



THE EXPENSE INVOLVED IN INSURANCE COVER ALONG WITH THE ENDLESS LIST OF POLICY EXCEPTIONS, CAN MAKE INSURANCE COVER A RISKY BUSINESS IN ITSELF. MOST BUSINESSES RELY SOLELY ON BROKERS TO ADVISE THEM ABOUT THEIR INSURANCE RISKS, BUT FEW HAVE THE SKILLS INTERNALLY TO KNOWLEDGABLY MANAGE THIS PROCESS. AN INDEPENDENT THIRD PARTY REVIEW WILL ENSURE THE BUSINESS FULLY UNDERSTANDS THE INTRICACIES OF INSURANCE MANAGEMENT, HOW TO ENSURE THEY RECEIVE APPROPRIATE COVER, AT THE RIGHT PRICE, AND ON ACCEPTABLE TERMS.

Your Challenge!

- To drive down your insurance costs at a time when potential risks seem to be escalating.
- To find the appropriate balance between insurance premiums and the level of excess for your business and industry.
- To ensure your broker and underwriter have the knowledge and skill necessary to manage the risks involved in your business.
- To remove the continuing and significant uncertainty of whether the current insurance cover deals with your specific risks, and meets the needs of an expanding market.

The Solution

The Management Toolbox insurance category review product offers you the opportunity to take a critical look at your insurance position.

Most businesses revert to a broker for guidance on insurance issues. But, as with any review provided by the incumbent supplier – a broker based review is limited by the extent of their knowledge and their need to protect current business.

However, an independent third party review provided by Management Toolbox provides an unrestricted 360 degree view of your insurance strategy.

This review will assist your executive team to:

- understand the business's risk profile;
- consider the nature and relevance of your current insurance cover;
- decide what is the most appropriate insurance programme for the future;
- know the relative costs involved;
- identify the capabilities of your current supplier and assess whether they are the most qualified to continue providing this service.

We not only assist in the development of an insurance purchasing strategy, but can also help you implement the new structure.

The outcomes an insurance review will achieve are:

- **Total cost of ownership reductions** – Deliver cost-effective pricing whilst maintaining underwriter(s) with acceptably high levels of security.

Cost-effective pricing requires an understanding of your organisation's risk tolerance. This determines the extent to which your business is prepared to withstand unbudgeted and unanticipated financial loss.

Once risk tolerance is understood and agreed, the cost of insurance premiums can be balanced against the amount of self funding accepted via excess levels.

- **Improved service offering** – It is unlikely you have the skill internally to appropriately assess your insurance profile. Consequently, you are extremely reliant on the information and service provided by your broker.

You require a broker with the appropriate skill and knowledge in the areas of risk associated with your business. This ensures they have the ability to benchmark your cover against best practice (both locally and internationally as is relevant), and continually reassess your approach for the future. Without this, over time the quality of your existing cover will fall behind that available to your competitors.

- **More specific insurance coverage** – Insurance policies are generally commodity in nature, and include a long list of very specific exceptions. As a result the cover you are paying for may not be very relevant to your business nor meet your specific risk exposure.

By ensuring your broker has the necessary market experience and that they understand your risk profile, a more tailored policy can be developed providing clarity of cover. The business will be better educated on the limits of the policy, and the broker will understand how it can be adapted to

meet the constantly changing needs of your business.

- **Reduced administration effort** – In times of dynamic change, insurance requirements are often a hasty after-thought. By matching your insurance needs with the appropriate provider extending or tailoring your cover for new situations will be easier.

Management Toolbox Capabilities

Management Toolbox has extensive experience in reviewing expenditure categories. It is the cornerstone of our business, and we have demonstrated time and again our ability to release significant savings and improve the service offering.

Extending this experience to include the insurance category is an important addition to the continual development of procurement as a strategic function.

Our Associate model allows us to offer the full range of skills required to deliver an end-to-end result.

Associate Capabilities – we offer expertise in the following areas:

- **Subject Matter Experts (SME)** – experts offering in-depth knowledge in the technical area of insurance is essential to identifying the critical concerns; as well as providing valuable market knowledge of suppliers and cost structures. SMEs provide a valuable support to our general expertise in this area.

We currently offer a SME with in excess of 25 years of experience within the insurance industry.

- **General Category Management Expertise** – our extensive experience in numerous category review areas is an important backbone for the SME working in this area. Innovative approaches to general category reviews are transposed to our specialist skill base to provide outcomes neither could achieve separately.
- **Project Management** – As part of our end-to-end solution, Management Toolbox provides specific project management skills to deliver you a successful implementation of identified opportunities.

Our Experience

Management Toolbox has undertaken projects in the area of risk management, and insurance category review for clients in a range of industries. By way of example two very different projects have been undertaken recently in the following areas:

- **Service Industry** – A concern over the extent and cost of insurance lead this client to review its public liability and professional indemnity cover.

The review released 10% in premium savings, increased coverage, a better understanding of what their policy covered and excluded, and a relationship with a more pro-active insurance broker.

- **Retail Company** – Our client has a successful retail chain both in New Zealand and in a number of countries overseas. Due to the fast paced expansion of their international business they were concerned about escalating insurance costs, and the relevance of their current cover to their specific business risks.

A review by Management Toolbox identified opportunities to reduce costs by between 19% and 27% on current spend. A more specific solution tailor-made for the business risks was identified to actually improved coverage while reducing costs. Additionally it was recognised that a supplier with a more detailed knowledge of the global market our client operates in would reduce administration costs and uncertainties, as well as improve reaction times to changing needs in a fast-paced industry.

CONTACT US:

If you have any questions or wish to receive further information please contact us:

Management Toolbox Limited
Ground Floor, Pfizer House
14 Normanby Road, Mt Eden
P O Box 105 333
Auckland

T +64 9 913 9130
F +64 9 913 9129

info@management-toolbox.co.nz
www.management-toolbox.co.nz