

Starr Tech, Starr Specialty, and Starr Underwriting Agencies, LLC



**An Interview with Richard Shaak,
President and Chief Executive Officer, Starr
Technical Risks Agency, Inc. (Starr Tech)
and Starr Specialty Lines Insurance Agency,
LLC (Starr Specialty) and President of Starr
Underwriting Agencies, LLC**

Will you give an overview of Starr Tech's business, and how the business is positioned?

We have positioned Starr Tech to be just what the name says: a technical-oriented underwriting operation. We provide insurance and loss control services to highly specialized technical industries such as oil and gas, petrochemical, chemical, power generation industries, as well as metals and forest products.

We have a very strong base in North America. Leading up to this economic downturn, we have been expanding our footprint outside of North America – in London and Hong Kong, and we're entering Paris, Australia, and Malaysia all by the end of the third quarter.

The economic downturn had an impact on our clients as it did with everyone, and while there are some signs that things are starting to flatten out, it will take longer before we start seeing any uptick.

Looking forward, will the types of coverage you offer within Starr Tech remain relatively consistent, or will they evolve?

In general, the coverage will remain relatively consistent. When we get to the green initiatives – solar panels, wind farms, and the stimulus money the government is investing to retrofit facilities and to produce energy with a reduced carbon footprint, we will probably see some coverage evolve from working with the manufacturers and their warranties to find ways to bridge the gap between the clients' and manufacturers' needs. Outside of the technical property risks, we formed Starr Specialty to provide additional offerings to the market.

Would you discuss Starr Specialty, and how it has held up during this time?

Through Starr Specialty, we have the ability to cover any property risk outside of the risks currently considered as technical risks and this includes coverage for construction projects. In addition, we will be building the facility further by adding other coverages such as political risk.

The economic downturn affected the construction area and general property including hospitality and real estate. We are starting to see some trends toward improvement on the tech side of the business, which tends to move sooner than the general property area, and construction lags behind further.

We have seen success outside of North America with the stimulus packages in Canada and in Asia, but we have not seen the same success yet in the U.S. We are in a holding pattern as to when that money will get utilized for infrastructure in the United States.

The public perception of insurance companies has not always been favorable. Why do you feel that is the case?

In some people's eyes, insurance is seen as an expense when in reality, it is there to perform when a catastrophic event happens. Those people have lost the concept of insurance as they believe they have to make a return on their premiums.

Do future leaders understand the opportunities that the industry offers?

In the insurance industry, we are not finding companies providing the same level of training that would have taken place 15 or 20 years ago, so that can be a concern. What attracts smart young people to C. V. Starr is the culture within the organization of retaining experienced people. With the amount of knowledge they have amassed over their careers, they can share their experiences and train up-and-coming management and underwriters. You can't replace that. ●

C. V. Starr & Company (California)



**An Interview with Michael E. Garrison,
President and Chief Executive Officer,
C. V. Starr & Company (California)**

Would you give an overview of the products and the range of services that you offer?

C. V. Starr & Company (California) is a specialty casualty agency. Our areas of focus include residential and commercial construction; public entity; and specialty lines excess, which is a catch-all for us; it is comprised mainly of manufacturing and specialty transportation. The specialty transportation occupancy includes such exposures as petroleum transporters, ready mix in transit, and refuse haulers. We write excess casualty lines with up to \$25 million in capacity on these segments.

Primary coverage is available for commercial construction through the group's PrimeStarr product. The agency also has a very good residential construction primary offering, though this market has been quite depressed over the past couple years.

Is it challenging to differentiate in the residential construction or public entity space?

It is a challenge, but I believe we provide the greatest value and differentiation in the residential construction and public entity areas.

The residential construction policy form that we issue on behalf of a partner market is one of the best in the industry. The unique quality of the form is its focus on the "Right to Repair" laws. The form was released nearly two years ago, so it is still relatively new considering the state of the residential marketplace. C. V. Starr & Company (California) has been an industry expert in residential construction since its beginning. Consequently, we have earned a reputation for innovation and responsiveness in the marketplace.

We enjoy a 90 percent renewal retention rate with our public entity clients. Our relationships with our clients and producers in this space along with tremendous expertise make this area our greatest strength.

Our underwriters and claims team spend many hours visiting with our clients where we provide protection above their self insured retention (SIR). Our team provides guidance on claims management, attachment point selection, and general risk management practices.

Have you seen stabilization on the residential and commercial sides?

We are seeing some signs of growth in home building, but with a greater emphasis on distressed housing; these are partially built or vacated tracts of homes. Efforts to revitalize these homes create additional underwriting and exposure concerns that we are uniquely qualified to address.

There is demand for enhanced or unique coverage in the residential market. We actively look to provide coverage solutions for new and existing exposures, and we have already introduced some of these into the marketplace.

As for the commercial construction market, we have seen a reduction in "four-walls" type projects, but "street and road" and other infrastructure projects continue to provide steady business opportunities.

How are you implementing technology, and do you worry that the focus is moving away from the people part of the business?

While technology offers us exciting opportunities, we don't want to sacrifice the personal and often long-standing relationships that we have developed with our clients and producers. I believe that success in this market depends greatly on personal relationships and that is one of the most important components of our success. The technology we are moving towards will enable our underwriting team to spend more face-to-face time with clients and producers while providing them with better information about their businesses. There will always be a need for people trading with people in the specialty lines insurance marketplace, and our implementation of technology will focus on enhancements and support of this process. ●