

WRAP UP INSURANCE ADMINISTRATOR HELPS BROKERS WIN BILLIONS

EFFICIENCY INVESTMENTS SUPPORT \$100B CONSTRUCTION BID WINS FOR INDEPENDENT BROKERS.



AT A GLANCE

CLIENT PROFILE

- Retail Agency
- Missouri
- Full-service administration of construction wrap up insurance programs

CHALLENGES

- Growing demand for wrap up insurance program administrative expertise
- Manual contractor eligibility reporting for 325 construction sites per week
- Limited time to build relationships with construction project stakeholders

REQUIREMENTS

- 24-hour service and support operations
- Scalability to support seasonal construction volumes
- Flexibility to choose which administration tasks to outsource

PATRA SOLUTIONS

- Patra OnDemand Commercial Line
- Patra Assist

POSITIVE OUTCOMES

- Streamlined weekly report delivery to 325 construction sites
- Reclaimed 32 hours per week
- Renewed capacity to develop new talent
- Increased facetime with construction project stakeholders

ABOUT

Construction is booming, despite years of supply chain disruptions, labor shortages, rising insurance costs, and inflated material prices. The right insurance strategy can make or break a construction project's profitability.

Insurance brokers and construction project sponsors alike have abandoned status quo risk management models, electing wrap up insurance programs to protect their projects. Wrap up insurance programs neatly bundle project owners, construction managers, architects, engineers, subcontractors, and sub-subcontractors under a single insurance policy or set of policies for the construction project.

Demand for wrap up insurance has steadily increased over the past decade. Once reserved for large-scale construction projects valued over \$100 million, wrap up insurance programs are a popular risk management tool for every kind of construction project, including residential buildings, stadiums, and large road and highway civil projects. Insurance wrap ups offer many bottom-line benefits for construction project stakeholders, such as:

More Control: Traditionally, a project owner sets the minimum insurance requirements for all downstream project participants; and every participant would purchase their own insurance coverage. Wrap up programs allow project sponsors greater control over the insurance types, scope and coverage limits.

Better Coverage: Under the traditional insurance strategy, when each project participant procures their own insurance, it's not uncommon for coverage gaps to emerge in the form of lengthy litigation.

Cost Savings: Some wrap up programs reduce the cost of insurance through volume discounts for the entire project. Wrap up insurance programs also provide contractors and subcontractors access to projects they may not have been able to properly insure.

Despite undeniable business benefits, wrap ups involve more than purchasing insurance. Wrap up program administration is notoriously complex. Wrap up insurance programs are not off the shelf products, and every construction project is different. A wrap up insurance program must be tailored to protect unique project needs. Insurance brokers or construction project owners who choose a wrap up insurance program inherit the responsibility of incorporating several forms of coverage for prime contractors and subcontractors.

The wrap up program manager must ensure the insurance purchased meets every contractor's needs and that all claims and safety activities are properly managed.

Administration includes collecting critical information, like insurance cost verifications, payroll, certificates of insurance, and more. Additionally, program owners must review and approve program documents, meet with underwriters, and review claims. While it's common for program owners to designate an extra employee to help administer the program, experienced brokers opt to partner with a boutique wrap up administration agencies.

Wrap up insurance program administration agencies design, implement and administer wrap up programs for insurance brokers and their construction project sponsors.

"It's a boutique niche within a huge construction market," notes a senior vice president at a Missouri-based wrap up administration agency. "We're not the broker of record, we're the engine that makes it run," he said.

The agency partners with independent agents who may not have the resources, staff, or scale to compete with larger brokers. "We've worked hard to develop and maintain a reputation as reliable experts. We help our agent partners navigate the maze of wrap ups and compete against larger brokerages, who usually have in-house wrap up teams," said the senior vice president. "Taking care of our agent partners is our main mission."

Today, the the organization is one of the nation's largest administration agencies, and handles wrap up programs for over 500 nationwide projects worth over \$100 billion in construction value.

CHALLENGE

Contractor and subcontractor enrollment into a wrap up program is a critical task. New risk exposures emerge as different contractors move on and off a job site.

"Analysis is critical to ensure the construction project owner, contractors, and subcontractors are working together in concert," notes the senior vice president. "Our team verifies if a contractor meets the project owner's eligibility requirements and the definition of a contractor that should be covered under the wrap up program. After we vet a contractor, we collect a signed enrollment form, enter the form in our database, and issue an enrollment certificate to confirm the contractor is covered by the wrap up program."

The agency issues weekly contractor eligibility reports to brokers and project owners as construction progresses toward completion. The agency's teams distribute reports to 325 unique construction project sites across the United States. While important, report distribution impacted the team's ability to engage with other important project stakeholders. The senior vice president maintains that constant communication is a cornerstone of successful wrap up programs.

"We hired somebody to help and quite frankly, one person couldn't keep up," he said.

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SOLUTION

Over the last decade, the agency built home-grown technologies to streamline some administrative tasks. "We've always been a digital-minded agency," the senior vice president affirmed.

The agency team decided to take a new approach and rethink its wrap up administration processes.

"We put everything on paper and asked, 'Do we really need that step, or is there a more efficient way to get the same result?'"

The team narrowed down a list of six possible tasks to outsource. Ultimately, the agency selected Patra as its outsourcing partner.

"We wanted to outsource to a partner with an environment and structure we could trust. Patra helped us determine administrative tasks to keep in-house, versus manual tasks we thought we needed to control. It just made more and more sense that Patra's model works," he said.

The agency selected Patra's OnDemand insurance processing services for specialty commercial lines. The OnDemand service model provides scalability to support fluctuating, seasonal construction project volumes. Patra's 24-hour service availability strengthened the agency's commitment to white glove client support, too. Wrap up account managers also appreciated Patra's flexible service options. Team members could choose to outsource one process or a multitude of administrative tasks.

The team decided to have Patra's global processing executives manage eligibility report distribution to 325 active construction sites throughout the United States. "Every week, the reports are emailed overnight, and every project owner wakes up to the information in their inbox," said the senior vice president. "Having round-the-clock services helps."

RESULTS

Patra's global processing executives strengthened the agency's productivity.

"We ran the numbers in our system - Patra spends 32 hours a week managing report distribution. It's been a huge save to not hire another person or have our team take time out of their regular day. Our team gets to focus on more critical areas -like vetting contractors in the first place," the senior vice president noted.

Today, the agency invests its reclaimed capacity toward higher-value initiatives, like talent development.

"Patra opened more time for us to onboard and train new employees in the details of what we do," he said. "It's a really good benefit we didn't anticipate."

Up next, the agency plans to augment its capacity through a Patra Virtual Assistant to provide support for a variety of administrative tasks.

"We're constantly looking at new things we can do with Patra that will help us operate smarter and faster. Our Patra Virtual Assistant is going to take it to another level," confirmed the senior vice president.

CONCLUSION

Construction project stakeholders are vying for better insurance coverage, control, and cost savings – and insurance brokers are eager to deliver. Wrap up programs are in high demand; but not every administration agency is equipped to take on new projects. The future belongs to wrap up administrators focused on operational efficiency. Patra helps wrap up administrators unlock operational efficiency, flexibility, and scale, so administrators can deliver better service and cement lasting relationships with brokers and builders. “Patra has become an integral administration partner; we recommend Patra all the time to our broker partners,” said the agency’s senior vice president.



ABOUT PATRA

Patra is a leading provider of technology-enabled insurance outsourcing services and software solutions. Patra powers insurance processes by optimizing the application of people and technology, supporting insurance organizations as they sell, deliver, and manage policies and customers through our PatraOne platform. Patra's global team of over 6,500 process executives in geopolitically stable and democratic countries that protect data allows agencies, MGAs, wholesalers, and carriers to capture the Patra Advantage – profitable growth and organizational value.



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