

# THE CIRCLE OF SAFETY: HOW TO SAVE MONEY ON YOUR BUSINESS INSURANCE.

*By Bob Schiermyer,*

*Charter Member:*



## What you'll discover in this report:

- How *not* to get ripped off when buying protection for your company.
- How do you get the most for your money? [8 ways to SAVE MONEY on your business insurance...](#)

## **No** Insurance Company Has the Lowest Price for Everyone!!!

I expect that we all know deep down that it's not possible for any business insurance company – no matter what they claim in their ads – to offer the lowest price for every business in every location. They may want you to think that, but it's just not true. Certainly, there are insurance companies that are often among the lowest in most all cases. There are also companies that are usually among the highest. But no company has the lowest price for everybody.

☛ **Tip.** Your Insurance Agency should be routinely (at least once a year) checking to see that the company with whom you have coverage, is still the best deal for you.

☛ **Tip.** Your Insurance Agency should have the ability to bid your business with several different companies that specialize in your industry.

☛ **Tip.** Also, be aware that prices fluctuate. Sometimes companies “buy the market” with low prices that are actually below cost, to gain new consumers...with the intention of gradually – or not so gradually – increasing the premium until they are profitable.

Every company has a slightly different appetite for the risks it wants to write. Some insurers want only very new or recently remodeled buildings. Other companies specialize in insuring older, poorly maintained buildings, since the premiums are so high. Most of the businesses these companies insure have only limited coverage.

Some insurance companies target businesses in certain areas. There are insurers that really like to do business in big cities, and there are others that would prefer to stay away from highly populated areas.

☛ **Tip.** Remember that sometimes “you get what you pay for.” The cheapest option may not provide you or your employees with the best protection. The saying goes, “you don't need insurance until you have a claim.” When you *do* have a claim – when something has gone wrong – that's a terrible time to discover you don't have adequate protection!

☛ **Note.** An amazing 37% of all *unpaid* claims are due to dangerous gaps in insurance coverage.

## ***So How Do You Get the Most for Your Money? Following are 8 Ways to Save Money on Your Business Insurance...***

Now that you know a little about business insurance companies, here are 8 ways to help you pay less for your insurance. In many cases, you can even get better coverage -- for fewer dollars.

1. **Nice Buildings, Nice Price?** -- Insurers really like newer buildings. That's because it is less likely that something will go wrong with the electrical, heating and plumbing systems. In addition, the structure itself is in better shape. Insurers offer additional credits of as much as 8% to 15% if the building was built in the last 10 or 15 years. *But did you know that most buildings qualify as "preferred rate buildings" and are eligible for discounted premiums?* However, some people with nice buildings pay a lot more than others do.

Many commercial insurers are actually a collection of several insurance companies, each catering to a certain quality or type of risk. The older and most poorly maintained buildings are placed with a standard or even substandard rate company, and the newest and best kept buildings are sent to a preferred rate company. The paradox is that people paying preferred rates are usually paying less than others are, even though their buildings are generally worth considerably more. However, some companies have buildings that are somewhat borderline, and are paying higher rates than might be necessary.

The point is, since most people do not know what would have to be done to qualify for better prices -- they end up staying at the same price level far too long. If you have recently made improvements to your building, and have been paying standard or substandard rates -- there is no reason you shouldn't be able to be moved into preferred rates --paying the lowest price that an insurance company has to offer.

☛ **Tip.** Ask your agent for a list of the repairs or maintenance that needs to be done to get better rates. Then about one month before your policy renews (usually every year), see if you now qualify for a better company or price. Your agent will be happy to help. Keep in mind that only you really know if your building has been improved, so it is imperative that you notify your agent after improvements are done.

2. **Raise Your Deductible** -- The deductible is the amount you pay before insurance kicks in, when you have a claim. The lower the deductible you choose, the more you pay. If you have reasonable assets, you can probably afford to absorb at least \$500 to \$1000 if you have a claim.

☛ **Example.** If you have a \$500 deductible and you file a claim for \$2,000 in damage to your commercial building, you pay the first \$500 and your insurer pays the balance, \$1500.

☛ **Tip.** Depending on the insurance company, you can frequently save between 12% and 37% if you have a deductible of \$500 to \$5,000.

3. **Insure the Building, Not the Land** -- Nobody is going to steal your land. Fire and high winds won't "destroy" it. As such, when deciding how much structure coverage to have, don't include the value of the land, only the value of the buildings on the property. If you include the value of the land, you're paying too much.
  
4. **Don't Insure What You Don't Have** -- Each year, it is advisable to review your policy to see if the coverage you have for your business personal property is adequate. If you have made a major purchase, you will want to increase your limits of coverage, but what if you sell something? The reverse is true, and you may not need as much coverage.
  - ☛ **Tip.** Pay particular attention to items that are covered by endorsements or "floaters" to your policy, items such as equipment that leaves the premises. If you no longer have those items, don't insure them! This is particularly important, since some types of floaters can be fairly expensive. So, if you sell some of your mobile equipment, reduce your coverage to get a better price.
  
5. **Better Safe(r) Than Sorry** -- Smoke detectors, burglar alarms and deadbolt locks are usually worth discounts of at least 5%. You can get even bigger discounts, 15% to 20%, if you install a sophisticated sprinkler system or an alarm system that rings at the police station or a security company. However, not all of these systems qualify for discounts.
  - ☛ **Tip.** Before you install one, check with your agent to find out what *type* of system qualifies for a discount and how much you would save on your premium if you installed the system.
  
6. **Where There's Smoke . . .** -- Many businesses have large pieces of equipment which are bolted or permanently in one place. There is a little known secret that can save you hundreds of dollars if you know how to insure this equipment properly. This equipment can and should be insured as part of your building, since the rate for property coverage is less on buildings than for personal property.
  - ☛ **Note.** Insuring property in this manner is overlooked by many people as well as agents. Ask your agent if all of your equipment is insured properly.
  
7. **Clean Up to Clean Up** -- Many insurance companies look at our businesses as reflections of the way we do business. Cleaning unsightly debris around buildings, making sure that yards are neat, and to look as though every thing is in it's proper place is important. This will give the insurance company confidence that you are concerned about your business. When a picture of your business is sent to the underwriter, having a clean and neat looking business can increase the credits that you may receive.
  
8. **Location, Location, Location** --The location of your business can also affect the cost of the insurance. The rates, which are affected by fire protection classes, are different for various cities, suburbs and rural areas. The type of construction is also a factor. Brick or masonry construction is better to have from an insurance perspective because such a structure has a greater resistance to wind and fire damage. By contrast, frame buildings are better in an earthquake. Different

construction types will change the cost of the coverage. For example, earthquake coverage on a brick structure will cost more than on a frame building.

➤ **Note.** If you do business in an area that is prone to flooding, you will be required to buy a flood insurance policy if you borrow any money to buy your building. A flood policy will typically cost at least a couple of hundred dollars on up. In some cases it can cost almost as much as your business policy.

➤ **Tip.** The areas designated as being in a flood zone are very deceptive. Many areas do not appear to be in danger of flooding, but are in fact included in the federal flood zone survey. You can find maps at your town planning and zoning department. An even easier way to see if a building you are interested in purchasing is in a flood zone, would be to visit your insurance agency. They should also have flood zone maps, and can also estimate the additional premium cost.

Here is a Bonus

9. **Have an Insurance Specialist Conduct a Risk Analysis on your business** – You live in the real world. A business owner's life has more risk than most people would dream of and the risks are not all the same! Different businesses have different risks. You could be laying your business wide open for financial disaster – unless you have someone help you analyze your business exposure.

➤ **Note.** A good risk analysis will include:

Property Exposure	Equipment Breakdown
Liability Exposure	Employment Practice Liability
Business Income	Loss History & Analysis
Commercial Auto Exposure	Umbrella Policies
Safety Procedures	Loss Control

These are just a few of the different exposures that you need to examine with your insurance specialist

**Bob Schiermyer**  
414 Walnut Street  
Cincinnati, OH 45202  
513-621-3021  
800-294-4019

**Be a smart consumer. Protection for you and your employees requires constant vigilance.... and a partnership between you and your professional agent.**