The Wholesale Distribution System

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Start with What You Know

• Traditional insurance distribution system
  – Working with the insured
  – Agents
  – Accessing the market
Unique distribution for unique risks

• The Wholesale Distribution System is Different
  – Accessing the market
    • Direct contact with the insured?
    • Diligent search requirements
    • Industrial insureds
Insured/Customer/Buyer

Retail Agent/Broker

Wholesale Broker/Program Manager

Underwriting Manager

Managing General Agent

Lloyd’s Broker

Lloyd’s Syndicate

Insurance Company
Broker vs. Carrier

• Wholesale Brokerage Firm/MGA
  - Identifies insurance providers for unusual or hard to place risks for retail brokers and their clients
  - Negotiates best terms and conditions for the retail broker to present to the insured

• Surplus Lines Insurance Company
  - Structures and underwrites specialized insurance products and hard to place risks
  - Develops and creates new coverage, policies and specialized programs
Multi-Faceted Industry

- Industry consists of many types of companies:
  - Wholesale brokerage firms
    - MGAs/MGUs
  - Surplus lines insurance companies
  - Third party claims administrators
  - Reinsurance brokerage firms
  - Reinsurance companies
  - Law firms
  - Software vendors
  - Consulting firms
What is the wholesale distribution system?

Why is it an important and valuable segment?
Wholesale Value

NAPSLO members are...

- Specialists
- Capacity Providers
- Strong and Stable Insurers
- Responsive
- Efficient Distributors of E&S Products
- Technical Experts
- Innovators
- Relationship Facilitators
- Solutions-Oriented
- Cost-Effective Distributors of E&S Products
- Uberrima Fides
- Integrity and Professionalism

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Risky Business, Insurance Innovations

- **Surplus lines insurance professionals are considered:**
  - **Risk Takers** – dealing with the riskiest operations and most challenging exposures
  - **Creative** – analyzing cutting-edge risks, developing new, innovative and specialized insurance solutions
  - **Value-adding experts and exceptional service providers** – offering in-depth knowledge, insights and true value to clients