



GOING FOR GOLD

National Interstate won three awards in 2013. Dave Michelson and Tony Mercurio talk to *Captive Review* about how they feel about winning and why they stand out among their industry peers

We are very proud of our team for winning three awards this year, and appreciate the recognition they bring National Interstate in the ART world. We believe what differentiates us from our industry peers first and foremost is our people. In order to maintain our dedicated team, we focus on everything from hiring new talent, to retaining managers with ART expertise, to maintaining the stability and capabilities of our senior management staff. We are committed to our strategy of continuously creating ART programmes for narrowly-defined, homogeneous niches. This is unique in that for most of our ART products we are involved in all aspects of servicing the business. We are the policy issuing carrier with the highest service expectations; we are the largest risk taker; we adjust claims in house and, often times, we are responsible for providing risk management services. Finally, National Interstate has a product management structure where each of our specialty products is managed by a product manager, which fosters a high level of accountability, responsiveness and passion.

Captive Review (CR): As the winner of the award for Customer Service in Risk Consulting, how has National Interstate taken a client focused approach to business?

Tony Mercurio (TM): While many loss prevention programmes emphasise auditing and compliance, National Interstate and its affiliate, Safety, Claims and Litigation Services, LLC, provide a higher-level consultative approach based on reducing hazards, limiting risk exposure and modifying safety behaviour. Our programmes assist customers with initiatives such as developing a comprehensive safety plan, enhancing hiring practices, and improving training. In addition, our website, www.sclsonline.com, gives customers access to cutting-edge safety tools including an online video library with over 300 titles. Another key initiative is our accident event recorder programme featuring technology that monitors driver behaviour, identifies



Written by
David W. Michelson

David W. Michelson is president and chief executive officer of National Interstate Corporation and a member of its board of directors. Mr. Michelson joined the company in 1992 and, prior to being named CEO, he served as president and COO during 2007.



Written by
Anthony J. Mercurio

Anthony J. Mercurio is executive vice-president and chief operating officer of National Interstate Corporation. Mr Mercurio joined the company in 1997 and has served in multiple director, officer and managerial capacities throughout his tenure.

unsafe habits, and facilitates training. This consultative approach helps our customers understand where their losses are coming from. It's all about shifting the insurance purchase from a financial transaction to a way for operators to run the safest firm possible.

CR: You also were the winner of the Claims Management Firm of the Year. How have you come to stand out in this regard?

Dave Michelson (DM): National Interstate's superior claims handling, exceptional service and, most importantly, its commitment to building enduring partnerships is what sets it apart from the competition. We have the people and processes in place to handle everything from a routine fender bender to the most sensitive multi-million dollar catastrophic claim. We have a specialised claims unit exclusive to our captive customers staffed with seasoned professionals dedicated to building long-term customer relationships. The team gets the job done

by providing a variety of value-added services and actively communicating with the customer throughout the claims-handling process.

CR: Could you tell us about your innovative use of an ART structure? How has this benefited the wider industry?

TM: Many Fortune 500 companies choose to finance risk through their own captive insurance company. However, the capitalisation and commitment required to successfully own and manage a captive often deters middle market companies from electing to use such a sophisticated risk financing vehicle. Through our novel Large Account Rental Captive programme, we are able to lever our captive infrastructure and expertise to give middle market businesses the same benefits a Fortune 500 company can achieve with its own captive, but without the capital and resource commitment. Using our affiliated, Cayman-based captive facility, we are able to leverage our surplus, licences and other insurance company functions to provide organisations that generate \$2m or more in all-lines premium a capital efficient and highly individualised alternative risk solution.

CR: What do you think the next 12 months will hold for your company?

DM: January 2014 marks our 25th anniversary, so we will be celebrating this milestone throughout the year. We will continue to focus on returning our underwriting results to the industry-leading track record we've built over our first quarter century in passenger transportation and moving and storage insurance, where we have the top market share position. At the same time, we will pursue organic growth in passenger transportation, trucking and moving and storage, as well as through expanding our recently introduced new products including the tow truck, waste operations, energy distribution and excess liability markets. Moving forward, we plan to continue to build innovative products while exploring opportunities for our next strategic acquisition. ☺