



No Better Time than the Present

Today's economy is producing major concerns for a number of large insurance companies whose financial strength has weakened to the point that they have been downgraded by AM Best (worldwide rating system for the insurance industry). This downgrade raises questions as to the insurance companies' ability to pay on claims that may emerge in the near future. Because of these downgrades, many enterprises that are commercially insured with some of the downgraded insurance companies are beginning to move to financially stronger Insurance institutions. In some cases where major contracts or services are in operation, it is a requirement for companies to be insured with an A+ or better rated insurance company.

The more financially stable companies are adjusting to the current market by offering competitive pricing and expanding their "appetite" for more exposures that they normally would not underwrite. This is great for consumers who are looking for a solid insurance company that is affordable and at the same time, offers quality coverage for their specific operation. However, obtaining "a good deal" does not come without good risk control procedures in place.

There are two critical "risk control" steps in obtaining quality insurance coverage which are as follow:

1. Being aware of the "exposures" (events that would produce a claim) that your operation presents to a quality insurance company.
2. Establishing adequate controls that will minimize or eliminate in some case your "exposure" to claim activity

Again both of the above steps are very important because an insurance company will give more consideration to an applicant that demonstrates its understanding of its exposure and their desire to reduce its risk potential. For instance, if a business has a workforce of 50 employees all doing work above 20', an insurance company is going to consider that business a high exposure because of the potentially tremendous liability. Moreover, if there are no fall protection controls in place the exposure would be even greater and the company would run the risk of being uninsurable by the more reputable companies. However, if that company takes the same exposure and puts adequate fall protection controls in place, such as use of a full body harness, inspection of fall equipment on a regular basis, as well as other written policies to show that safety is of paramount importance to the company, that company would then have a very good chance of being viewed as a low level risk and offered good rates. In most cases having a solid safety and health program can generate at least a 5% reduction in overall insurance liability cost. The more aggressive a safety program is the more aggressive a company can be in requiring "safety/risk control discounts."

Although the above example is just one of the potential exposures an operation presents, there are many others and there is no better time than the present to review your exposures and ensure that adequate controls are in place. Doing this can again greatly increase your negotiating power when shopping for that all so important insurance coverage for your business.

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