



Commercial Insurance Brokerage Firm allowing a Wide Range of Businesses to Better Manage their Risk and Reduce Costs



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Interview conducted by:
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CEOCFO: Ms. Lloyd, would you tell us about DH Lloyd & Associates?

Ms. Lloyd: It is a commercial insurance Property & Casualty brokerage firm. We insure any commercial entity.

CEOCFO: Most people understand the concept of insurance, but there are many nuances that are not understood. Would you give us a sense of the scope of insurance that you are able to handle?

Ms. Lloyd: The most recent, largest thing we have done is the Democratic National Convention. We are the first African American firm to win the bid for the insurance for Democratic National Convention in Philadelphia in July. Therefore, we have insured that. We have insured anything from airports to the grocery store around the corner. If it is a business we can insure it. To be more clear, when I say insure DHLA identifies the carriers that best suit the organization which we are providing insurance. Our primary emphasis is Property and Casualty lines, such as workers compensation, general liability, and builders risk insurance for construction. We have a wide range of clients we insure everything from public schools, banks, to universities.

CEOCFO: Given security risks that could happen at a convention, how do you go about finding the right carrier or putting together a package? What do you understand that allows you to do so?

Ms. Lloyd: We have been around for thirty one years, so we are very cognizant of what are the appetites of certain insurance carriers. There are certain carriers which have historically written insurance for large events, they also include offer some specialized expertise relative to terrorism exposure. Being an agent for so long, affords us the expertise to know which carriers are the most competitive and offers the broadest coverage. Due to that familiarity we are able to place our clients with the best carrier for their operation. By doing that we were able to save the DNCC over \$800,000 in insurance expense this year.

CEOCFO: You mentioned being the first African American firm. Was being an MBE important in being able to bid?

Ms. Lloyd: I am not sure. It did not say so on the RFP. A gentleman by the name of Marico Edwards has a firm called South River Partners and he is a lawyer with insurance background. At the time that I was doing this I was fighting a health issue and I really did not think that we had a shot. However, he insisted that we did. Therefore, we responded to the RFP under South River Partners, with the understanding that DH Lloyd & Associates would provide the insurance, because Marico is a lawyer and not currently licensed in insurance. He has a very successful law firm. Although he does

not actually provide insurance, he has an insurance background and offers Risk Management advice to many governmental entities. Marico was able to put together a winning bid, thankfully.

Therefore, we were able to win the bid with our fee pricing. We are smaller, so we can do things more financially competitive than the larger firms.

I understand the exposure is different, but at the Republican Party the broker asked for a million dollar fee. We did it for much less. We were able to put together a concise and excellent program for the Democratic National Convention Host Committee and they were very pleased with our product after they chose us. We were able to make sure that all of the volunteers; of which I think there were over three thousand of them, were covered.

It was very exciting for us to insure something that I personally believed in. It was a good opportunity for us to be able to put something together.

My background started at Liberty Mutual and CNA, therefore as a former claims adjuster and an underwriter, the experience gives me a better focus on what can occur and what needs to be covered. I do not have any problem asking a carrier at the company to please let me run this by you and make sure I am on the right track. Everybody on my firm, with one exception, has had carrier experience and they all have at least twenty years experience. Therefore, we bring together a broad breadth of expertise.

CEOCFO: How do you help a client make the decision of how much coverage for how money?

Ms. Lloyd: First of all, we go over all the exposures that they have. Just today, we went over a potential client who has, quite frankly, currently a great insurance program. When we look as someone who has a great program like that we try to determine how we can bring value added, otherwise why would the potential client switch to us?

One of the things that concern most businesses is saving money. If people are paying in eighty and ninety thousand dollars on coverage they are not going to jump for two or three thousand dollars savings, so we look to see if they would be interested in a ten thousand dollar savings. Then we look at how to design a program that gives them everything that they have now, with another carrier that will save them money. There are a number of carriers out there who have excellent programs. We happen to represent some of the "best insurance carriers in the world."

Therefore, we can probably reach out and get a better program than someone may currently have, with a premium that is more competitive. Although not often, we have run into situations where must say, "You have an excellent program, thank you for allowing us to review it. You are good just where you are." We have to be honest with people and tell them potential clients the truth.



For All Your Commercial Insurance and Risk Management Needs

"Clients are our only asset"

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CEOCFO: Do most companies review each year or do many just go with what they have? How do you encourage people to take a look and to see what is available?

Ms. Lloyd: I offer to review it at no cost and to see if they have the coverage they should have at the limits they should have. For our clients we review their insurance program every year internally but we do not market every year. I do not suggest to anyone, regardless how large the company is and we have insured everything from Philip Morris to Kraft General Foods, that you market annually. "You do not need to market your insurance every year." The reason being is that first of all, you want to establish a relationship with a carrier sometimes you will get the best pricing from the carrier with which you have a history. Therefore, if you do have a claim they are more responsive because you have been committed to them and there has been loyalty there. Not everyone will jump every year just for a five hundred dollar savings or five thousand dollar savings

One of the concerns that any consumer should have relative to being with an insurance carrier is not only the price but how they have responded to you when you have a claim. Secondly, if you shop it every year and you go to five or six carriers and you are only going to choose maybe one or two of carriers to cover

your whole entire business, depending on your size. Therefore, the underwriters of the other carriers that are not chosen are going through all of that work to try and put together a program and when they are not chosen more than once they are hesitant to quote when you really may need them. Therefore, if you market every year, when you really need to change carriers, because your claims experience is bad or when you have an exposure that is high and a little tricky, like someone who is doing repair and replacing a gas line, then no one is going to want to offer a quote. Also the underwriter will think, "Wow, if I get stuck with a claim that is high this guy is going to jump the next year!" I have seen this out to market almost every year there is no loyalty.

I have a client who went from being an telecommunication firm to repair and replacement of gas lines.

However, because they were with the same carrier for twenty years, even though the carrier was a little bit uncomfortable with the change of operation, they gave them a shot and wrote their insurance. The reason they did that was because the company had been loyal and claim free. If you want to save money one of the things that you need to do, always, is try to save money and to make sure you have an internal safe environment, not only for your employees, but also for your client.

Making sure that you have a good safety program is always a cost saving especially with your Workers Compensation. Carriers who see that a client is concerned about safety; whether it be a contractor or a store front, they are more willing to write insurance at a more competitive premium .

Often a unsafe work environment could cost you the ability to quote on some projects especially in the construction arena.

CEOCFO: *How do you work on the cyber security arena?*

Ms. Lloyd: Cyber security is new. When I say it is new, compared to other coverage that has been around for two or three hundred years, it is basically a new field. any company that has cyber high visibility exposure I try to read their contractual obligations that they have with their client. It is most important; to make sure that they are covered correctly.

In fact, it is funny that you mentioned that, because just today, with that company that I was telling you about that we reviewed, though they have cyber security their limits were, I perceived, rather low for their professional exposure.

If a company is contracting with the government I would suggest that one would carry at least ten million dollars of cyber security. One to two million limit of liability, I perceive is under insured for the possible potential exposure one may have. That is because everybody can get hacked. A well-known University said they just had a great program put in, nobody could hack it, and the next day they got hacked!

Everyone; even the Department of Defense has been hacked. Therefore, no company can say that, "Our company cannot get hacked."

Depending on which third party services that you provide in the liability arena it is quite important that you carry enough coverage. Cyber is interesting. It does not only cover you, the company, for your loss, but it covers the client's loss, too. That is what people have to look at what is the potential loss that my client can have based on what I am providing them through cyber, remember cyber may be as simple as an email.

CEOCFO: *You are licensed in forty seven states. How do you stay ahead of regulatory issues, which can be different state to state?*

Ms. Lloyd: That is very, very difficult! We hire a consultant to do that for us, because that could candidly take days for a group people to do. It could take up my life! Therefore, we hire an attorney who is licensed in insurance and she is a compliance person and that is what she does for us and has been doing it for years. She makes sure that we are all together. However, are not licensed in forty seven states right now. We are only licensed in twenty one. The reason being is that one; we have to pay every year to be licensed in every state. When we decided to review the states that we do business in and the ones that we have never done business in, we cancelled our license in those states. If we need to do business in a state we are not licensed in all we have to do is apply for a reciprocal license. Therefore, that is not really difficult, but it is expensive to maintain a license for 47 states for a small firm.

CEOCFO: *You have been recognized as a top MBE. What is next for DH Lloyd & Associates?*

Ms. Lloyd: What is next? As I said, we have been in business for thirty one years and I am the founder. Therefore, my next deal is to expand, but not only to expand but to look at my future. At some point I want to say, "I think I need to rest," so I have identified some people who will take company to the next level. We are working with them day-to-day now, to get them up to par to handle an expanding company. I am checking to make sure that they have the required skill sets to take the firm to the next level. I will be, God willing, assisting in the administration for another four or five years with them. However, that is the goal. One of them is one of my children; my daughter, Kai Lloyd and I have two people who are definitely looking into taking us to the next level and becoming partial owners of the firm.