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KNOW RISK

THE PRACTICAL GUIDE TO RISK MANAGEMENT & YOUR BUSINESS

Vol. 2 No. 1 | January/February 2009

2009: The Brave New World. What Can You Expect?

News on the street sounds sour, dour and bleak. The unknown policies of an Obama administration and a shaky economy are our shared reality. The pressure is on. Underwriters, carriers and risk managers face unprecedented pressures and uncertainty. As do you.

So, what can you expect in terms of commercial insurance. MHBT and Rick Koch? My perspective isn't changing.

Broad coverage—proven risk management—isn't just about price reductions of premiums, or the best costs or comparisons among insurance providers. It's best when claims management is optimized (That's where we shine).

Being protected and handling the worst of times is all about knowing your potential risks and tailoring coverage for your exact needs. You've got to have an involved broker who knows you, and really serves you. And knows it's a privilege to partner with you.

That's why my mantra is always, "Coverage, coverage, coverage." Smart coverage. Smart management. Real risk management between real people.

Here are some insights about commercial insurance and 2009. Be sure to let me know what you think. I'm here to help you.

Regards,
(Signature here)

Costs. The "street" says increases are probable. I say "not so fast." It depends on effective risk management, past and present.

Workforce Reductions. With the expected continuation of layoffs in the retail, manufacturing and financial services industries, underwriters will be paying close attention to reductions in force of their insured, and how those reductions are handled. Underwriters are specifically interested in the judicious use of employment law counsel and severance packages to reduce the likelihood of discrimination claims.

Collections. Given the global credit crunch, collection of receivables has become a greater concern. Many companies see the availability of trade credit coverage to be a financial backstop for unexpected losses where credit has been extended. Demand for trade credit insurance rose significantly in 2008. This trend will continue in 2009.

Industry M&As. Expect increased mergers and acquisitions in the insurance industry. During the past two years, there has been an increase in the number of foreign insurers making plays for their American counterparts, thanks to the declining value of the U.S. dollar. Of course, this trend may not continue as the U.S. dollar strengthens against the euro and yen.

Bottom line, I see you as being poised and prepared for the new year. Together, we'll make it good. We'll make it right.

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