

The DOs and Don'ts of Saving Money on Insurance

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DO

- **Increase your deductible or self-insured retention.** You will not be covered for smaller claims, but will maintain coverage for larger claims that could adversely affect your business. The higher the deductible, the lower the premium. Talk with your agent or broker to find the right ratio for you.
- **Shop Around.** Many businesses and individuals are slashing coverages, so the insurance market is down overall. Companies are offering very competitive prices to either lure you away or keep your business. Don't hesitate to shop around for the best price for the coverages that you need.
- **Conduct an insurance audit.** Do you have the right coverages? Are there coverages that you are paying for that you do not really need? Most insurance is sold using the same forms for a large group of often diverse businesses and individuals – a one-size-fits-all approach. Tailoring insurance coverage to your needs could result in cost savings on your premium. The McNees Insurance Recovery and Counseling group regularly conducts such audits.
- **Focus on Safety.** Some policies, like workers' compensation, are priced directly based upon claims experience. But, virtually all policies will cost more if you have heavy claims under the policies. Many will cost less if you consistently keeps claims to a minimum. So, make safety a priority with your employees and your family members. Safety equals savings on insurance premiums.

DON'T

- **Eliminate or reduce needed coverages.** Many insureds are tempted to reduce coverage amounts or eliminate necessary coverages to save money. You should avoid minimal up-front cost savings that reduce or eliminate coverages for large losses. In tight economic times, having the right coverage for your risks becomes even more important. In good economic times, you may be able to recover from even a large uninsured loss. In bad times, it is much more difficult to overcome large losses. Make sure that you are covered for the large loss exposures.
- **Reduce or eliminate UIM/UM coverage.** This is the auto coverage that pays you if you are injured in an accident, the other party was at fault, and the other party had no or insufficient insurance coverage. We have seen clients lose the right to \$500,000 plus in insurance coverage to save \$50 a year on premiums. That is not a smart bargain for policy holders.
- **Elect Limited tort.** This is auto coverage that limits your rights to seek recovery from a third party unless you suffered a "serious injury." While premium savings certainly vary, the typical insured will save less than \$100 per year in return for forfeiting the right to recover damages of up to \$100,000 or more. Not a good bargain. If you do need to cut either UM/UIM or tort liability, we would recommend electing limited tort and not reducing UM/UIM. At least with limited tort, you still have full coverage in the event of a serious injury.

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