



MASTER INSURANCE MECHANIC

STRATEGIES FOR MANAGING YOUR BUSINESS INSURANCE

*Does my
insurance
effective
date matter?*

Loss Runs?

This is your insurance report card; keep a copy for years to come.

Every time you have your business insurance shopped, the first thing the new underwriters want is a loss run. What is it, and why is it important?

A loss run is a document on the insurance company letterhead head that says something like this: “we insured XYZ company from January 1, 2010 to today, and we have not had any losses.” You could make this statement verbally, but it won’t carry the weight that a loss run letter does.

Most insured’s forget about claims, and often don’t know how much the insurance company paid on a specific claim.

You need loss runs for all your lines of coverage (property, general liability, automobile, workers compensation, etc.) I can assure you, your current agent has them in his files. He won’t offer you a copy unless you ask for them. Once you get them, scan to your computer for future use.

Loss runs are a great tool to have if you need to shop to another insurance company or another insurance agent. Ideally these are “valued” with a date

close to when you are shopping. As a rule of thumb I usually have 6-7 years of loss runs / loss experience on every line of coverage.

Caution: When you ask your current agent for a copy of the loss runs, his radar will go off, as he/she perceives he is under attack.

I use a third party service to acquire loss runs from insurance companies and they make this process very easy.

When is the worst time to shop insurance?

Without a doubt the worst time to purchase insurance is January 1. Think of it this way: Would you look for a new CPA on April 1? So don’t look for a new insurance company on January 1 either. Why?

- About 40% of all accounts come up that day
- If you have a problem with your current carrier, moving to another insurance company will be difficult at best
- Because underwriters must take the balance of their vacation days in December or lose them
- Because of Christmas and office parties, there are too

many distractions for underwriters

- Underwriters are so swamped they pick and choose which accounts they want to work on, and never get to the rest

Insurance is a very difficult product to place in late December or early January.

But what do I do if that is the current expiration? The easy way, is to renew where you are, with whatever insurance company. Then during the year, cancel and rewrite the coverage. *There is no cancellation penalty if you rewrite with the same insurance company.*

When picking a date to rewrite, consider these factors:

- When will I have the large down payment (cash flow)
- Knowing that insurance companies like to inspect ahead of time, when will I have the time to give them and my agent the 60 days prior to the expiration?

Cage the beast.

Insurance costs are typically the 2nd highest expense behind payroll.

Are you and your agent doing absolutely everything you can to contain them?

Shopping your insurance can be a tricky situation, especially if your current insurance company is giving you troubles.

Get a savvy agent who knows the marketplace and who really understands how and when to shop.

If you would like to discuss more creative ways to reduce your business insurance costs without reducing your coverages, feel free to contact me.

Have you ever met a car mechanic that is so good he could take your car apart piece by piece and put it back together again? That is what I do with risk and insurance programs. Find the weaknesses, close the gaps, and do my level best to lower your insurance costs.

I would welcome the opportunity to be your Master Insurance Mechanic.

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