



Starr Companies: For public entities seeking creative coverage solutions, long-term market commitment is a critical factor

While the recent recession spared almost no market segment of the global economy, public entities in the U.S. have suffered more than most. Tightened budgets in education, cutbacks in spending for first responder organizations, reduced tax income for municipalities ... add it all up, and it can mean a very stressful operating environment for a variety of public entities.

When belt tightening is the rule rather than the exception, the impact on insurance and risk management programs often can be dramatic as well. Which is why, according to experts, it is critical for public entities – whether they are self-funded or insurance buyers – to ensure they are working with a financially strong, long-term player in the marketplace.

“When the economy is stressed, public entities really are looking for a carrier to stick with them, good times or bad,” said Nancy Bewlay, president and CEO of C.V. Starr & Company (California), a division of Starr Indemnity & Liability Company. “As downturns deepen, public entities must reevaluate their coverage structure and insurance buying strategy, and then depend on their carriers to respond with offering flexible programs that address their needs.”

Since 1950, [Starr](#) has been providing comprehensive insurance solutions to a broad range of specialty classes. Under Bewlay’s leadership, the division offers specialty excess and public entity expertise to customers of all sizes.

“The main thrust is to keep working with our clients regardless of the economic conditions” she said. “It also is critical to be forward thinking. We will be in peak renewal season in July, but we’re also talking about July 2013 with our clients to allow ample opportunity for the public entity to prepare for to the future. They expect financially strong and stable long-term partners to weather the storm with them and give them peace of mind.”

Bewlay explained that Starr introduced its public entities product into the market in 1986, and today, as it did back then, offers comprehensive coverage including professional lines and complete actuarial and claims administration services.

“That breadth of services and products is very important for an insured,” she said.

To date, Starr’s primary focus has been on municipal governments, but in recent years, it has expanded its focus to education institutions.

“Our public entity coverage approach and underwriting expertise lends itself naturally to the higher education section,” Bewlay said.

Specifically, [Starr Public Entity](#) target classes include:

- Cities/Counties/States
- Colleges & Universities
- Emergency Response Services
- Fire Districts
- Joint Powers Authorities
- Pools & Associations
- Public Agencies/ Public Utilities
- Schools & School Districts
- Special Districts
- Towns/Boroughs/Townships
- Transit Authorities (Busses & Light Rail)
- Water & Sewer Districts

Starr offers public entities and higher education institutions several lines of coverage, including casualty, property, financial, environmental, crisis management, warranty, and accident & health.

In casualty lines, for example, Starr offers:

- An Occurrence Retained Limit form with \$25 million in capacity.
- A follow form Excess Public Entity product with \$25 million in capacity.
- Reinsurance of a Memorandum of Coverage for Pools and Joint Powers Authorities.
- Errors and Omissions Liability, Employment Practices Liability, Employee Benefits Liability.
- Defense for Sexual Abuse/Molestation provided on an occurrence basis.
- Manuscript endorsements to address unique coverage requirements.

On the property side, coverage is provided by Starr Tech, a member of Starr Companies and a leading provider of property insurance solutions, with \$200 million in capacity, on either a quota share or excess basis with deductibles as low as \$25,000. Flood and earthquake coverage is available as well, Bewlay noted.

Starr also is a coverage leader in the market for public transportation and transit authorities, whose coverage needs often fall outside the insurance programs for the cities they serve.

“Typically they require specialized coverage, and we have focused on this in our history and will continue to do so in the future,” she said, “not only third-party liability, but property needs as well.”

In short, Starr’s Public Entity capabilities span a multitude of possible risk scenarios for a wide variety of public entity clients. Bewlay said Starr creates specialized products for a variety of entities including municipal special districts and joint power authorities, among others.

In municipal governments, she explained, special districts are a grouping of insureds that share a common bond and require custom handling. They create their own terms of coverage or insurance policy and then carriers such as Starr provide reinsurance of the policy with a “memorandum of

coverage.”

“These are entities with unique needs and requirements of coverage,” she said. “We don’t try to force standardization because each special district is unique and can occur in several different categories, including utility districts, school boards, city and county pools, etc.”

Bewlay said that the need for these specialized products exists because specific types of public entities (it varies) could not find standard products to meet their needs. Entities banded together, looking for creative organizations to act as a reinsurer for specific insurance programs they created based upon their unique coverage needs.

“Special districts and similar pools look for a strong financial organization to partner with,” she said, adding that these entities most of all require an experienced staff to be able to understand their complex coverages needs and create a policy that will respond accordingly.

“It really comes down to unique coverage needs, something they are not going to find in an ISO policy,” Bewlay said.

In the past several years, Starr has found this area of business an ongoing focus with growth opportunity, including increasing staff to meet client needs.

“We have been building a strong foundation of underwriting, with a highly experienced professional staff,” she said. “These well-honed underwriting skills give Starr the ability to offer this unique service.”

For Starr, the memorandum of coverage business also is a clear barometer of the critical importance of being an established player in the public entities market.

“It’s a different type of dynamic than almost all other client categories,” Bewlay said. “In the public entity sector, long-term relationships are critical. And with cities and counties, for example, Starr is a ‘go-to’ provider. We are well-known in that space, and our range is wide.

“We strive to have every base covered,” she concluded. “From casualty to property, crisis management to accident & health, we help clients work their way through difficult economic times by delivering underwriting flexibility and superior customer service.”

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