

INSIGHTS

Brokering D&O: The Best Guest Ever With Bain Head, EVP-Financial Lines Practice, CAC Specialty

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On this episode of Bracewell Covered, hosts Claire Cahoon and [Vince Morgan](#) discuss the world of insurance brokering with Bain Head, executive vice president of financial lines practice at CAC Specialty.

Tell us about the CAC story over the past few years and its growth.

It's really been about 20 months. When we started, the first six or seven months were pre-COVID. We were doing great. Then COVID hit. As a management team we looked at each other and thought, oh no. How are we going to do this? We're a startup. How are we going to get people to choose us as their broker when we can't fly to see them? We can't tell them our story face to face. Yet that first month after COVID, we had our best month yet. The following May a year ago was better than that. It has been absolutely unreal. And I think the market itself has had a lot to do with that.

The insurance market hardened very quickly with COVID. Insurance buyers were scared about what was going to happen to them at their renewals, and they were willing to take a risk and to take a chance on a broker that the firm may not have ever heard of but they knew the people. They knew the people and their relationships with insurance underwriters made more of a difference than it had historically. And that's the story. We surpassed what we had expected to do in year four. So it has been really just fortuitous and we're all excited but very grateful at the same time.

What are the do and don'ts from a client service standpoint from a broker view?

I think the easiest thing that we can do is just the service. Calling them back. Being available. Thinking of what they need before they realize they need it. Being proactive versus being reactive is a huge differentiator. I found in my career among coworkers and brokers you have to be staffed to be able to do that. I feel in my career I've been fortunate enough to have that be the case. So that we can be proactive, but I think being honest, delivering the bad news. I mean that was a lesson I learned early in my career. That's being honest with the clients about what to expect. It's being honest with underwriters about what's going on. No games. And I think that has certainly served me well. Transparency goes along with that. You know it's, here's what I'm doing. Here's why I'm doing it. And everybody knows and understands that.

I think the connections and the relationships that we have are also really important, so connections with our clients that connect them with the underwriters directly, connecting them with people like you and other service providers that can help them. I think that is important when they know that we're really looking out for them and thinking about that. That's just conveying that you care. I think there's a bunch of different ways that you can do that in probably all aspects of your life, but with clients I think it is just being proactive.

How often do you find yourself working with in-house counsel when you place a policy or renew one?

Risk management typically is either going to report into legal or report into finance, so we're regularly working with risk managers. When we're lucky, we also have in-house counsel involved. Sometimes that's very natural. If risk management reports into legal, then that is going to more naturally happen.

Otherwise, it would be when there is something that is specifically tricky about a transaction. Or perhaps there's some choice in language where we ask them whether this is going to be dependent on perhaps something that's going on in your business. Is there someone there that can help us understand your contractual liabilities, your indemnity obligations, that sort of thing. But I'd say it's probably maybe 30 percent of the time where somebody from legal internally at the company would be involved at some point in the D&O renewal process.

How often do you find yourself working with outside lawyers? Is that pretty normal or pretty rare?

I would say that's increasingly normal. Historically we would deal with outside counsel when there was a claim, right. And that could be in terms of actually outside defense counsel for claims. Typically, they think of a D&O claim, you know, that we would be involved in explaining to the carrier what was happening on the claim. So often that involved outside counsel with those explanations.

And then occasionally it would be coverage counsel specifically if there was an issue on the claim, where there's a reservation of rights letter that's not, it seems like maybe this is going to get sideways. Let's get outside counsel involved. So that's historically where we were mostly seeing outside counsel. Occasionally, we would see clients send out their policies for review to outside counsel. That's something we actually encourage.

We probably have a short list of those firms that we think do that really well and we certainly are on that list. We've done many of those together. But it can be helpful for us just to think through the words that we see every single day. And we'll try to overlay the words with what we're reading about in case law, but it's different when we are talking to an attorney that that's what you're living and breathing every day. So it's helpful for us to get a fresh perspective. It can also be useful when negotiating with the insurers who, instead of it being Bain's coming and asking for this again on this account, their outside counsel had, that they have hired and paid, identified this as a deficiency in a policy and we need you to address it. That, for good or for bad, has some weight. So, that can certainly be helpful.

For any questions you may have regarding these topics, please contact [Vince Morgan](#) or [Claire Cahoon](#).

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