

PROGRAM ADMINISTRATOR INNOVATION TOWN HALL



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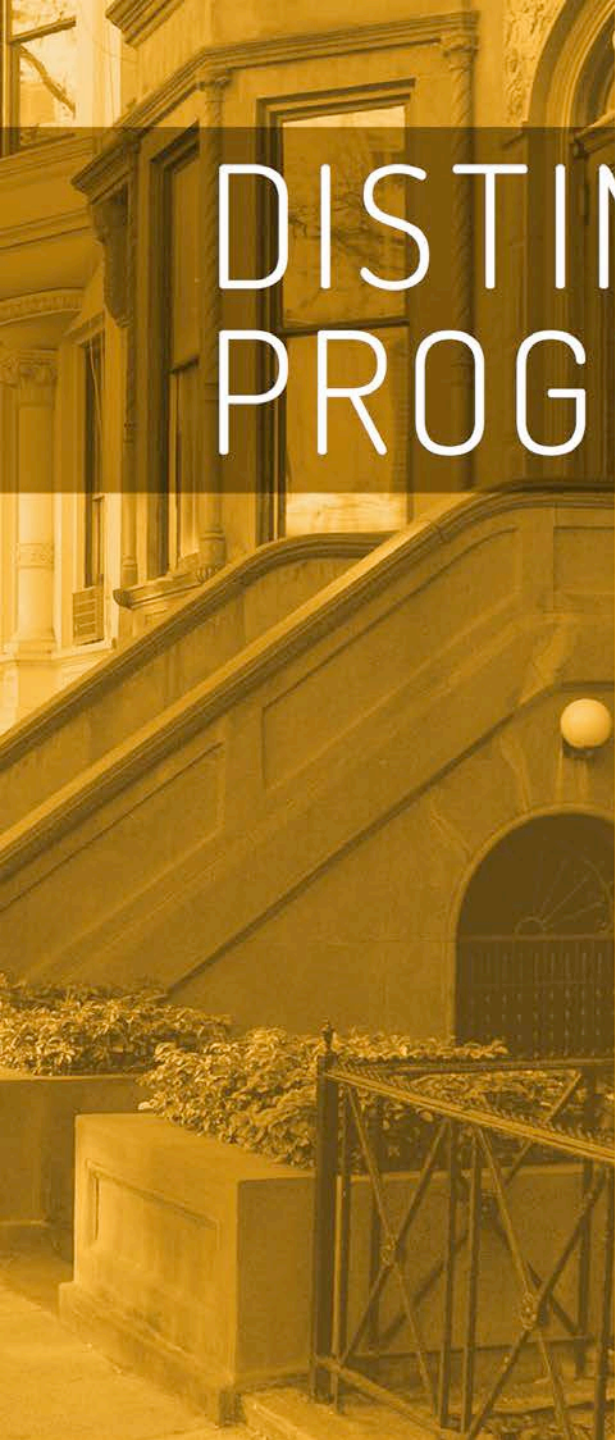
INNOVATION....



INNOVATION... IN THE INSURANCE INDUSTRY?



DISTINGUISHED PROGRAMS



RESOURCE PRO

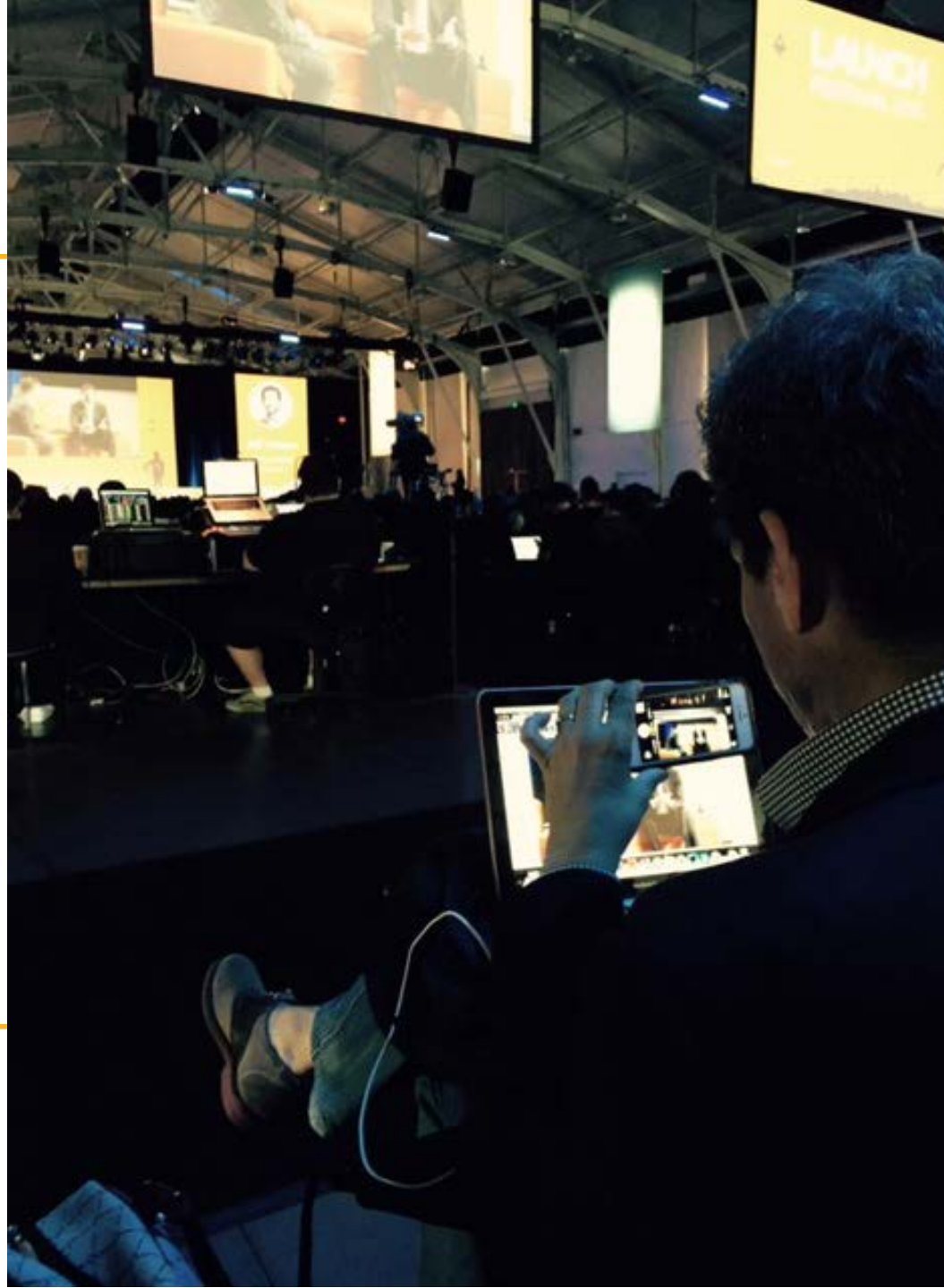


GIGWALK



CREATING CONDITIONS FOR INNOVATION

- > Hire smart people
- > Change your commute
- > Force connections
- > Host a Culture Week
- > Go to lunch with someone you intellectually disagree with
- > Listen to a TED talk rather than watch your favorite TV show
- > Read a holy book from a different religion
- > Meditate
- > Try an ethnic cuisine you've never tried before





How do **we** insure the weather?

Underwriting weather is **tough..**

no fixed pricing
model..

spotty and/or
old data..

scattered data
sources..





What about weather **intelligence**...

A large, diverse crowd of people is shown at a night event, possibly a concert or festival. The scene is bathed in a deep blue light, with numerous small, out-of-focus light sources (bokeh) scattered across the upper half of the image. The crowd is dense, with many individuals looking towards the camera or slightly to the side. Some people have their hands raised, suggesting they are cheering or dancing. The overall atmosphere is energetic and festive.

**... fused with on-demand
underwriting tools and
claims delivery systems...**

A person wearing a light-colored fedora and a pink shirt is holding a black tablet in front of their face. The tablet screen displays a lock screen with a blue sky and clouds, showing the time 12:42 and the date Wednesday, June 1. The background is a scenic landscape with green fields and a blue sky with white clouds. The text "... fit for the digital age." is overlaid in white on the tablet screen.

... fit for the digital age.

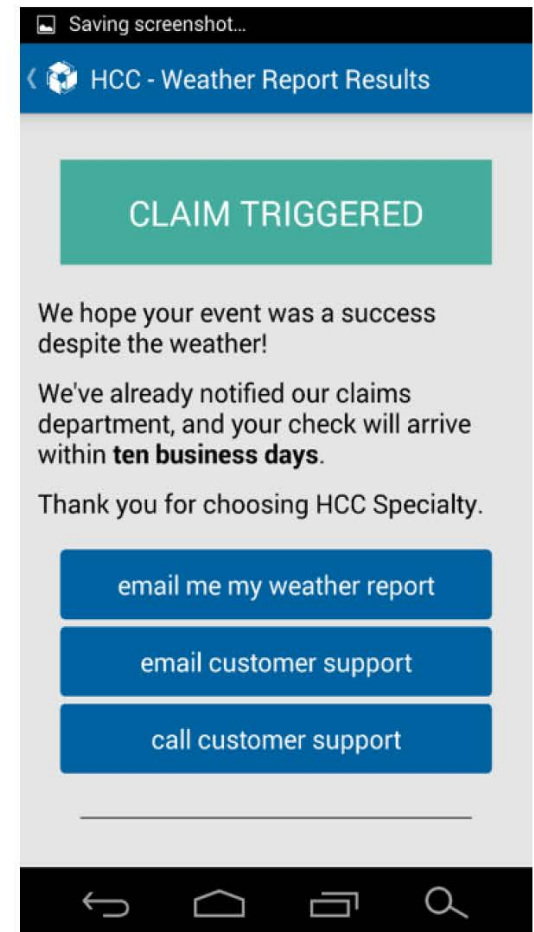
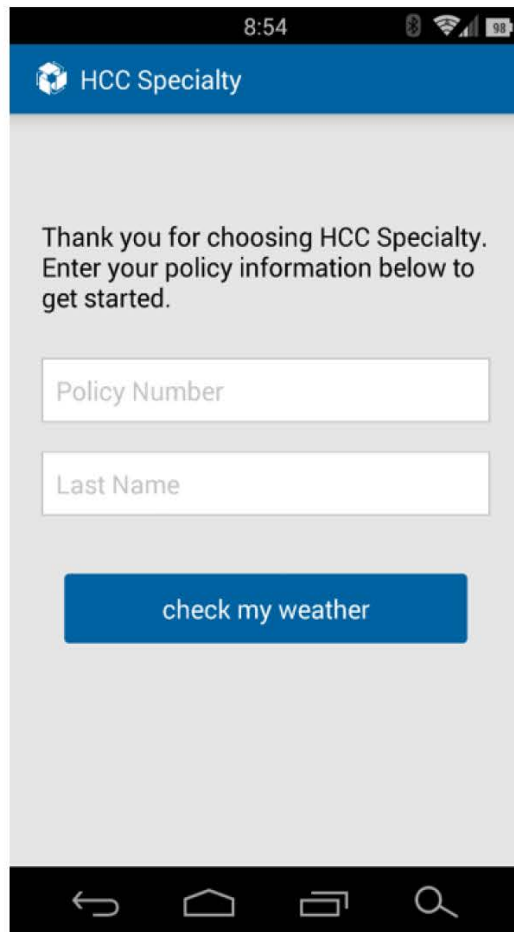


**WEB
ENABLED
HYPER
LOCAL
WEATHER
DATA**

A **world**
where
data files
your
claims
instantly



ALL IN THE PALM OF YOUR HAND

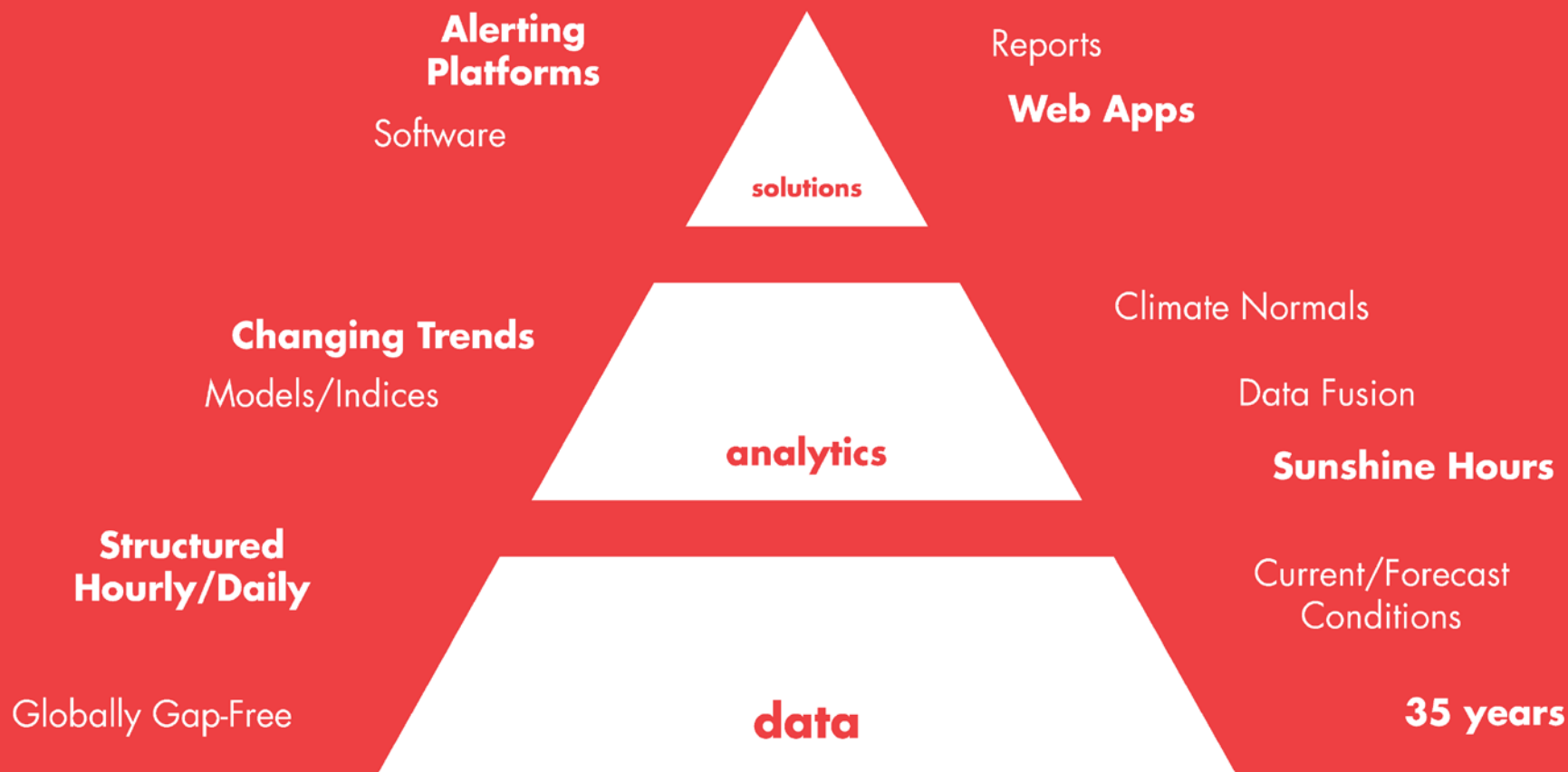


Real-time claim info at the touch a button



Weather Analytics







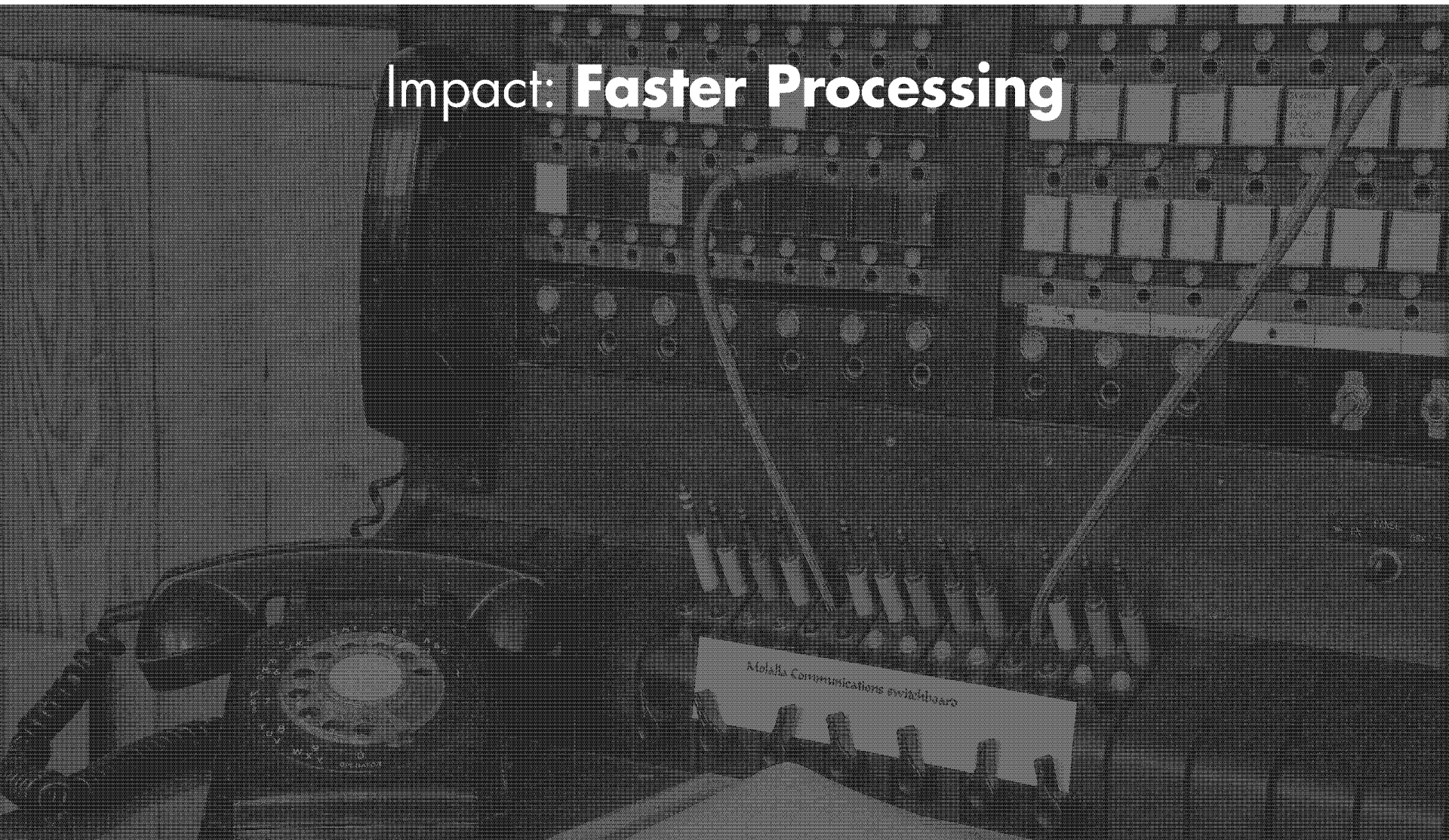
**60 TRILLION
DATA MEASUREMENTS**

**SIX BILLION
ADDED DAILY**

Impact: **Better Pricing**



Impact: **Faster Processing**



Impact: **Happier Customers**



**What
comes
next?**





HCC



scurtin@hcc.com

HAGERTY®

HAGERTY OVERVIEW

- CLASSIC CAR INSURANCE & ROADSIDE
- HAGERTY CLASSIC CAR MAGAZINE
- HAGERTY VALUATION TOOLS

MOST COMMON QUESTIONS

- WHAT'S MY CAR WORTH?
- HOW'S THE MARKET DOING?

THE PROBLEM: LACK OF COMPREHENSIVE RESOURCE

TESTS: PORSCHE 944 TURBO S, VW JETTA GLI

ROAD & TRACK

AFFORDABLE COLLECTOR CARS
Triple Your Money in 10 Years?

...basket-case cars. It's frightfully money into restorations. Owen... of the West Coast's leading rest... it takes 1500-3000 hours for a restoration on any car much more... \$50 hour, the going rate in California restoring a car unless you... of \$100,000 when it's finished... ter off to pay a premium for a fine

...ally easy to sink
huge sums of money into
restorations.

And where do you find such cars? From private parties, as advertised in R&T's "Market Place," in *Hemmings*, in various weekly tabloids like the *Auto Trader*, and, of course, in local newspapers.

A swap meet—whether sponsored by a car club and devoted to a single marque or one that's open to all interesting old cars—is often a bountiful hunting ground. (Swap-meet dates and locations around the country are listed in *Hemmings*.)

PHOTO BY JOHN LAMMA

Lancia Aurelia B20, 1988 \$10,000, 2000 \$30,000.

Going, going...

MUCH of the action (and the hoopla) in the old-car business surrounds auctions like those held by Tom Barrett or Rick Cole. With hundreds of cars moving through a major auction each day, they can mean one-stop shopping.

Despite the staggering prices paid for the top-billed cars, auctions aren't just limited to the very high rollers: the average price paid for a car in Cole's auctions is only \$14,000.

Although prospective buyers get a chance to examine the cosmetics of auction cars, they often aren't allowed to drive them—until it's too late and they've given the winning bid. "Just assume the engine is bad," advises Don Williams, of the Blackhawk Collection.

But perhaps the biggest danger of buying at an auction is losing your good sense. Scott Bailey, former publisher of *Automobile Quarterly*, once wrote, "Logic, rationale, reliance on good judgment, restraint, the self-evident can be swept away

by the spine-tingling master auctioneer's voice. His success is built on his ability to whip up a frenzy for bigger and bigger bids, creating an aura of believability built to no small degree on carefully intoned words and phrases in magical sequence combined with facial gestures and bodily stances of authority.

Financing your purchase can be problematical because many banks have yet to grasp the notion that collectible cars aren't merely overpriced used cars. But insuring it should be a

PHOTO BY GUY LAWRENCE

Aston Martin DB4, 1988 \$20,000-\$50,000, 2000 \$75,000-\$150,000.

PHOTO BY GUY LAWRENCE

Packard 1988 \$18,000-\$60,000, 2000 \$65,000-\$150,000.

breeze. American Collectors and Condon & Skelly, among others (once again, refer to *Hemmings*), offer special rates for collectible cars—rates that seem too good to be true. For instance, a 30-year-old car valued at \$20,000 will cost less than \$160 a year for full coverage. There are restrictions, however, such as limiting annual mileage to less than 2500.

Finally, we come to the most important bit of buying advice of all. "The collector who's made out the best always buys what they like," says Brownell.

Forget about investments. Forget about the experts' predictions. Buy the car that stirs your soul. Buy the car you love. ☞

AND THE EXPERTS ARE...

A COMMON RESPONSE was "Hell, who knows if I'll even be around in the year 2000?" So believing they had nothing to lose, a dozen fellows involved in the collectible-car scene cheerfully accepted the following request from *Road & Track*:

Draw up a list of collectible cars you feel will make great investments for the year 2000. The cars must be post-World War II models, either domestic or imported. And, assuming they're in first-rate condition, they must sell today for less than \$50,000—preferably a lot less.

Here are the prognosticators:

Thomas W. Barrett III was once described by the *Los Angeles Times* as "P.T. Barnum, King Farouk and W.C. Fields all rolled into one Chicago Irishman." He lives on a Scottsdale, Arizona estate with climate-controlled garages for 100 cars and presides over the Barrett-Jackson collectible-car auction each January in Phoenix.

Dean Batchelor is a prolific writer and author, a former Editor of R&T, who once managed Hirsch's automobile collection. He would be extremely wealthy now had he held on to the three vintage Ferraris he once owned.

David Brownell reads hundreds of collectible-car ads each month as they cross his Editor's desk at *Hemmings Motor News*. He also moonlights as Editor of *Special Interest Autos*.

Richie Clyne is administrator of the Las Vegas Imperial Palace automobile collection and co-organizer of "The Auction," held in Las Vegas last April.

Rick Cole, boy wonder of collectible-car auctioneers, runs North Hollywood-based Rick Cole Auctions, Inc.

Steve Earle is neither an auctioneer nor a dealer. But, as founder and organizer of the annual Monterey Historic Automobile Races, he routinely deals with plenty of collectible cars.

Jerry Ferguson set out to build the largest collectible-car dealership in the middle of nowhere and succeeded. His Classic Car Centre is an emporium/restoration shop in Warsaw, Indiana.

Marvin Friedman is willing to put his money where his predictions are. If you find a good example of any of the collectible cars on his list, just call him (800 225-7878), and his company, Registry Financial Services of America, will be glad to loan you the cash.

Phil Hill, former Formula 1 Champion and co-proprietor of Hill & Vaughn (one of the finest restoration shops on the West Coast), said he doesn't put much faith in his collectible-car price predictions. But he gamely helped out.

Ed Justis is the granddaddy of collectible-car dealers, who founded the Vintage Car Store in 1958 that occupies a one-time Cadillac showroom built in the Twenties in Nyack, New York.

Owen Ward doubles as a new Ferrari and Rolls-Royce salesman and serves as a collectible-car broker at Symbolic Cars of La Jolla, California.

Donald Williams is owner of the Blackhawk classic-auto collection in Northern California. He also co-organizes "The Auction" in Las Vegas.

—Peter Bohn

PHOTO BY GUY LAWRENCE

Pontiac GTO, 1988 \$10,000-\$20,000, 2000 \$25,000-\$75,000.


PHOTO BY GUY LAWRENCE

Mercury Cougar XR-7, 1988 \$6,000, 2000 \$50,000-\$60,000.

50 ROAD & TRACK JUNE 1988 51

Aston Martin DB4, 1988 \$20,000-\$50,000, 2000 \$75,000-\$150,000.

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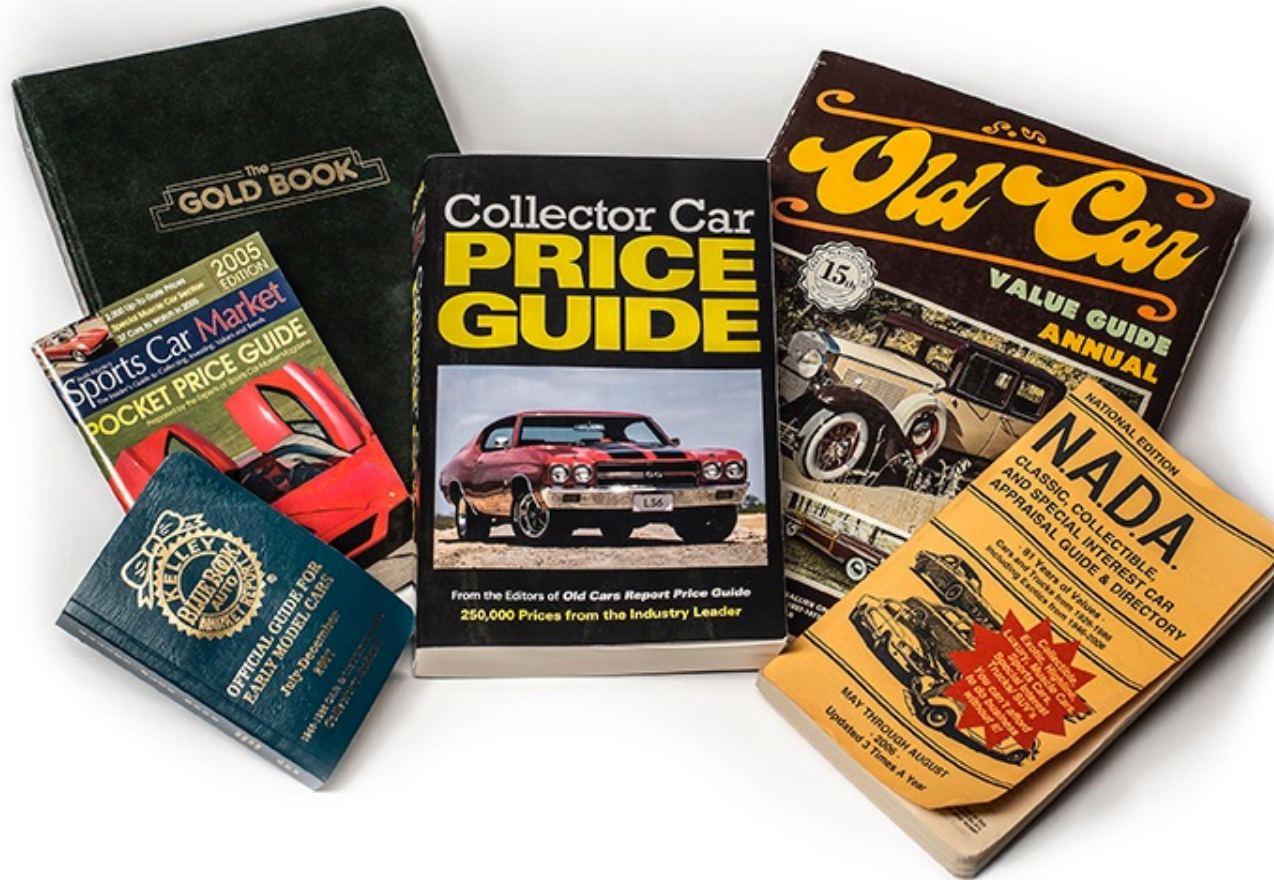
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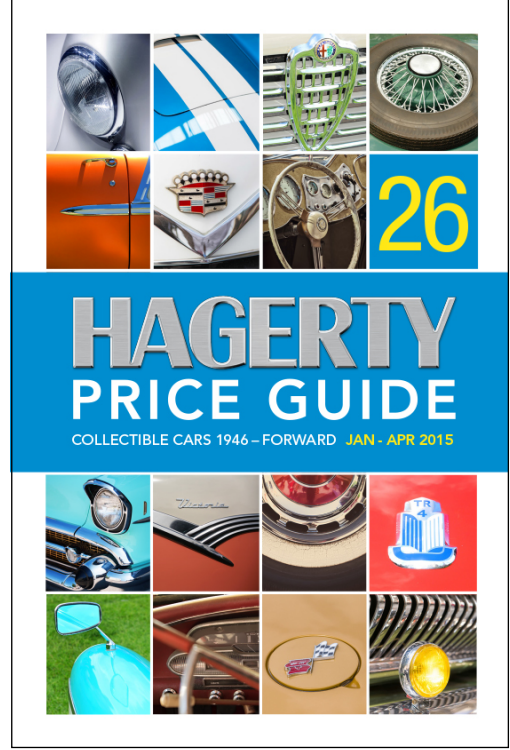
—Peter Bohr



EXISTING RESOURCES RELIED HEAVILY ON PUBLIC AUCTION DATA



- 



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In just 4 clicks, you'll get full access to the latest Hagerty Price Guide valuation data including values across four condition ranges, value changes over time, model history and VIN decoder. **Best of all, it's completely free!**

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Featured Article

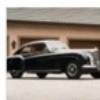


Project Portland: 3 Guys, \$3K, 3 Classic Cars

At Hagerty, we're firm believers that there's a classic car for every budget, and we set out to prove that claim in our latest video. On the streets of Portland with \$3k apiece our hosts were tasked with finding

Recent Valuation Articles & Videos

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Auction Preview: Arizona 2015 \$1 million-plus cars

By Andrew Newton on 1/8/2015

Seven figures doesn't have the same ring to it that it has had in years past, but it is still a natural demarcation line to identify top-tier auction cars. With ... [More >](#)



Auction Preview: Arizona 2015 \$100,000 to \$1,000,000 cars

By Andrew Newton on 1/7/2015

January's Arizona auctions have historically been one of the best settings to see rare and important muscle cars, but in reality there are rare and important ca ... [More >](#)



Auction Preview: Arizona 2015 Sub-\$100,000 Cars

By Andrew Newton on 1/8/2015

The Arizona auctions are best known for seven-figure prices—be it for a Batmobile or a bus—but the truth is that affordable cars abound. Most of the cars that w ... [More >](#)

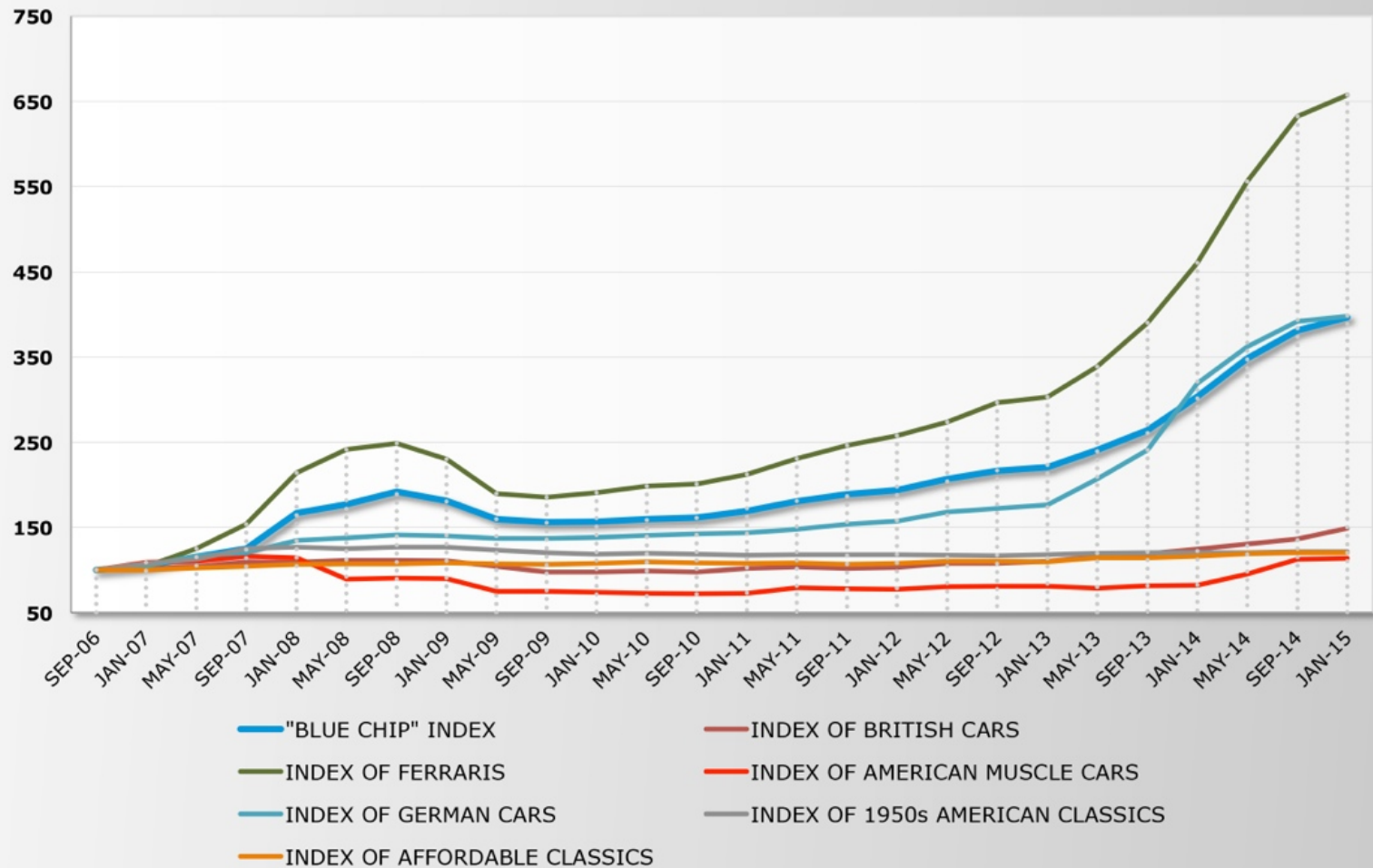


1969 CAMARO: 96 ENGINE/TRIM/CONDITION COMBINATIONS RANGING FROM \$12,000 - \$444,000



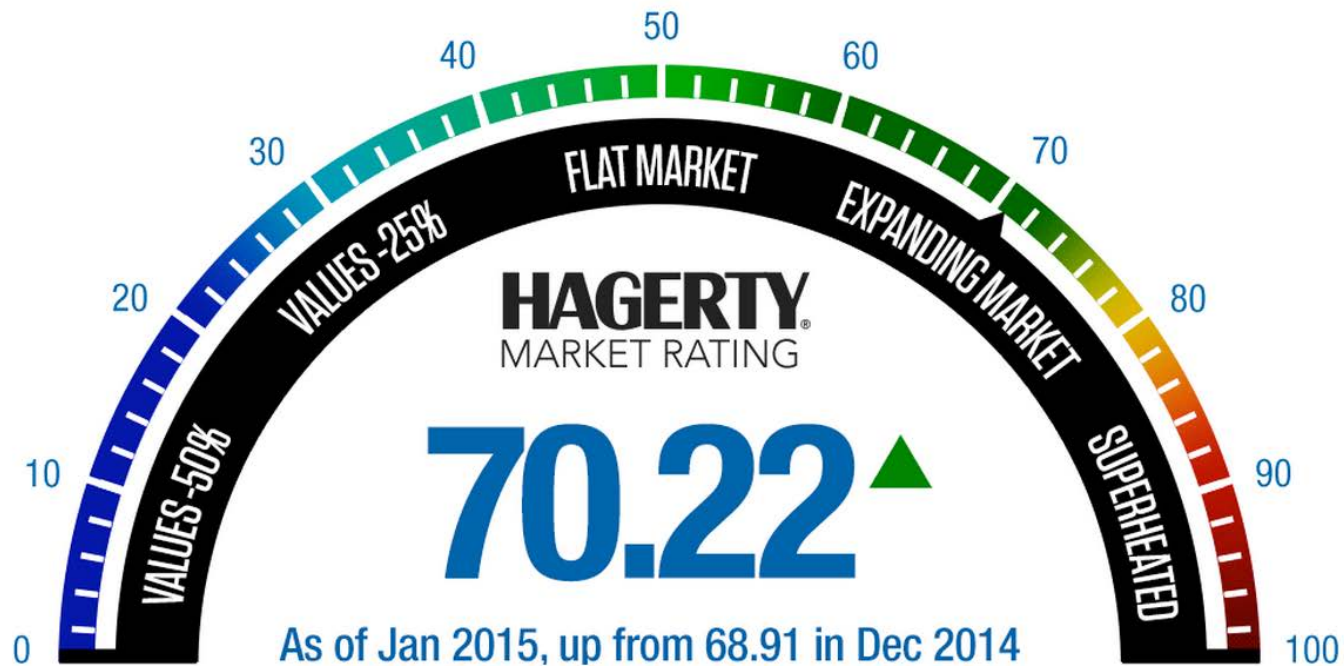
307/200 L14 <u>Cpe</u>	\$32,900
350/255 LM1 <u>Cpe</u>	\$37,400
350/250 L65 <u>Cpe</u>	\$39,100
350/300 L48 SS <u>Cpe</u>	\$48,800
396/325 L35 SS <u>Cpe</u>	\$51,500
396/350 L34 SS <u>Cpe</u>	\$60,900
396/375 L78 SS <u>Cpe</u>	\$65,900
396/375 L89 SS <u>Cpe</u>	\$161,000
302/290 Z/28 <u>Cpe</u>	\$114,000
427/425 L72 COPO <u>Cpe</u>	\$236,000
427/425 ZL1 COPO <u>Cpe</u>	\$444,000

HAGERTY COLLECTOR CAR INDICES



HAGERTY MARKET RATING

First true real rating for the status and health of the collector car market. The entire market summed up in one measurable number.



SIGNIFICANT BENEFITS

- INCREASED WEB TRAFFIC & SEO
- BLOOMBERG FINANCIAL TERMINAL
- PREFERRED PARTNER
- PROPERLY INSURED VALUES
- PREDICT THE MARKET AND TRENDS
- TRUSTED RESOURCE

CLASSIC CAR TRAINING

CLASSROOM

- HISTORY OF THE AUTOMOBILE
- CAR BASICS

HANDS-ON

- EMPLOYEE RESTORATION PROJECT
- ENGINE ESSENTIALS



HAGERTY®



Bellingham
UNDERWRITERS INC.

THE TWO CARRIER APPROACH TO PROGRAM BUSINESS

Scott Young
Bellingham Underwriters, Inc.

Story Behind the Two Carrier Approach

- Historically, Bellingham Underwriters had used one carrier to reinsure its Transportation Program.
- In 2004, after just renewing our contract, Converium elected to leave North America and terminate all of their US Programs by year end.
- We had a large book of business with a very low loss ratio and a strong carrier relationship, but it was not good enough.
- Needed to find a replace carrier quickly.
- Had difficulty finding a carrier willing to take on a Transportation Program.
- We found a replacement carrier, but then realized we needed to find a solution to our reliance on a single carrier.

Development of Two Carrier Approach

- Ken Robinette came up with the idea of two carriers sharing the book of business.
- We file the exact same product for two carriers and then have the two carriers enter into a QS reinsurance agreement with each other.
- Many carriers like to control the product and look to the Program Administrator to simply distribute it. This will not work with the two carrier approach.
- Need to have a fully functioning independent program, that the carriers just have to buy into, that the Program Administrator controls.
- Administrative capabilities to handle process.
- Underwriting Plan in place that is yours.
- Ability to collect underwriting/exposure data.
- Needs to be big enough to make economic sense for the two carriers.

Impact/Results of Two Carrier Approach

- Two carrier approach has been successful as we continue to navigate carriers that shift management, are bought and sold, lose financial ratings or change business appetite.
- Advantages
 - Provides us with a much more stable platform.
 - Allows our program to remain in our control.
 - Creates a three party partnership with multiple shared views.
 - Greater exposure/Identity with multiple carriers.
- Disadvantages
 - Cost of managing multiple carrier interfaces is more expensive.
 - More time consuming for the Program Administrator to manage the individual carrier relationships.
 - Can be a difficult/strained partnership if the two carriers are not getting along.
- Culture/Feel of the carrier can not be understated. Must have a shared underwriting philosophy and approach to how the program is to be managed.

Process of Two Carrier Approach

- Selected a handful of carriers that had expressed interest in our program.
- Sent proposals to each carrier with a cover letter which declared our intent. This helped to create an environment where the carriers would need to compete for the book of business.
- Scheduled carrier audits of our facilities and made visits to all the carrier offices to meet their people and examine their facilities.
- Evaluated the carriers based on the criteria we determined important.
- Choose the carrier that had the best fit based on the criteria and sent letters to each of the others advising why they were not chosen.

Criteria of Carrier Evaluation

- Financial strength
- Underwriting philosophy and approach to managing the program sector
- Potential overlaps with other programs or carrier products
- Acceptance of National Claims Management as the TPA on our program
- Acceptance of the existing expense and profit sharing structure in the program
- Ability to provide XS limits on existing carrier treaties
- Data and accounting interface
- Willingness and ability to support growth of new programs with BUI or expansion of the existing program
- Reasonable and balanced provisions in the GA agreement
- Responsiveness and decision making structure
- Culture and feel

THANK YOU



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