

# **Project Management in a Specialty Insurer**

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Aleisha Starnes  
Steven Feltner  
Brandon Mezick

Bowhead Specialty Underwriters  
[bowheadspecialty.com](http://bowheadspecialty.com)



**BOWHEAD**  
SPECIALTY UNDERWRITERS

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# Introduction



# Abstract

While a small part of the overall insurance marketplace, there's no stopping the positive momentum in the excess and surplus (E&S) lines insurance market, which has surged to \$37.60 billion during the first six months of 2022 – an increase of 27.6% compared with the prior-year period. Opportunities in E&S have come from the growth in traditional surplus lines exposures, from which standard insurers have backed away, and from adverse loss trends related to social inflation, nuclear jury verdicts, natural catastrophes, and cyber attacks which have forced incumbent insurers to take corrective action. Bowhead Specialty Underwriters was formed in 2020 when the marketplace was in need of a new, high-quality entrant with the ability to meet complex insurance needs with customized and creative solutions. Formed as a virtual organization during the COVID-19 pandemic, effective project management has become critical in building the business.

1. Understand the excess and surplus (E&S) insurance industry, including key roles and activities during an insurance transaction
2. Offer examples of various projects – from data organization and process mapping to launching a new product – to highlight struggles, best practices, and lessons
3. Share the experience of building a company in a virtual environment

# Speakers



**Brandon Mezick** has over 14 years of insurance industry experience across (re)insurance underwriting, operations, and strategy. Brandon oversees the day-to-day administrative and operational functions of Bowhead. Brandon provides leadership and oversight of Bowhead's strategic plan, operational and organizational transformation initiatives, and shared services across all disciplines. Prior to joining Bowhead, Brandon served as Chief Operating Officer of a major insurer and has spent time in management consulting.



**Steven Feltner** has over 12 years of insurance industry experience in financial planning and analysis, tactical reporting, and strategy. Steven partners with leaders across underwriting divisions and functional areas to drive holistic strategic planning efforts and enterprise optimization. Prior to joining Bowhead, Steve served as VP of Strategic Planning and Head of FP&A of a major insurance broker where he led financial modeling, forecasting, and was involved in numerous acquisitions and integrations.



**Aleisha Starnes** has over 15 years of project management experience across multiple industries including hospitality, service, advertising, and insurance. Aleisha specializes in the management and execution of critical projects involving process improvement and organizational change. Prior to joining Bowhead, Aleisha served as Project Coordinator, Controller, and Accounting Manager of various hospitality and service business where she oversaw operations, accounting and payroll, scheduling, and reporting.

# Bowhead Specialty Underwriters

## Who

Bowhead is a **specialty lines-focused insurance organization** that is an affiliate of American Family Insurance, a major mutual insurer with over \$10 billion in surplus that carries an AM Best Rating of A (XV).

Led by industry veteran Stephen Sills, and a highly experienced and respected underwriting team, Bowhead has established itself as **a respected leader in the U.S. specialty and casualty insurance markets**. Built for longevity, the Bowhead Specialty Underwriting culture is one of **rigorous examination, interdisciplinary collaboration, responsiveness, and integrity**.

## What

Currently, **Bowhead has three underwriting divisions, Professional Liability, Casualty, and Healthcare Liability.**

Bowhead's **Professional Liability** division provides Directors & Officers, Errors & Omissions, Fiduciary and Employment Practices Liability as well as Financial Institutions coverage to private and public companies in a wide variety of sectors.

Bowhead's **Casualty** division offers coverages for a wide variety of industry sectors and has particular expertise in complex construction and manufacturing risks.

Bowhead's **Healthcare Liability** division has expertise in four key segments – hospitals, miscellaneous medical facilities, senior care providers, and managed care organizations. We offer solutions for malpractice as well as management liability.

## How

We pride ourselves on the quality and experience of our people. Bowhead's experienced leadership team of well-respected industry experts are highly engaged with our brokers and are committed to exceeding expectations through **excellent service, product, technology advances, and expertise**.

Bowhead's staff consists of over 130 insurance professionals who are committed to excellence and passionate about superior service. With professionals in New York City, Chicago, Austin, Atlanta, Stamford, Phoenix, Los Angeles, and Miami, we are always **ready to provide you with a best-in-class experience**.

# Industry



# Overview

## The US Insurance Market

- U.S. insurance industry net premiums written totaled \$1.4 trillion in 2021,
  - Premiums recorded by property/casualty (P/C) insurers accounting for 53 percent, and premiums by life/annuity insurers accounting for 47 percent, according to S&P Global Market Intelligence.
- P/C insurance consists primarily of auto, homeowners and commercial insurance. Net premiums written for the sector totaled \$715.9 billion in 2021.

### Biggest Insurers

**All Lines:**  
State Farm  
(\$70B)

**Homeowners:**  
State Farm  
(\$22B)

**Other Liability:**  
Chubb  
(\$9B)

**Workers Compensation:**  
Travelers  
(\$3.5B)

**Personal Auto:**  
State Farm  
(\$41B)

**Medical Malpractice:**  
Berkshire Hathaway (\$2B)

**Commercial Auto:**  
Progressive  
(\$8.3B)

## The US Excess and Surplus/Specialty Insurance Market

### What is Excess and Surplus/Specialty Insurance?

- Simply put, Excess & Surplus lines (E&S) is a specialty market that insures things standard carriers won't cover. The difficult or high-risk exposures in which E&S carriers specialize may range from a construction project or nursing home to a multinational oil company. The regulatory model tends not to be as strict as the framework for admitted carriers, which affords E&S businesses greater flexibility in setting premium rates and terms for its policies.
- An essential element of E&S insurance is the inside-out knowledge required of each professional relating to the coverages, conditions and exclusions offered. The market requires E&S insurance specialists to be qualified to deal with difficult exposures to loss.

### Biggest E&S Insurers

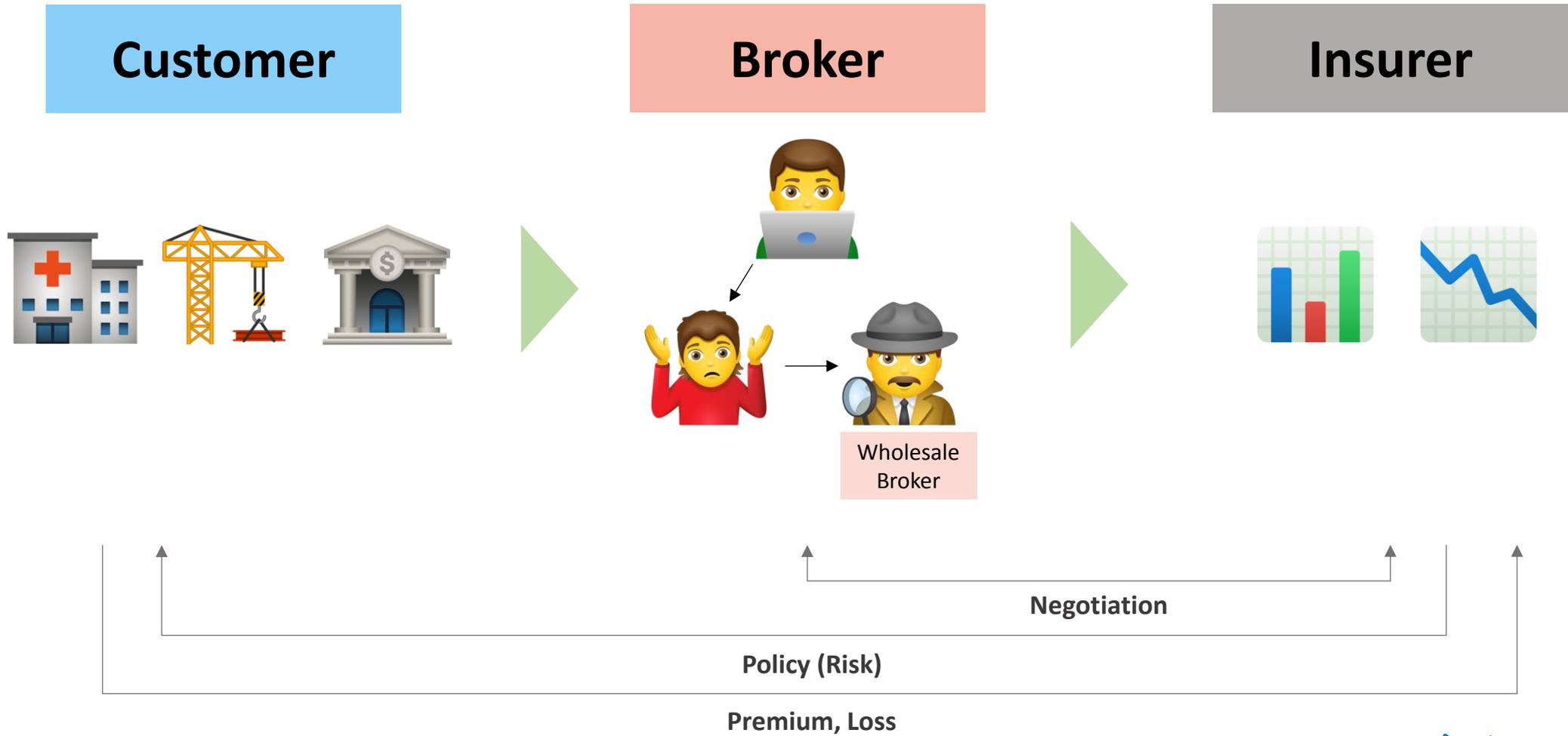
**Berkshire Hathaway:**  
\$7B

**AIG:**  
\$6B

**Market:**  
\$5B

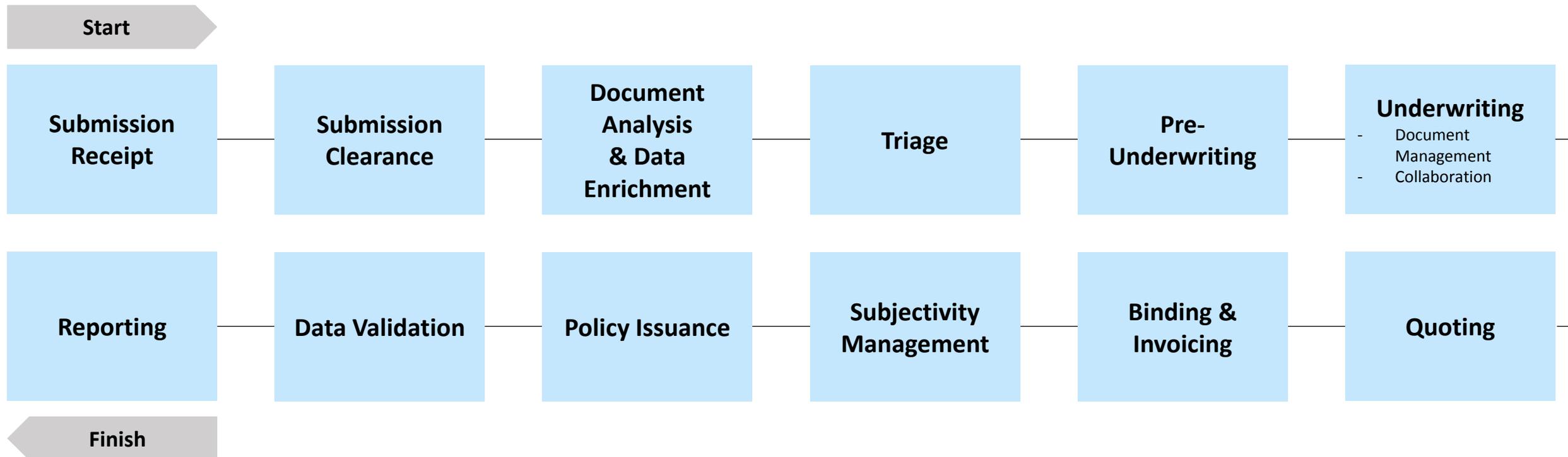
**Fairfax:**  
\$4B

# A Specialty Insurance Transaction



# Our Role & Process in Detail

**Insurance underwriters** are professionals who evaluate and analyze the risks involved in insuring people and assets. Insurance underwriters evaluate exposures, determine acceptability, establish pricing, and tailor policy language for accepted insurable risks.



# Project Management



# Examples & Lessons

## **Broker Data**

Organization, Consumability,  
and Insights

## **Workflow**

Mapping Current State and  
Defining Future State

## **New Product**

Launching Cyber Liability  
Insurance

# Broker Data

## Organization, Consumability, and Insights

### The Need

- Important for our Underwriting Leaders to understand how we interact with our Distribution Partners.
- In our business, since it is largely relationship based, our Underwriting leadership and Broker leadership meet regularly to discuss the overall relationship and how it can continue to build and become stronger.

### The Desired Outcome

- Broker Dashboard to track data on submissions, quotes, binds by Broker – broken down by our internal departments and Underwriters – to deliver insights about individual underwriter performance and broker performance

### The Effort

- In order to produce the Broker Dashboard, we had to take on a significant data cleansing effort. We needed the data to be consistent, names to be unique and accurate for the information to be consumable.
  - **Broker names** (name of the firm) needed to be consistent, so each firm only showed as one.
  - **Individual names** needed to be consistent and unique to be consumable in the dashboard. The volume here was much greater and took a lot of time to comb through all of the data. Close to 50k rows!
  - **Broker Locations** needed for unlocking insights and allowing for more targeted conversations with Broker leadership about where and how we are seeing success or where things can get better.

### The Challenges

- **Timing / Deadlines.** Managing this project from a timing standpoint was challenging at times. Some data points like cleaning the names took a lot more time than originally estimated (like 40+ hours!)
- **Focus.** In a virtual environment, we needed to be much more thoughtful and deliberate. Given all of the distractions in a virtual environment (instant messages, emails, video calls, etc.), we needed to be direct capture the attention of folks right away. While it cleaning and organizing data was straightforward, we elected to meet with our Distribution Leader in person in our NYC office to design the dashboard, which allowed us to draw on a white board, debate, erase and redesign on the fly.
- **Communication.** This becomes exponentially more important in a virtual environment since you are not bumping into anyone in the breakroom or at the water cooler.

# Workflow

## Mapping Current State and Defining Future State

### The Need

- As the business grew and matured, processes and technology needed to be updated to accommodate the next wave of growth in revenue, distribution sources, policy count, and employee count.

### The Desired Outcome

- A process flow that mapped the current state of operations – from receiving a submission to reporting on our activity – to help define bottlenecks, suboptimal handoffs, and other inefficiencies.
- A process flow of the desired future state that can be shared with internal and external parties to organize and prioritize our efforts.

### The Effort

- While some work had already begun on improving processes, we had to fully define our current workflow, with emphasis on points that would change during system integration and significant pain points for Underwriters.
- We began by reaching out to each department to discuss their specific duties and how tasks were completed. We used a simple interview framework to anchor the discussions and reveal the “why” in addition to the “how”.
- We met in person for 2 days in NYC, and we included our CIO to better determine future system integration needs, functionalities, and timelines. While all Underwriters generally followed the same journey – tasks were completed by different folks using different tools and technology, given a division/department’s maturity.

### The Challenges

- **Timing / Deadlines.** This was a struggle given our virtual environment. Sometimes, contact with a subject matter expert is delayed or for extended periods of time, which impacts other efforts downstream.
- **Imbalance.** Even though we were built as a fully remote company, our in-person meeting was uneven since one team member could not attend in person. Unfortunately, connectivity issues like the inability to hear well, inability to see the whiteboard – was distracting. Fortunately, for those in person, there were several people we needed to connect with who were in office and engaged in real time.
- **Identifying Problems v. Proposing Solutions.** While tempting to find solutions to pain points, users tend to focus and anchor on *their* proposed solutions, which may be very specific and lack a greater context. Even if their pain is addressed, some users over orient to the form and not function.

# New Product Launching Cyber Liability Insurance

## The Need

- Given the state of the cyber liability market, our distribution partners were eager for new capacity.
- Since we compete against other underwriters with Cyber capabilities, we were at a disadvantage when those capabilities were leveraged.

## The Desired Outcome

- Launch a Cyber Liability business that would both satisfy the needs of our customers and brokers and generate meaningful revenue and profit for the organization.

## The Effort

- We first began by recruiting and hiring a subject matter expert who was known and trusted by distribution partners, reinsurance partners, and customers that was ready to build a franchise for Bowhead.
- Then, we needed to understand the Underwriter Leader's plan and strategy across a number of critical dimensions including the universe of customers they'd target, their "no fly" zones, the types of brokers they expect to trade with, other tools needed to effectively analyze prospective customers, and the expected volume of opportunities to be received, quoted, and bound.
- We built a project plan that included considerations across all functional areas, sequenced out the work, identified dependencies, developed timelines, and met regularly to maintain momentum, hold folks accountable, and course correct as needed.

## The Challenges

- **Timing.** The "one-in-a-generation" market opportunity, the pleas from our broker partners, and the competitive pressure created significant pressure to get to market as quickly as possible. But with a high potential for severity, our focus on the bottom line served as a helpful counterbalance.
- **Deadlines.** Since the tools to underwrite Cyber Liability are novel and unique, there was a tendency to underestimate the complexity associated with the diligence efforts.
- **Competing Priorities.** While the new Underwriting Leader was solely focused on standing up their business, resources in Actuarial, Finance, Technology, Operations, and Claims were participating in a number of high priority efforts. The aggressive timelines in Cyber Liability needed to be reconciled against all other critical work for the quarter.



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