

INSURANCE

Getting the most bang for your buck

By Marjorie Young

Associations have to be particularly careful with their insurance dollar. On the one hand, they can't afford to leave any significant risk uncovered. On the other, tight budgets mean they can't afford to waste money on unnecessary or overpriced insurance. It's a balancing act.

Here are tips on actions you can take to achieve that balance. Note that they apply to property-casualty insurance (property, liability, workers' compensation, automobile, and the like), not health insurance.

ACTION	MONEY EFFECT	RISK EFFECT	WHEN TO TRY
Meet with your insurance broker or agent at least once a year or any time a new activity is planned.	Savings if you've ceased doing something or no longer have certain property; possible additional cost if you have added an activity or property.	It's a good time to review your insurance and your past activities, future activities, and any adjustments that need to be made.	About three to four months before your renewal, depending on your activity level.
Audit your assets to be sure you have the right amount of insurance to repair or replace them.	Same as above.	Protects assets from as many losses as possible.	Annually, usually done in preparation at tax time or fiscal period.
Review your deductibles and increase them if feasible.	Seven percent or more, depending on the deductible levels.	Money saved can be banked or applied to insurance you do really need.	About three to four months before your renewal.
Review your insurance bill carefully each month. Ask your broker to review it too.	Most often, you won't see huge savings, but every now and then you can catch a major error.	None.	It's always worthwhile to review your monthly statement, even in the best of insurer relationships.
Perform periodic loss, safety, and repair inspections.	In the long run, fewer losses equal lower premiums.	Loss prevention.	Depending on usage, at least quarterly.
Hold evacuation and business continuation reviews.		Loss reduction and life safety.	Annually.
Hold biannual training on sexual harassment and work ethics.	Cost includes lost work time and training fees, if any. An outside trainer is more expensive but can be the best option, depending on whether you have in-house HR or training staff.	Holding regular training greatly strengthens your case if a meritless sexual harassment suit is filed, and it improves company morale.	Before a suit is filed.
Consider buying employment-practices liability insurance.	Adds nominal amount to base management liability premiums.	Protection if you're sued for harassment or discrimination by a current or former employee.	As soon as possible.
Establish a method so employees or others can report any malfeasance.	No immediate savings, but it could prevent a big loss and increased premiums.	Loss reduction.	As soon as possible.
With your broker, determine if you need cyber-insurance coverage.	Cost varies depending on extent of coverages and needs.	Loss protection if your organization stores valuable or confidential data.	As soon as possible.

Marjorie Young is vice president of E.G. Bowman Company, Inc., a full-service commercial lines insurance brokerage and loss control firm. Email: myoung@egbowman.com