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Finance Leaders and Insurance Brokers: A Strategic Partnership For Risk Management

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Chief financial officers and other finance leaders within an organization carry vast responsibilities around financial planning, reporting, and analysis. As such, they play a crucial role in mitigating risks that could impact the financial well-being and strategic objectives of their organization.

This article illustrates the importance of finance leaders to an organization's risk management strategy, highlighting how a partnership between finance leaders and insurance brokers creates the most robust risk management strategy possible. By partnering with an experienced broker, finance leaders can ensure that risks are meticulously assessed, appropriate insurance coverage is secured, and risk mitigation strategies are implemented effectively. This ensures that the organization's financial stability and long-term success are safeguarded.

THE ROLE OF THE FINANCE LEADER

Finance leaders drive the financial health and strategy of their organizations. Their responsibilities are multifaceted, working to ensure that their organization's assets are resilient against market fluctuations, credit and cash flow issues, and other operational risks.

Other responsibilities often taken on by finance leaders include:

- + Leading their organization's strategic planning by assessing risks associated with potential investments, mergers, and expansions.
- + Guiding financial decision-making that aligns with their organization's risk tolerance.

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- + Leading the development of internal controls to protect against supply chain, regulatory compliance, fraud, and other operational risks.
- + Selecting adequate insurance policies and helping develop emergency preparedness plans for catastrophic risks like major market disruptions and natural disasters that threaten to cause significant losses.

WHY PARTNER WITH A BROKER?

Working with a broker can provide invaluable aid in mitigating these risks by providing specialized expertise, tailored insurance solutions, and a strategic approach to risk management. Whether providing trade credit insurance solutions to help protect against the risk of customer nonpayment or conducting thorough property assessments, brokers serve as advocates for organizations. Providing comprehensive and objective evaluations of the insurance market, brokers have expertise in various types of coverage and customizable insurance solutions to suit the unique needs of different industries. Brokers are also highly experienced risk control professionals who can recommend proactive risk mitigation strategies to help organizations secure the most favorable policy terms and premiums and safeguard assets.

We asked several finance leaders from the Puget Sound area to share the value brought by brokers to their organization's overall risk management strategy.

"Risk management is a huge component of all businesses, and we look at the relationships with our brokers as a key part of our success," Jim Winkle, EVP and CFO of Harbor Foods, said. "We look to them as the experts to provide solutions and come to us with thoughts on ensuring we have adequate and correct coverage for all segments of our business."

Aaron Kaufman, director of finance for Dick's Burgers, highlighted the role of brokers in navigating complex risks. "I leverage our broker to guide us through unique and complex risk areas," he said. "They are instrumental in tailoring solutions to meet our needs, no matter how unusual the request."

Alan Leach, controller at Cascade Mountain Tech, underscored timely support from brokers as an asset to his organization's risk management strategy. "Our broker helps us move swiftly in deciding on new products and associated insurance risks, which is crucial for our business."



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Some of the services brokers are particularly skilled in providing include:

- + Identifying and assessing risks across a diverse array of industries.
- + Highlighting areas where insurance coverage can reduce exposure, as well as determining adequate coverage limits (including multinational insurance programs to ensure no gaps in coverage).
- + Ensuring optimal coverage is balanced with cost efficiency to keep expenses on budget. Brokers can also provide expert advice on options like adjusting deductibles, self-insurance, or bundling policies to reduce costs without compromising protection.
- + Negotiating with insurance carriers to secure the most favorable policy terms and premiums. Brokers are well-connected with a wide network of insurance carriers and are able to provide finance leaders with more options, competitive quotes, and better leverage.
- + Helping implement robust safety protocols, enhancing cybersecurity measures, and improving supply chain management.
- + Advocating on behalf of the organization and managing the claims process in the event of an insured loss. Brokers can help ensure claims are handled quickly and fairly, minimizing the loss's financial impact on the organization.
- + Helping finance leaders monitor regulatory changes and ensuring compliance with local, state, and federal requirements to avoid legal and financial penalties.

As a finance leader, another significant benefit of partnering with a broker is receiving guidance to navigate market volatility. The finance leaders we interviewed highlighted some of these challenges the marketplace has been presenting, as well as the impact they have been having on consumers. They also commented on strategies for meeting their 2025 goals amid these challenges.

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"We have all been affected by inflation," Winkle said. "Consumers feel the impact of the cost increases in everything we use and experience daily. Right now, there is less discretionary income between inflation, interest rates, wage pressures, and more."

Leach also cited inflation as a major source of financial pressure on organizations.

"Inflation has greatly impacted consumer spending and resulting retail sell-through," he expressed. "We operate in a competitive and lean space, so costing pressures have a big impact."

Consumer [prices](#) have been 21.2% higher since February 2020. However, according to the [Bureau of Labor Statistics](#), annual prices [rose](#) 2.5% in August 2024, marking an improvement from the 2.9% increase noted in July. The current inflation rate is the lowest it's been since February 2021, and the Federal Reserve is [expected](#) to start cutting interest rates from the highest they've been in over 20 years as inflation nears its 2% target.

When asked about their strategy for hitting their current 2025 goals in such a challenging economic landscape, each finance leader shared a focus on growth and diversification.

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“We hope to see an easing of inflation,” Leach shared. “There is much opportunity for growth in retail and other channels.”

“Near term, it seems like interest rates will be flat to slightly down, but we will see market volatility through the election,” Kaufman mentioned. “Many big companies are in caution mode, but we will focus on our business and stay the course.”

“Although we will tighten down in areas of the business that warrant it, we recognize the long-term importance of remaining customer and team-member-centric, and we will continue to make those our top priorities,” Winkle added. “We will continue to pursue growth opportunities as they present themselves and fit our longer-term strategic plans.”

BROKERS HELP REDUCE THE FREQUENCY AND SEVERITY OF RISKS

Brokers are an invaluable tool for finance leaders to utilize in reducing the frequency and severity of risks that threaten to impact their organizations. From recommending tailored insurance solutions to conducting in-depth risk evaluations and adaptable mitigation tactics, brokers can support finance leaders in the planning and protection of all segments of an organization.

For more information on how strategic partnerships between brokers and finance leaders can strengthen an organization's resilience, contact an experienced broker.