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**BUSINESS PARTNERS** Craig F. Stanovich, left, and William K. Austin help evaluate companies' risk exposure and insurance plans.

## Risk assessment to the rescue

Independent management firm identifies gaps in clients' insurance policies

BY MARION DAVIS

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They specialize in the kinds of questions that give business owners a headache: How much damage could a computer hacker do to your firm? Do you really need terrorism or hurricane insurance? Could that new product line put you at risk of a lawsuit?

And what loopholes have you missed in your insurance policy?

**Austin & Stanovich Risk Managers LLC** doesn't sell insurance, and unlike your agent or broker, they won't make a penny from your policies. They have no stake whatsoever in how much you spend or don't spend on insurance, workplace safety programs, or lawyers.

Their business is providing independent, expert advice to clients about their potential exposures and the best ways to protect themselves. Sometimes they're hired directly; other times brokers and agents call them for help. Often they serve as expert witnesses.

Each of the principals has more than 25 years' experience: William K. Austin mostly as a risk manager with Aon and FleetBoston, Craig F. Stanovich as a commercial insurance broker and adviser. Together, they offer "Fortune 100"-level sophistication to clients of all sizes.

Some, such as Freddie Mac, have hired them to conduct comprehensive evaluations of their exposures and insurance coverage. Others hire them to look at specific

### COMPANY PROFILE

#### **Austin & Stanovich Risk Managers LLC**

**OWNERS:** William K. Austin and Craig F. Stanovich

**TYPE OF BUSINESS:** Independent risk management and insurance consulting

**LOCATION:** 2 Richmond Square, Providence, and 15 West St., Douglas, Mass.

**EMPLOYEES:** 2 (owners)

**YEAR FOUNDED:** 2002

**ANNUAL SALES:** WND

issues, such as how to comply with the insurance requirements in a building lease.

"It really depends on what somebody's objective is," said Austin. "The first question we ask is, 'What do you want to achieve?'"

By definition, Austin & Stanovich clients are people who, as Stanovich put it, "want to do things right, get the I's dotted and the T's crossed." If you're the type that forgoes safety precautions and insurance and hopes for the best, you won't like what they tell you. Because, as they see it, their job is to ensure you know exactly what perils you face.

"A key thing in risk management is, you ought not be surprised," Stanovich said. "If you are surprised, there's a piece missing from your plan."

That's not to say, however, that they just come up with doomsday scenarios and tell you to get insur-

ance for it all. In fact, insurance is only the final step.

First, the two men assess the extent of a client's exposures – both generic, such as slip-and-fall risks, and industry-specific, such as malpractice for a doctor or large-scale theft for a bank. They look at the likelihood of each type of loss, and the extent of the potential cost: A company vehicle, for example, would pose a bigger risk if it's used heavily and not just for minor travel.

Then they look at how the company can reduce its exposure: by installing sprinklers, perhaps, or by providing ergonomics training to employees.

They look at ways to get someone else to assume part of the risk – have the landlord carry fire insurance on a leased building, say, or have a contractor be liable for his own workers.

And they look at the viability of covering some potential losses with the client's own resources: A multi-million-dollar company, for example, might be comfortable assuming the risk for potential slip-and-fall injuries on its property, and just insure itself against major calamities, rather than paying for first-dollar coverage of every \$500 injury.

Only after all this are they ready to discuss insurance.

"Insurance is a backstop if all these other things don't work – and sometimes they won't," Stanovich said. Often they do recommend

more insurance (business continuity coverage is a big one), but sometimes they recommend less, or just different, less-costly strategies. Most important, they identify all the gaps in existing policies: those imposed by the carrier, such as not covering liquor-related injuries in a bar's general liability policy, and oversights such as forgetting to name all a company's subsidiaries in each document.

Not all clients follow their advice, they acknowledged – especially when it involves spending more money on insurance. But they've never had a client refuse to pay, Stanovich said, and they keep getting more referrals. Their client list now includes global corporations such as Siemens, Wells Fargo and National Amusements; several colleges; the city of Boston; international law firms, and numerous insurance agencies and brokerages.

"When people come to us now, they're truly coming to us – these are our names, our reputations," Austin said.

And armed with their laptops and cell phones, the two men take on any problem.

"It's certainly dynamic; it's very challenging," said Stanovich. "We have a new challenge almost every day." ■

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