

Outside the Box

As loss exposures move beyond the traditional line of business focus, agents should act as advisers and educate customers about their evolving risks.

Insurance policies and coverages have evolved over time to address customers' changing, insurable risks and exposures. The insurance mechanism, initially developed during the 17th century to cover exposures in maritime commerce, has since expanded to cover other industries and lines of business.

Over the years, the historical approach of treating loss exposures by line of business has served the industry well. However, we are quickly reaching an inflection point where exposures are becoming blended across the traditional lines.

As a result, agents are finding it increasingly challenging to address coverage gaps and overlaps, often reacting to litigation and coverage disputes on behalf of their clients.

As risk advisers, the best agents are taking a broader view of their clients' needs and recommending more comprehensive, customer-centric insurance programs to address the more contemporary exposures that can transcend across various lines.

With newer, faster, more powerful technology dominating almost every business segment, the old school, single-line approach to insurance is no longer effective.

Take, for example, the life sciences industry. Imagine a scenario where an insulin pump manufacturer sells wireless implanted insulin pumps to patients with diabetes. Over a period of several days, hackers access the pumps, which contain personal patient data.

This unauthorized access presents potential product liability issues, if patients are unable to receive insulin injections and consequently suffer



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hyperglycemia. It also presents potential privacy liability issues, meaning the incident could fall under multiple policies. If the medical device company has single-line policies with multiple carriers, the potential for coverage gaps could be significant. At best, the company could have two carriers pointing fingers at one another.

So, as customer risks evolve, the industry is evolving, as well. The insurance marketplace is quickly progressing toward a customer-driven approach to insurance.

Best-in-class carriers and their agent partners understand their commercial customers' needs and are developing packaged solutions that seamlessly address multiple risk areas. Take the life sciences example again. A specialized carrier taking a customer-centric approach might offer a single form that would include bodily injury, property damage, financial injury, unauthorized access and third-party data privacy.

However, no matter how good the customer-driven coverages are, it will make little to no impact unless the customer is an educated insurance buyer. This is where agents shine. As trusted risk advisers, agents can help their customers understand their risks and put comprehensive and dependable coverages in place.

With that in mind, more and more, agents are creating strong relationships with their carrier partners. Having a carrier with industry expertise and a customer-centric approach is vital.

Agents often need help educating their staffs to effectively sell these more complex products. By partnering with the right carriers and educating their customers, agents have a significant opportunity to reduce risk, increase customer retention and ultimately grow their businesses.

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