means being able to address objective and subjective data and issues such as those highlighted in the checklist below.

It is not unusual for the HCO team to meet with its broker to rehearse for these meetings. Being comfortably familiar with the HCO's loss trends, its initiatives in performance improvement, and claims statistics in its jurisdiction are all important matters that the HCO team should be ready to discuss. (In recent rounds with underwriters in Bermuda, HCO representatives were questioned about nursing shortages, HIPAA preparation, error reduction in diagnostic failure, surgical misadventure and medication safety.)

Data Collection

After a broker has designed a renewal plan (often including a canvass of all available underwriters in the HCO's market or region), the HCO and broker must appreciate current underwriting models and processes to help underwriters analyze their risk and appropriately price for exposure.

For example, it is next to impossible to expect an indication or quote from an underwriter on a physician risk without a completed and signed application. Historically, underwriters would accept a spreadsheet highlighting the physician's name, specialty and board certification status, along with brief loss information. A quote often would follow in short order, perhaps in a few days.

Underwriters now expect a lot of information to support the application for, or renewal of, coverage. Besides sound objective numerical and financial data, many underwriters are looking for more qualitative information to better familiarize themselves with the operations of the HCO, its risk management and error reduction efforts, and the steps taken to reduce the likelihood of claims.

Other important points:

* The data collected and submitted need to be both complete and consistent. As an example, many applications have a section for general statistics and then focus on specific risk areas such as obstetrics, emergency services or surgery in separate sections. Since the information used to complete these different sections may come from a variety of sources,

such as the finance department for general statistics and the clinical department for specifics, confirm that the same overall numbers are being used.

* If other information sources are provided along with the application, such as a copy of the facility's AHA Survey, crosscheck data in the submission application with the comparable data in those information sources.

* In both collection and submission, identify the time period. It is likely that a request to internal information sources for "last fiscal year" data will meet with a different response than a request for "prior 12 months" data. Therefore, be specific in the request and confirm that the information received reflects the appropriate time period.

Yet while carriers want more information, they may not have the necessary staff to process it all. According to one senior official from a medical malpractice underwriter that provides coverage in all 50 states: "if the submission does not look good, is not bound and presentable, and is not tabbed to make it easy for us to work through, it goes to the bottom of the pile." (Moreover, some underwriters won't even look at a submission on paper – it must be provided on a CD.)

Sample Submission Checklist

The following checklist provides insight into what underwriters are requesting as part of the submission. This listing is representative of domestic, London, Bermuda and other offshore markets and is by no means meant to be exhaustive, but rather representative of the fact that HCOs and their brokers must start early in the renewal process to collect and present an effective story to the market.

For illustration purposes, this checklist is for an acute care hospital. It can be modified for different environments.

✓	General Category/ Data Source	Specific Information/ Data for Submission	Comments/Description
	Application	Complete application for coverage	Be sure it's signed and dated, with submission
	Risk management (RM) department	RM department organizational chart	Detail reporting to senior management in HCO
		RM department bios	Include bios of director, claims manager, loss prevention coordinator if applicable
		RM committee charter	Include membership listing, and annual goals and objectives of the RM program
		Disclosure protocol	Describe program, policy, protocol, education materials for physicians

✓	General Category/ Data Source	Specific Information/ Data for Submission	Comments/Description
		RM educational programming	Give samples of RM programming offered in past several years (informed consent, communication, reporting, disclosure, etc.)
		RM plan	Highlight mission, accountability, measurement and cover loss prevention efforts
	Performance quality improvement (QI) patient safety	Patient safety, performance QI plan	Include copies of any major patient safety initiatives accomplished or planned in coming year
		Three major RM, QI, patient safety initiatives	Highlight initiatives, preferably those that address high risk, problem prone and high volume services
		Root cause analysis (RCA), failure mode & effect analysis (FMEA)	Provide documentation supporting how RCAs are accomplished and what is done with data; detail launch of FMEA process in the HCO, if applicable
	JCAHO	Most recent JCAHO report –executive summary	Include action plans for any Type 1s; comment on whether action plans have been implemented and how measured
	HCO statistics and data	Core data sets for the HCO	Provide AHA data sets if available – such as inpatient bed counts, long-term care (LTC) exposures, bassinets, newborn ICU beds, admissions, births, surgeries, outpatient visits; crosscheck comparable numbers gathered from various sources (departments) to ensure consistency of data; identify time period covered in data (e.g., "last fiscal year" or "prior 12 months")
		Administrative organization chart	Include bios of applicable chief officers
		Financials of the HCO	Include most recent quarter available
	Physician-specific data sets	Core data sets for physicians to be insured in the program	Include employed physicians, non-employees, interns, residents, physician classifications (specialties), nursing staff
	Self-insured retention (SIR), trust, captive or risk retention group (RRG) data sets	SIR/captive structure	Include schematic and manuscript policy, or fronting policy
		SIR committee, trust committee, captive board listing	Include short bios of all members of the committee/ board
		Committees supporting the SIR/captive	Cover claims, executive committee, risk management – charters and responsibilities, and membership

✓	General Category/ Data Source	Specific Information/ Data for Submission	Comments/Description
		Financials of the SIR, trust or captive	Give current update to date (last quarter)
		Policies & procedures	Provide any P&Ps of the SIR committee, trust or captive highlighting allocations, risk management, claims management, application for coverage, etc.
	Loss information	Loss runs for the past 10 years	Many underwriters expect/demand that loss data be provided in an "e-mailable" format or downloaded to a disk
		Large loss reviews	Provide formal review of all large losses (to be defined by the underwriter) with key clinical details, claims resolution and loss prevention resulting from the loss
		Loss information specific to physicians to be included in quote/program	Include physician name, specialty, loss outcome (expenses and indemnity) and current reserves (ideally, this information will also be downloaded to a disk)
		Calculations showing expected losses	Utilize actuarial reports, if applicable, with SIRs/captives
		Claims management function	Detail an account of claims management plan, reserving practices, P&P manual
	Other	Nursing staffing	Detail an account of HCO's response to nursing shortage including retention strategies and HCO recruiting campaign; describe staffing model/process (based on census, acuity, etc.)
		Press releases, awards, etc.	Highlight and provide copies of press releases recognizing the HCO, leaders or physicians for major accomplishments (e.g., US News & World Report Top 100, Solutient/ Modern Health Care Top 100 List)

Share Your Renewal Experiences

ASHRM is providing its members with an opportunity to share their renewal experiences with other members via an online survey that can be accessed for a limited time at www.ashrm.org. Aggregate data and anonymous comments are being collected, and will be published by ASHRM in a future paper.

Related Resources

Risk Management Handbook for Health Care Organizations - 3rd Edition (See Part V – Risk Financing). Available from www.ashrm.org (Resources/ASHRM Products/RM Handbook) or at (800) AHA-2626. Catalog # 178160.

ASHRM Monographs: "Perspectives on the State of the Insurance Market" and **"Strategies and Tips for Maximizing Failure Mode Effect Analysis in Your Organization."** Download the PDFs at www.ashrm.org (Resources/ASHRM Products/ Monographs)

ASHRM audio conference tape: "Team Risk: Building a Collaborative Approach." Available at www.ashrm.org (Resources/ASHRM Products/Audio/Videotapes) or at (800) AHA-2626. Catalog # WS-178838.

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