Business by design:

Evaluate your property and casualty insurance

COLUMN BY BOB WARD



Unless you have limitless resources, protecting your income and assets requires insurance. We don't want the expense, the effort to evaluate our needs, nor the conversations with agents; however, unless you can self insure (and I don't know anyone who does), you must expend time for due diligence to ensure that you have the appropriate coverage at a reasonable price. OK, so where do you begin.

For most everything requiring me to spend money, I want to at least know the proper questions to ask so that I am not relying solely on someone else, in this case an insurance agent, to look after my interests. A good start to this is to consider what is at risk, and then make a list so that you don't forget to discuss something with whoever is advising you.

Here are some items to question when discussing your insurance needs:

- Rebuilding your facility at current costs, and to current building codes
- Replacing equipment versus receiving depreciated values
- Business interruption (loss of income) for you and your employees
- Data and records loss
- Inventory replacement
- Consequential damages to other's property, or environmental damage
- A co-insurance clause that penalizes you if you under-report valuations
- Employee theft, discrimination, harassment
- Personal liability coverage in addition to your business coverage

There are too many considerations to list of course, but it won't take you long to conduct some research on what is recommended. You have resources through your trade association, your peers, Internet, and others. Plus, a good insurance agent will make good recommendations for your consideration during each renewal period, and competing insurance agents really want to review your current policy in the hopes of finding flaws or price differentials that might induce you to change carriers.

I want you to be very aware that "cheaper" is infrequently "better." There are agents who will reduce or omit certain coverage in order to obtain a lower premium so that you will buy from them, which generates a commission. If you are relatively new to the complexities of insurance, be extra diligent and get at least two complete proposals. You can compare them side by side to see the differences in coverage, values, cost, exclusions, deductibles, etc. Even that exercise will help you become better educated. Once you have satisfied yourself that you have the "proper" coverage for you, future renewal evaluations will require less of your time.

Irrespective of how long you have been with your current agent, I think it is always advisable to obtain competitive quotes at least bi-annually. Things change. Complacency happens easily. Keep up to date on all of your insurance policies. Let the agents do most of the work. Besides, their evaluations are free!

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