

A passion for protecting directors of companies

Process involves more than simply procuring insurance, NIP founder says

By Stephanie K. Jones

Bill Pollock is passionate about protecting directors of companies. The Dartmouth College and University of Virginia law school graduate has been a director and a CEO, and understands from both sides the position company directors are in when it comes to securing insurance protection. That's why he started National Insurance Partners (NIP), a Texas-based independent insurance and risk management organization dedicated in large part to advising company executives and directors on compensation, benefits, wealth management and insurance matters.

"There's a huge opportunity in this country to help directors," says Pollock, who serves as chairman and CEO of NIP, which has offices in Austin, Houston and San Antonio. "They're a critical part of corporate

governance and I think as time goes on they're going to be subjected to even more pressures by plaintiffs attorneys and by shareholder groups."

Pollock believes that protecting company directors involves a lot more than simply buying insurance for them. "You have to devote time and resources to it," he says, "but we think it's worth it."

He maintains that the distribution network currently in place needs to pay "more attention to the needs of directors because they're different." Traditionally directors and officers insurance is marketed to the companies, with directors not always being represented in the process.

"Directors tend to defer to the companies on whose boards they sit for their protection," Pollock says. "Yet as a lawyer I knew there was a very subtle conflict at work there,

because companies indemnify directors, but only when they legally have to."

The question arises then of whether the company is really protecting the director. It often occurs where the needs of the director are different than those for the company, Pollock says, "so we need to recognize that and do certain things that will give them better protection."

To that end, NIP is currently working with various insurance carriers to develop a D&O insurance program designed specifically for the protection of the director, the Director Protection Plan. Target companies likely would be Fortune 1200 in size rather than Fortune 500, which probably are more attentive the problems of protecting directors than are smaller companies, Pollock says.

The aim is to "create a marketing machine that would apply itself to the directors so the directors would have to become more proactive in procuring their insurance," Pollock says.

Companies would still be paying for the protection of their boards, but NIP's goal is to educate directors to ask for the protection they need. CEOs "are going to take care of the directors if they ask for it," Pollock says. "It's really that simple. The directors in this country today aren't asking for it, but they are becoming more concerned."

NIP's program targets a whole board, as opposed to products currently on the market that are oriented toward individual directors, Pollock pointed out.

Compensation and consulting

In addition to building a property and casualty insurance organization, NIP is focused on developing an executive compensation consulting practice, which Pollock says is "not exactly insurance but it's pretty closely related. ... These are professional consultants hired by the compensation committees of boards to advise them on directors' pay and compensation, and executives' *continued on page 60*

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pay and compensation.”

Pollock says he sees a definite cross selling opportunity between the executive compensation and property casualty insurance practices. Members of the compensation committees are “going to trust that executive comp person about as much as any service provider they have,” Pollock says.

“Therefore, if we have other important services and products that we are marketing and selling — and hopefully we’ve done a good job of addressing the needs of directors or executives” — the company can tap into those relationships.

The P/C business

NIP’s retail brokerage and mergers and acquisitions unit is headed up by NIP President Bill Harrison, formerly with Coleman Company Insurance in San Antonio, and a former president of the Independent Insurance Agents of Texas. Harrison says the retail P/C brokerage’s focus is on mid market business and benefits specialties.

The company opened its San Antonio office in the first quarter of this year and hired both a director of service for P/C operations and a benefits specialist.



Bill Harrison

Harrison is currently seeking complimentary firms both in Texas and nationally to acquire as part of NIP’s growth strategy. He says they are looking for firms that have expertise in a wide variety of industries.

NIP’s goal is to offer clients with a broad scope of expertise and to surround the different operating units with resources of the rest of the company, Harrison says. He, too, believes there will be multiple cross selling opportunities between the executive compensation, benefits, program management and P/C operations.

Pollock and Harrison say they are building a national organization but don’t have a preconceived notion of how big the company will eventually be. The goal for the first six months of this year is to bring on strategic acquisitions “that collectively have EBITDA of about \$20 million ... whether that’s two companies or eight companies, that remains to be seen,” Pollock says.

“If we’ve created a really good model for the marketplace, the marketplace will respond to that and the growth will be natural,” he added. ■

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