COVID-19 Pooling Questions with Kevin Williams, Senior Vice President and Division Manager of CEO-level QEI Patron Genesis

https://youtu.be/jNNdc6cB0Ms

Ann Gergen (00:08):

We are really glad that you're just going to take a few minutes of time today and talk to us about the experience and some of the stories that you're hearing through Genesis. Um, really, I'd love to start with just the broadest perspective, Kevin, and when you guys work with so many pools and you have lots of pools and public entities as contacts, but you also work with all sorts of other clients, um, not just public sector, not just pools. So what is it that you're seeing sort of across your client relationships and other relationships, um, regarding this COVID-19 impact and challenges that you think would be useful for public entity pools to know about?

Kevin Williams (00:48):

So I think, uh, in the public entity sector where, where Genesis operates, uh, does most of its business, you know, where we're seeing many of the same things, many of the same issues Ann that frankly you've posted and, and are available on, uh, on the, uh, resource center, uh, deep concerns over the impact of on tax revenues. Uh, both here in the short term and looking ahead all the way through into 2021, potentially beyond. I think some of the other big issues are, uh, for many of our clients, uh, there is a concern or at least question about whether some of the projections that they use to manage their business their specifically actuarial projections are going to be sufficient or not. Now, you know, for some larger, well-funded entities. There's a little more cushion there and the ability to absorb variation is greater. But for
some of our smaller clients, that's a significant concern. Uh, so it's sort of a twofold, a whammy if you will. Uh, there's that concern over whether it's been funded properly and, uh, there's no the obvious challenge of what revenues and income will look like in the future. Mmm. You know, outside of the public entity sector in some of our other operations, very similar, uh, concerns. And because many of those clients like individually are, are considerably smaller when it comes to their capital base than many of our public entity clients. They're facing, you know, much more immediate questions, much more existential questions, you know, can I get through the next two, three, four or five weeks. So those conversations that we have with clients are going on on a daily basis where we're having those conversations, trying to understand, uh, what our clients, uh, own plans are, uh, what we might be able to offer in terms of advice to them. Uh, and, and also I think, uh, not, not coincidentally to try, hopefully to try to be a bit of a calming influence in an otherwise very challenging environment. I think one of the things that it's the enemy of good decision making in times like this is a panic or a sense of desperation. So we try to calm that down a little bit in all of our conversations to make sure that we can focus on the things that we know we can control, uh, as we sort of process what's going on here during this time of crisis. So, you know, on a daily basis.

Ann Gergen (03:33):

So it's interesting. I've talked to a few pools who talk about exactly that in connection to that. Um, the issue you raised Kevin about making sure projections are accurate. Right. And there's kind of the simultaneous need to look both at the projections that we had made to say, are they still accurate? How have they changed? How off are they? But then also there's this real desire to like look ahead as quickly as we can and start projecting what the COVID-19 crisis looks like either in terms of claims or investments or whatever. And um, I'm, I'm having lots of those conversations with people who say it's, it's just too early to make those projections because we still don't know what we don't know.
Kevin Williams (04:13):

That's true. Uh, it's, uh, you know, a little bit of scenario planning is a good thing. Uh, too much of that though can dominate and, and just take up your day without the ability to sort of move ahead. So there, there does need to be a measured approach to that. I would also add that, you know, I think one of the big questions for the future is will, will the current situation have any dampening effect, uh, or the opposite, but, uh, will it have any impact on, you know, what up until just a few weeks ago was probably the hottest topic and every earnings call. And that is the nuclear verdicts, social inflation environment that we found ourselves in for the past few years. So, um, what the impact there is going to be, I think at this point is anyone's guess, but we're all trying to look for signals, uh, that would tell us which direction it might be heading.

Ann Gergen (05:11):

Yeah, that's super important. So I'm guessing that might sort of lead into the next question I have for you, which is, you know, if you narrow that focus a little bit from looking at, um, the totality of clients, many of whom are public entity and public entity pools, but what, what do you see out there that is front and center that you think, um, what specifically is going to have an impact on public entity pools? I mean, you already mentioned the revenue and the projections and social inflation. Are those the elements that you think are going to be most meaningful or are there others you'd put into that mix?

Kevin Williams (05:47):

You know, I, I think those, I think the core issues of, um, the models that we use to project, uh, our funding needs. Uh, whether that be insurance risk management or anything else. I is certainly front and center on that. I, I think, uh, in addition to that where it will probably be finding, uh, what our new normal looks like, uh, in terms of the behavior of
those folks in society whom we all serve and work for. Uh, that's going to be a really interesting thing as people wrestle with their, their models, if you will, and not the pricing or the risk management models, but how they conduct their business on a day to day basis. Schools who need to decide whether they will be coming back with students on campus, uh, or whether they're going to stay with a remote learning environment. And if so, how are they going to resource that? Uh, and how are they going to train, uh, teachers, administrators, uh, to, to work efficiently and effectively to deliver content in situations like that? I think the imagination kind of run wild here with what changes might be on the horizon for the way that we conduct business. But I think, uh, all of those are part and parcel, uh, of the questions that virtually all public entities are asking of themselves now. And for pools specifically. Uh, I think, uh, there's an added layer of complexity. Uh, I think if the, uh, if one of the hardest jobs right now, uh, in our business is being a risk manager at a public entity. The second hardest job or maybe right up there with it has got to be the executive director of a pool who also has the fiduciary responsibility of, of marshaling resources and helping individual pool members. Basically manage their way, navigate their way through these difficult times. Fortunately, uh, there are a whole lot of very talented and experienced pool directors out there who, uh, understand, uh, what the levers are that make differences in how we conduct our business. Uh, collectively, and I think, uh, there's a, there's a great deal of hope to be had there, uh, in terms of how, how they will, you know, approach this in the future. But it does add complexity to it and, and it makes the, uh, mix the challenge of pooling as well as the promise of pooling, that much more important I think in today's environment.

Ann Gergen (08:21):

I'm really intrigued by that insight that, you know, as an organization, right, that schools or public entities or maybe even pools might have to find their own new normal of operations and behavior and culture and all of those different elements. And I don't know, have you, have you started to hear some of that from the pool directors that you're talking
to? Do you see pools themselves doing that introspection and starting to think about what their own new normal might look like?

Kevin Williams (08:51):

I think it varies. It's on the spectrum and, uh, yes, some have already begun to look ahead and vision, if you will. So those macro issues of the future, uh, others, uh, quite honestly, some perhaps with fewer resources are, are dealing with day to day issues right now. And some of that visioning is still before them if you will, uh, you know, in the not too distant future. So we are starting to, to, uh, to hear that we are starting to get feedback from various clients as to how they believe that they're, I'll call it their behavior model will change potentially on a permanent or semi-permanent basis come fall. Uh, so we are starting to get some of that, uh, some of that feedback. But I think all of us, honestly in all parts of this business right now are wrestling with, you know, how do we, how do we manage the day and the current issues that are coming up. Uh, and it's, it's still difficult as it always is to find time and carve out time in your day to, to vision for the future and look at those strategic or macro issues. But we are having those conversations.

Ann Gergen (10:08):

Yeah. Super interesting. Um, so what about, what about Genesis itself and you know, are there products, services, elements of what you're doing that you're doing differently maybe than before or that you're highlighting differently than before that might be particularly useful for public entity pools to know about or be thinking about?

Kevin Williams (10:31):

You know, and we're, we're not, uh, we're not in a product development mode, uh, right now as respects a response specifically to COVID-19. I think what we're trying to do more particularly in an in an environment where obviously at
this point we're precluded from going and visiting with our clients face to face. This is nice by the way. This is a great way to communicate, but it's not a complete substitute as you well know, uh, for the face to face communication. But we are trying to reach out and engage in some of these deeper conversations to see what is on the both short term horizon for our pools. Uh, in other words, what, what do they see as their nice between particularly now and 7/1, which is obviously a big season in our business. So we're trying to engage in those, uh, and again, sort of provide that reassurance. It's, it's interesting, I think at this point, um, you know, uh, the marketplace has been, somewhat fragmented, if you will, and varied to say the least over the past several years, uh, in this sort of challenging environment. Uh, it's, it's also interesting to have some of those conversations now where the topic of financial viability and financial strength, uh, that a company like Genesis Gen Re Berkshire Hathaway brings to the table. Actually it becomes part of the, of the conversation right now just because of the added degree of uncertainty about some of the things we talked about earlier, projections and the like. So, you know, again, rather than focus on, on product development, which is, you know, sometimes a typical, I would say, carrier response. I think too, to situations like this, we're really spending a whole lot more time just talking with our clients, trying to see what is their greatest concern right now. And do we have as a thought partner, uh, some advice and solutions we can bring to the table through the insurance or reinsurance mechanism. But if not immediately, what do we start need to, what do we need to start looking at, uh, during the course of the next weeks, months in the course of 2020 that that might offer resource that comes to the table to, to address some of those things.

Ann Gergen (13:00):

You know, I hadn't, I really thought about this before Kevin and something you said, maybe there's no universal answer, but you talked about, you know, those 7/1 renewals and of course that's a, a date many pools are looking at how does this whole conversation, um, does it, does it lengthen the renewal a discussion, does it shorten the renewal discussion?
And I know it's a little bit hampered by, you know, just the communication and all of a sudden our new phone reliance again on the telephone instead of in person meetings. But I don't know, does a crisis really impact universally that timeframe with which you're working with pools to go through that renewal process?

Kevin Williams (13:39):

Yeah, good question. You know, Ann most of the underwriting community I think probably started conversations with their clients for 7/1 renewals quite some time ago.

Ann Gergen (13:51):

Right.

Kevin Williams (13:51):

Uh, so that helped a little bit. I think what was introduced more recently, obviously with, you know, the, the March closures and, and work from home or stay at home orders is it created a new sense of urgency to get things to the done pile. And so some of the conversations now or have a greater sense of urgency to them. Um, I will say that we've had some but fairly limited impact on the gathering of information needed to make quality decisions and things like that for the most part. [inaudible] to secure that. But I think, uh, certainly the conversations have become, uh, a little more urgent, uh, a little more, um, imbued if you will, with the reality of what we face right now. So, um, it isn't necessarily lengthening conversations or the dialogues, but it is, uh, introducing probably a, that, that sense of urgency that maybe this time last year we weren't, we weren't feeling it same to the same degree.

Ann Gergen (14:59):
Well, and then just again, changing the nature of those conversations and maybe, you know, addressing questions that nobody really was asking or anticipating a year ago that now are entering into that conversation. Yeah, that makes perfect sense.

Kevin Williams (15:12):

Right.

Ann Gergen (15:14):

Is there anything else that you're working on or that you're hearing from the pools you're working with or, um, any other conversations that you're having that you just think or we're sharing with the pooling community?

Kevin Williams (15:28):

You know, I, I think, uh, something I mentioned earlier, I think at this point and, um, the, the key to managing, I think through any sort of difficult situation, whether that be on an individual basis or on a global basis like we're facing now is really, really strong communication skill sets and critical thinking skill sets. So when we look at where we stand today in terms of the COVID-19 crisis, uh, I think my encouragement to, uh, pool directors, brokerage community carriers, underwriters, loss control folks, everybody involved and the process here of delivering risk management, uh, products, uh, and risk transfer products to the community. The biggest thing is to, I think at this point have frequent dialogue and conversation. Uh, things are changing so rapidly on a daily basis. And as people try to manage their way through this and manage both their, uh, personal and corporate needs as well as their longterm prospects, it's entirely likely that situations, decisions, concerns, will change on a relatively frequent basis. And the way to sort of stop that from taking hold of an entire relationship or a dialogue, I believe, is to have those ongoing communication. So if there's one thing
we're learning here, it's how to have more frequent contact, I think even then than we were because we're forced to in a different way. We have more frequent contact perhaps than we did in the past. And those dialogues and conversations are important because those are what will carry us through some difficult times like this.

Ann Gergen (17:27):
I'm just thinking as you're talking about that, that, uh, I certainly notice and on a personal level, right, more frequent contact also means that you're switching gears more often during the day and sometimes by the end of the day you've had lots of conversations and, uh, I certainly feel it like by eight o'clock at night, that brain drain. Right. I just, I can't think of anything more in a given day. So, um, are you doing anything, uh, unique or noteworthy to manage that? Like do you somehow unplug and, and zone out for a little bit or do you read or do you cook or do you run or what are you doing?

Kevin Williams (18:03):
Yeah, you know, it's, uh, on the reading side, uh, as the weeks went by here, I found myself kind of going deeper a little bit into some more serious topics. I picked up a couple of old books that, uh, that I particularly have enjoyed, uh, an author by the name of Raisa Aslan. He's an Iranian American, uh, a religious scholar, author, TV host. I really appreciate his scholarly approach to diving into some of the deeper issues of life and, and spirituality. Um, yesterday I picked up a small publication from the folks at Kent State University Press, uh, their publication, uh, or that publication entitled, uh, This, We Know it's sort of a timeline of the 13 seconds at Kent State, uh, which is an important moment in our nation's history. Uh, and coincidentally, and in just a few days, May the fourth, uh, we will, um, remember the 50 year anniversary of that tragic event. Something that changed the course of, and not only the Vietnam War protest movement, but arguably sort of the, the discourse and dialogue of a nation. Again, coming out of a very, very tragic set of circumstances. So I'm sort of just fascinated by looking at some of those things. And then occasionally I've got a, I've
got to unwind and go back to the less serious side. So I flipped on some, John Krasinski and his podcast called Good News and I've kind of tried to do that. Yeah,

Ann Gergen (19:39):

Yeah. That all still sounded like some heavy lifting. I was going to joke about...

Kevin Williams (19:43):

It kind of was

Ann Gergen (19:46):

But John Krasinski we got it. Are you, uh, are you watching his, uh, some Good News, uh, broadcast as well? Isn't he the one?

Kevin Williams (19:55):

Yes. Yeah, that's been, uh, that's been good. So, um, yeah, I think that's, that's kind of a, you know, what, uh, what I've been doing, but it's, it's going, it's going okay. It's certainly a different feel to it. Um, and I certainly want to get back to a direct human contact, but, um, but so far so good in terms of kind of managing this new normal.

Ann Gergen (20:19):

I, uh, I think back of course to our AGRiP conference that was early March. And, um, you and I had a great hallway conversation probably like the last day of the conference and we were still sort of all figuring out what COVID-19 meant and what it was going to, uh, impact in terms of travel and in terms of, you know, just day to day life. And I don't think
we quite had our head around the scope yet. And we kind of stood there in the hallway and said, well, what do you think? How big of an impact is this going to have? And, uh, and if only we had known then, huh.

Kevin Williams (20:52):

Yeah. It's, it's been a, it's been a life changer for sure. Uh, I never thought I would say this, but, um, I'm actually looking forward to getting back on an airplane someday.

Ann Gergen (21:03):

Yeah.

Kevin Williams (21:05):

Um, and I, I think my wife is really looking forward to me getting back on an airplane, so,

Ann Gergen (21:10):

We all feel it for sure. Well, um, thank you again for taking the time out of the day and amid all the other conversations you're having and all the important work that you're doing. This was great information to have and really great perspective. So thank you again.

Kevin Williams (21:26):

Well, I certainly appreciate the invitation and, uh, I look forward to talking again and following the updates to the AGRiP, um, portal and we will, um, we will manage our way through.

Ann Gergen (21:39):
Awesome. Thanks Kevin.

Kevin Williams (21:41):

You bet.