

PRIVATE EQUITY

AND THE PORTFOLIO COMPANIES

IMPROVING YOUR BOTTOM LINE

FIDUCIARY RESPONSIBILITY, ASSET PROTECTION AND PREMIUM SAVINGS

We create a **Return on Investment** with your premium dollars.



Reduce The Risk
Boost Your Bottom Line



PREMIER
RISK MANAGEMENT

A PLATFORM DESIGNED TO BRING ECONOMIC VALUE TO THE PRIVATE EQUITY PORTFOLIO COMPANIES



Utilizing an **Independent Risk Management Advisor** is a hidden opportunity in which strategic portfolio company purchasing approaches can improve profits and cash flow.

Answering crucial cash opportunity questions:

- Is your program leverage and what does that mean?
- Are existing broker relationships competitive and independent?
- Are we sharing best practices across portfolios to lower insurance and cost?

Challenging **conventional methods** and developing alternatives to **traditional solutions** are the cornerstones for delivering the highest degree of creativity on a cost-effective basis.

- In the current market where all types of deal activity is challenging an effective independent risk management advisor at the portfolio companies is one of the ways for private equity and management to **boost value**.
- Because of resource constraints priority is given to top initiatives, abandoning many other meaningful savings programs, including insurance or risk management opportunities that could lead to potential **cash savings in the millions**. However, with an independent advisor these opportunities can be captured by private equity and the portfolio companies.
- By leveraging the purchasing power, implementing professional competition and aligning risk management strategies of portfolio companies, private equity can decrease insurance premiums, vendor costs and loss costs by **25 to 45 percent** while improving services and coverage terms.

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- **What** would it mean to your portfolio company's returns if they were significantly **overpaying** for their insurance coverage or had inadequate coverage? What if a loss occurred and it was not covered? Depending on the size of the company, these excess premiums could amount to tens of thousands—or even millions of dollars—reducing your company's earnings and your total return. Gaps in coverage could cost even more.

Is your insurance program leveraged?

This is in the eye of the beholder.

- Some programs are considered leveraged because they are executed on a portfolio wide basis.
 - Others may be considered leveraged because they use the same insurance broker.
- **Premium** overpayments occur because companies are at a considerable disadvantage when dealing with brokers and insurers to obtain coverage to protect their assets. The playing field is tilted in favor of the insurance industry because they deliver their commercial products through brokers. The brokers, although they technically represent the client, are the sales force for the insurers they represent regardless if their source of income and relationship is disclosed. This system in spite of the brokers "**good will**" has the possibility to create inefficiencies and economic disadvantage between the companies purchasing insurance, and the brokers and carriers selling the insurance products.



A Key Element of our approach is **Careful Evaluation**. We evaluate all bids, and given our experience, we are able to recognize a quality offer at the right price vs. one that is not as favorable.



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Are you receiving the best advise?

- **Avoid** the “**Free Due Diligence**” Puzzle – One source of potential conflict is the practice by which an insurance broker, either during the due diligence process or a risk management audit, offers to perform the audit and/or due diligence at “**no charge**”. However, the quid pro quo to this offer is that your acquisition target is required to purchase its coverage through that particular broker. A company that accepts this offer may not necessarily be getting a completely independent analysis or the best value for its company. Further, it may cause senior management at your target company to be upset by having a relationship with their current broker and/or provider eliminated without appropriate representation and/or benefit.
- The broker’s primary revenue is associated with insurance placement; therefore, the broker naturally concentrates on the insurance “**buy**” or purchasing insurance coverage on behalf of the private equity portfolio company. Although important it should not be taken as a substitute for **sound risk management advice**.
- Insurance brokering is **highly competitive** and brokers rightfully strive to maintain portfolio business. The broker’s relationship is tied to satisfying private equity consequently the broker is placed in a difficult situation if their advice is contrary to the portfolio company’s view. It may be difficult to get straightforward professional advice.



Premier Risk Management brings to the table technical skills that enhance the risk management process and provides uncomplicated advice.

Establish Benchmarks. We have the ability to establish benchmarks to evaluate insurance transactions and offers from a variety of brokers and insurers.

Negotiations/Results-Driven. Our negotiation process is critical in achieving the strategic goals set forth by your company’s management.



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- **Thus**, given the current structure of the insurance marketplace, the best way to overcome the potential conflicts and successfully negotiate the most favorable coverage while minimizing premiums, is to access a truly independent third-party resource—one that demonstrates superior technical knowledge of coverage and the general insurance market, as well as the ability to professionally advise and negotiate the right policies at the most competitive price.
- An independent advisor can offer independent insurance purchasing advice and provide the operational risk management experience to optimize insurance risk management across portfolios to break down corporate silos. Having an **experienced advisor** becomes critical when the private equity lacks internal risk management resources.
- **Premier** is unique in the insurance industry. We provide a **truly independent** source of analysis, advice, guidance and negotiating capabilities. We are an advocate for your company when dealing with the insurance industry— seeking the right insurance coverage for the company at the right price. We provide a professionally managed and competitive process to maximize benefits for the private equity investor as well as the portfolio management team.

Fortune 500 risk managers use two or more insurance brokers. This best practice gives risk managers the ability to leverage the best brokerage resources, more varied insurer relationships and intellectual property in a highly competitive environment.



Accomplishment. The proof of our capabilities is in **our bottom-line results**. Our services have consistently helped client companies to achieve insurance premium savings averaging 25%-45%, or more.

Further, we consistently deliver a **significant ROI** to our clients on the consulting fees they pay us.

If you were to invest that money back into your business what would the **return on that investment** be?



KEY ELEMENTS OF OUR UNIQUE CONSULTING APPROACH AND HOW THEY BENEFIT YOUR COMPANY

- **Establish Benchmarks.** Our experience is based on the multitude of everyday practical business experiences spanning from every type of market scenario. We are equipped with a combination of current market understanding and deep industry knowledge thus for each client engagement we have the ability to establish benchmarks to evaluate insurance transactions and offers from a variety of brokers and insurers.
- **Careful Evaluation.** We carefully evaluate all bids, and given our experience, we are able to recognize a quality offer at the right price vs. one that is not as favorable.
- **Negotiations/Results-Driven.** Our negotiation process is critical in achieving the strategic goals set forth by your company's management. We advise on how to best respond to industry questions, interpret the value of recommendations and we make certain that the proposals being set forth are receiving the highest priority at the brokerage and insurance company level.
- **Accomplishment.** The proof of our capabilities is in **our bottom-line results.** Our services have consistently helped client companies to achieve insurance premium savings averaging 25%-45%, or more.

Further, we consistently deliver a **significant ROI** to our clients on the consulting fees they pay us. Over the long term the ROI recognized can be 10-to-1: That is, the fund's portfolio companies have saved a total of \$10.00 for every \$1.00 they have paid us in consulting fees.

Premium savings have created new value for many companies: If you were to invest that money back into your business what would the return on that investment be? I would bet that the initial investment over time could produce a **meaningful ROI** for your business, especially if you continued to realize those savings year after year.



**We are not
brokers; we do
not sell insurance
nor represent
insurance
carriers.**



LEARN MORE ABOUT

WHO WE ARE:

INDEPENDENT / TECHNICAL SKILLS / COMPETITION

WHAT WE DO:

RISK ANALYSIS / CREATE STRATEGY / NEGOTIATE

Premier Risk Management is a fee based risk management consulting firm that works only for you and derives no income from either brokers or insurance carriers. As risk management professionals, Premier Risk Management brings to the table technical skills that enhance the risk management process, proper competition, independence and uncomplicated advice. We serve clients ranging in size from middle market to very large multinational corporations—in a wide range of industries and locations.



- Align your risk management strategies amongst the portfolio companies and employ the same best practices used by Fortune 500 risk managers.
- Purchase of insurance is complex – utilize assistance in soliciting and evaluating competitive bids.
- Help lower cost.
- Know that you have the ability for the most favorable selection process free of bias or favoritism.

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