

**Insurance Issues:**  
Becoming "Best in Class"  
Page 26.

**Regulations:**  
Climate Action  
Issues Page 34.

**Software:**  
Creating a Unique  
Software Solution  
Page 46.

SHOP AT THE  
ADVANTAGE MARKETPLACE  
PAGE 51.

www.wasteadvantagemag.com June 2011 Vol.2, No.6

magazine

# WasteAdvantage

The Advantage in the Waste Industry

Honolulu, HI's Department  
Of Environmental Services:

## Protecting Its Most Precious Resources



**Do Not Overlook Your  
Business' Intellectual Assets**

**New Engines:  
Time to Clear the Air**



## Becoming “Best in Class”

Nathan Brainard

If you want your company to truly be considered “Best in Class”, YOU NEED TO BE ACTIVELY ENGAGED IN WORKING WITH YOUR AGENT and Risk Management team as well as committed to continuously investing in new training and safety practices that keep you one step ahead of the industry curve.

**EVERY YEAR YOU GO THROUGH YOUR INSURANCE** renewal with your agent or broker, and possibly some third party candidates vying for your business; but are you asking to review what they are sending out on your behalf, or do you simply assume they are giving an accurate portrayal/recap of your conversation, information shared and company overview?

Going through the insurance renewal process is as much fun as flossing your teeth with a chainsaw, but given the cost of insurance (typically your second largest expense behind payroll) you should be paying attention to this process. It is arduous, and typically consists of meeting with your incumbent agent and potentially other suitors to complete supplemental forms and provide other necessary documents, such as financials, updated loss runs, copies of licenses, etc. However, this information and how it is compiled and submitted to underwriters is a critical part of the process and one where you need to make sure you are represented accurately.

### An Accurate Portrayal

When an agent or broker meets with you, they should be asking lots of questions about your operation, safety practices, equipment and fleet maintenance, etc. They then take that information back to their office and complete what are known as Acord forms. These are the standard industry documents they submit to underwriters to solicit favorable terms and premiums for your consideration. When you secure your coverage, you are signing these forms, so whether you know it or not, you are seeing some, if not all of the information, they are sending out about you.

Underwriters review this information, as well as company Web sites and other Internet sources to garner as much information about your company as possible, but mostly they rely on the information that the agent has compiled in their Acord submission and narrative (if one has been done) to “grade” you as a potential policy holder of theirs.

It never ceases to amaze me that companies don't ask to see this information. After all, this is the information being sent out to the marketplace to portray you. It only takes one knucklehead agent trying to get the upper hand on the competition to say or submit something that is borderline accurate, or in some cases completely false. Information such as

this can put you at jeopardy when the carrier comes out to do their inspection or if a claim arises.

This is where becoming, “Best in Class” comes to play. Regardless of our field, we all like to think we, and/or our companies are the shining pillars of light in the industry and the rest of the industry is trying to catch us. However, if you were asked to show you were better than your competitors in the industry, could you?

There is an emerging trend of information, systems and technology designed to do just this, but due to financial costs associated with these new technologies few companies are actually taking advantage of them. Everything from GPS units that can record and play back several minutes prior to an accident, to roll over warning systems and advanced safety training. While these are valuable tools in the effort to become “Best in Class”, they are really nothing more than tools. Becoming “Best in Class” is going to take more commitment from ownership than simply investing in technology and showing up to the office on a daily basis.

What every company President, CFO, Controller, Risk Manager and anyone involved in the day to day operations and procurement of insurance needs to be aware of is this: underwriters receive hundreds of submissions each month, and each underwriter is looking for accounts that offer the highest probable rate of return. If your annual premium is \$100,000 and you have had losses in excess of \$60,000 three of the past four years, you are not being viewed as best in class by the underwriters. In fact, you are hovering in the below average to poor range even if you are the largest hauler in your area with the best looking fleet.

There are hundreds if not thousands of other submissions on their desk each year that look just like yours, or that are even better in terms of loss ratio. So how can you gain a competitive advantage? What makes the submission they are reviewing on your company stand out from the others on their desk?

### Take a Proactive Approach

First, you need to get your claims under control. This is hardly top secret information, but the manner in which you do this makes all the difference. If you have had multiple incidents pertaining to burning loads where you had to dump in an effort to salvage the vehicle, underwriters are going to want to see what you



## Becoming "Best in Class"

are doing to prevent future fires from breaking out in transit. Yes, the addition of fire extinguishers is a good idea, but what about conducting actual burning load training? Most fire stations will offer this training at little or no cost to your company. It could potentially save you from another incident freeing up the fire department from a call, and will go over very well with the underwriters when they are reviewing your submission. This alone is not going to cure all of your ills, but it is certainly a step most companies never think of taking.

Additionally, if you do not have a Risk Manager on staff, consider adding one with industry experience (especially if you have been stricken by frequent or severe claims over the past year or more). Yes, there is a cost associated with this, and in the current economy bottom line dollars are closely safeguarded, but this particular expense could end up saving you thousands of dollars for years to come and will pay for itself over time. Your willingness to bring on an employee who will benefit the entire organization from a safety standpoint shows substantial commitment on your part to make things better as opposed to rolling the dice and hoping you have a claim free year.

Proactive approaches to mitigate expenses are going to earn you extra points with underwriters who have to determine who they will offer terms to. Insurance carriers do have capacity limits, so unless you are viewed as desirable they will pass on the submission they received from your company and focus on a more attractive submission.

## Ongoing Training

Second, you need to be conducting ongoing education for your employees and documenting it. Everyone says they are doing this, but if you have a system

in place that can establish proof for the underwriters above and beyond a sign in sheet with the meeting topic, you will be providing something else for them to consider when offering terms and pricing. For example, do you have a continuing education or training program that tracks each employee, what courses they have completed over the year and which courses they have yet to take? Most likely not, but there are resources out there both in the form of agents and carriers who are offering this type of service.

Many carriers offer various forms of complementary or reduced rate training, as do the industry associations. Take advantage of these. If you don't have written company protocols for things like pre- and post-trip inspections, vehicle maintenance logs, acceptable driver criteria, etc., ask your agent to help you develop them.

## A Proven Track Record

Ask your agent what types of technology and training they can offer you specific to the industry and operations you are engaged in. Not all agencies are created equal. You will find the resources available from one agency might be disproportionately less or more than another agency you have been speaking with. This is crucial as your agent or broker is your representative to the marketplace and their reputation could help or hinder your submission.

If they are known for only placing business with carriers based on the lowest price, but do nothing to help you as a company become a more efficient and safe operation, they might not have the same respect from the underwriters as another agent who is known for pressuring the carrier on their premiums and terms, and is also actively engaged in making their clients better overall operations. It is advisable that you find an agent or broker who specializes in the industry with a proven track record and references that can be verified. The sanitation and recycling industries are unique in both their operations and the hazards associated with them.

Good agents or brokers are an extension of your Risk Management team, and in some cases, depending on the size of your company, are your Risk Management team. If they have training and programs in place to help you go from a "standard account" to an "above average account" you are crazy not to take advantage of those services.

There is no question that you hear roughly the same thing from every agent you speak with: "we are service driven speak with we have in-house claims adjusters; we have blah blah blah." Twenty years ago these comments may have been unique. Today, they are what you, as the consumer, have come to expect. The rubber meets the road when an agent can physically show you what truly makes them different above and beyond the items listed previously.

## Stay Ahead of the Curve

If you want your company to truly be considered "Best in Class", you need to be actively engaged in working with your agent and Risk Management team as well as committed to continuously investing in new training and safety practices that keep you one step ahead of the industry curve.

Unfortunately, this is an industry where claims happen. It is simply the nature of the beast as they say. However, the size of the claim, how it is handled and what is done to prevent a similar occurrence in the future are crucial for your coverage terms and pricing. | **WA**

*Nathan Brainard is Vice President, Environmental Division, at Insurance Office of America (IOA) (Longwood, FL). Nathan has been with IOA for six years and specializes in Environmental Insurance with an emphasis on insurance for the Waste, Recycling, Remediation and Demolition industries. He can be reached at (407) 998-5287 or via e-mail at nathan.brainard@ioausa.com.*

 **CONTAINERPROS**  
PROFESSIONAL WASTE SERVICES

Assembly & Distribution

Residential & Commercial

Container Maintenance

Recovery & Recycling

Contact us for a **FREE CONSULTATION** on any of your container needs.  
You may just be surprised by what you learn.

[www.containerpros.com](http://www.containerpros.com)

Gary Lima, COO  
**714.469.3571**  
gary@containerpros.com

Mark Merhab, President  
**760.720.1115**  
mark@containerpros.com