

# Filling the Missing Middle

In the past, middle market financial institutions had been poorly served by risk management solutions. Then QBE entered the fray.

Victor Cruz

Nature might abhor a vacuum, but for many middle market financial institutions, that's basically what was on offer for comprehensive risk coverage. Large-scale financial institutions could support sizeable risk management teams to look in great detail at their potential exposures, and were thus well served by traditional products. However, middle market businesses were often faced with exposures that were just as complex and traditional products were failing to meet their needs.

"We watched the middle market portion of this space get pushed further and further to either junior underwriters or into automated programs or structures with full predictive modeling attempts to handle the customer segment," says John Burkhart, Senior Vice President, head of Professional Lines and Industry Verticals, QBE North America. "We believe that those complexities require a much greater degree of expertise and understanding than the marketplace is currently providing. We realized that we could seize the initiative and offer a fully bespoke, complete risk management experience to middle market sized organizations."

Burkhart, Stacey Meade, Senior Vice President, head of Financial Institutions, and QBE came up with Integrated Advantage for Financial Institutions, which they believe challenges the traditional vertical approach. And in the Q&A below, they explain why the product removes the need for underwriting in product silos, replacing them with "a single leader, a single team, a single accountability for our entire portfolio for our financial institutions customers."

## Q: So how do you go about filling this gap in the market?

**Burkhart:** First of all, we rely on significant primary underwriting resources. The average tenure of our primary underwriters in the financial institutions space is seventeen years.

Secondly, we offer a genuinely bespoke product. All of our management and professional liability products are tailor made by us for this specific segment. Finally, we offer a single Claims point of contact to navigate through the complexities of the claim experience. That approach to single accountability stretches from the way we underwrite, to the way we develop our solutions, to the way we manage claims.

## Q: How unique is this centralized approach within the insurance industry?

**Meade:** This model builds up from the customer, rather than down from the insurance company. Usually, the customer views their insurance experience as a very siloed approach. We don't look at one leader, one team, single accountability concepts as a way to organize ourselves. We look at it as an account relationship across all of those solutions. We don't know of anyone else in the marketplace who currently models the customer experience in this way, either from the underwriting or from the claims perspective.

## Q: What specific problems does this approach seek to resolve?

**Burkhart:** First of all, clients don't want to have to explain their business before they can delve into the problem they want us to solve. We are already armed with an understanding of their business and can instantly move the conversation to managing their exposures.

Secondly, the solutions traditionally offered in this marketplace are actually a number of off-the-shelf solutions that are inelegantly welded together. We have the expertise to comfortably start with a blank sheet of paper where that is necessary, or to integrate bespoke and off-the-shelf products if that is better for the client. We have the flexibility to ensure that the products and the solutions being offered to them are fit for purpose from

the moment that they start the relationship. Finally, if and when they have a claim, they would normally have to navigate the complexities of their insurance carrier on their own, or through their broker. Instead, we offer a single point of contact who will ensure that we deliver whatever expertise is required for that claim.

## Q: How do brokers react to your integrated approach?

**Meade:** Brokers are highly motivated to solve these three pain points. A broker would normally have to spend a tremendous amount of time with their insurance company explaining the nuances related to a specific account, its exposure, and its risks. That's a lot of time they don't have to spend with us. When a solution is crafted for them, it's perfectly tailored to that client.

A smooth trajectory from the beginning of the underwriting process, to crafting a solution, to the management of a claim, is a winning proposition for our trading partners. They don't want to waste the time and energy of their firm or their customers.

## Q: Do you plan on applying this model to any other vertical industry sectors?

**Burkhart:** Financial Institutions is our second foray into this structure. In October of last year, we launched our first industry vertical in the Healthcare segment, which has a very similar profile. We plan on launching additional verticals in the future, all tailored around a similar concept - that a single leader, single team, single accountability structure can solve middle market complexities.

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**Victor Cruz** is a writer whose articles have appeared in Cloud Computing Journal, Harvard Review, PropertyCasualty360.com and Wired.com. He earned a BA from University of Michigan and an MFA from Bennington. His motorcycle travel stories appear regularly in BMW Owners News and Backroads USA. He's founder-principal of MediaPR.net Inc. Contact [vcruz@mediapr.net](mailto:vcruz@mediapr.net).

