

# 2009? Mission Accomplished. Now, on to the Next Decade



Marcon

By Michael Marcon

2010 — Can it really be 10 years since the world survived Y2K? Here is a bold prediction . . . we will survive this present situation, also. In January 2020, we will look back at our current struggles and view them as a slight detour on the continued road to prosperity. If Warren Buffet is comfortable betting \$34 billion on the same outcome, I guess my prediction is not that daring.

Equity Risk Partners is an excellent proxy for a perspective on the issues facing our industry in 2010. We are involved directly in the industry, and we are also a small business facing the same issues as many other small companies throughout the country:

- We are tracking the health care debate on behalf of our clients, and we are discussing internally its implications relative to the benefits we provide to our employees.
- We are advising our clients on how to manage their insurance expenses and assisting them as they downsize dramatically, and we are discussing internally how we can continue to grow our business as our renewal revenue drops like Tiger Woods' approval ratings.
- We will pay the additional taxes associated with the "stimulus," and we will be the beneficiary of additional revenue generated

through our Infrastructure Practice Group that specializes in insuring such stimulus-related construction projects.

- We see the damage caused by excess leverage on Wall Street, yet our agency specializes in working with private equity firms and we are directly impacted by our clients' inability to finance their deals.
- We read the tabloid descriptions of the excesses by some of the "Masters of the Universe," but we see the thousands of businesses that are thriving as a result of capital provided by those same "Masters."
- We work every day with businesses that are not "too big to fail" — that includes us, too.

Yet, we remain completely optimistic on the future of our firm, our industry and our country. To look back on this period from 2020, we first need to get through 2010.

Most companies' 2009 business plans were very simple — make it to 2010. Mission accomplished. So, what is needed to make it to 2011 and beyond?

- We need more focus on the long term and less focus on immediate successes. "Pay for performance" is a great philosophy. "Pay for long-term performance" is better.
- We need to realize that insurance companies are not inherently evil. Does anyone really think an insurer wants to deny a claim for a life-saving medical procedure? Insurance companies are made up of people; people that have families and whose families also need life-saving medical procedures. Insurance company balance sheets backstop every business and household in this country. If you want to see Ayn Rand's predictions in "Atlas Shrugged" come true, see what happens without an insurance industry. Do you really want to call your congressional representative at 2 a.m. after your house has burned down? I would much rather call a gecko or a caveman.
- We need everyone to play by the rules.
- We need insurers to stop being their own worst enemy. Clients distrust insurers because every time the client introduces competition, the quoted premium magically goes down. Just once, we'd like to see an insurer say, "Sorry, my original quote was my best quote. I have no more to give," or "Sorry, we will not quote midterm."
- Brokers and agents need to stop making promises they know they can't keep just to write some new business.
- We need to recognize that the law of supply and demand really works. There is a reason it is not called the law of subsidized supply and government-sponsored demand.
- We don't need more regulation. We need more common sense and, as Jimmy Stewart said

in *Mr. Smith Goes to Washington*, "... a little more lookin' out for the other guy."

We live in a great country and work in a great industry. We have been tested over the past couple of years. The decisions we make in response to these crises will determine whether or not we will remain great.

*"Brick walls are there for a reason; they let us prove how badly we want something." - Randy Pausch, "The Last Lecture"*

Marcon is founder of Equity Risk Partners, which provides insurance brokerage, employee benefits and risk management consulting services to the private equity industry and its portfolio companies. He has more than 20 years of insurance experience, specializing in alternative risk financing and transactional insurance products.

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