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## **Commercial Property Insurance Carriers Providing Poor Service** Industry Survey Confirms Service Epidemic's Negative Financial Impact

San Diego—April 19, 2004—Poor service levels in the commercial property insurance industry are causing frequent carrier switching and having a negative financial impact on businesses according to research unveiled at the Risk & Insurance Management Society's annual conference. The second annual survey, conducted by Allianz Global Risks US Insurance Company, also shows lack of communication during the submission process, a lack of client industry knowledge and infrequent underwriter contact.

Poor service has caused 90 percent of property insurance brokers to recommend that a client switch carriers, while 46 percent of property insurance buyers have switched carriers due to poor service levels. Even more alarming—72 percent of brokers noted this poor service had a "somewhat or very significant" financial impact on their business.

The survey began prior to RIMS' 2004 Annual Conference and Exhibition and will continue through Tuesday, April 20, 2004. It is being conducted as part of a company-wide initiative at Allianz Global Risks US to lead the industry in acknowledging, addressing and solving a problem that brokers and buyers have come to believe is unsolvable.

### **Industry Wants More Communication, Relevant Knowledge**

When asked how well potential property carriers keep buyers and brokers informed during the review process, it became clear there was need for improvement. Brokers and buyers are deeply frustrated with a carrier's tendency to make them linger in the underwriting process without indicating whether or not the carrier is interested in the buyer's insurance program.

Typically, days and weeks go by before a broker is given an update on the status of a submission. In fact, approximately 41 percent of buyers and brokers indicated carriers did a "somewhat or very poor" job of keeping them informed on submission status.

In examining the submission process more closely, it became clear that underwriters often create quotes for vastly different industries and risk profiles. Without concentrating on specific industries, underwriters are limited in their ability to respond quickly and consistently with positions based on deep expertise. Buyers and brokers deem this expertise important, but feel that underwriters demonstrate it only "occasionally or rarely" (approximately 50 percent).

More direct contact was also identified as a need. While an annual policy review is usually the only direct contact between buyers, brokers and underwriters, approximately 66 percent of buyers and brokers would like to meet twice a year or even quarterly.

"The poor level of service being provided by commercial insurance carriers is unacceptable," says Kevin R. Callahan, CEO of Allianz Global Risks US. "In just about any other industry, companies would go out

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of business if they conducted themselves this way. The message is clear and Allianz Global Risks US has devoted the last 12 months to changing its approach to serving brokers and buyers—starting with improving the buying experience.”

### **About the Survey**

The respondents include more than 125 corporate buyers and brokers of commercial property insurance from a broad cross-section of industries. All are based in North America, and 75 percent work at companies with more than \$1 billion in annual revenues. A final wrap-up report of all survey results will be available from Allianz Global Risks US in June.

### **About Allianz Global Risks US**

Allianz Global Risks US Insurance Company is a leading carrier for large corporations and government institutions. Allianz Global Risks US has regional offices in New York, Los Angeles, Chicago, Houston and Atlanta. It is the United States unit of Allianz Global Risks—the international industrial insurance carrier of the Allianz Group. As one of the largest providers of international corporate insurance, Allianz Global Risks provides coverage for the majority of Fortune 500 companies through its corporate risk management products and services. Allianz Group, one of the leading global financial service providers, offers a broad range of products and services to its 60 million clients in over 75 countries. Visit [www.allianzglobalrisks.com/us](http://www.allianzglobalrisks.com/us) for more information.

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### **Media Contacts**

Kevin Dugan  
513-346-3429, [kdugan@hsr.com](mailto:kdugan@hsr.com)  
- or -  
Dawn L. Grady  
513-346-5556, [dgrady@hsr.com](mailto:dgrady@hsr.com)