Pro-Text
by Dan Reith

Price & Protection

The number one question that an insurance broker is asked is: "Why is my insurance premium so high?" There isn't much a brokerage can do to change the rates that are set by the insurance company, but there is something that you can do. There are several steps you can take to reduce your premium:

1. Increasing your deductible. The minimum is usually $500 - if you bump it up to $1,000, $2,500 or higher you will see additional savings. Then consider setting aside this amount in a GIC or money market account. It grows, is an asset and is readily available if you have a claim.

2. Check your driving record, MVR, through the Ministry of Transportation. Just like your credit report your driving report may carry some errors that will make you look like a "high risk" to insurance carriers.

3. You may receive discounts from your insurance carrier if you buy more than one type of insurance through that same company. This is called a multi-policy, or a multi-vehicle discount. (e.g. home and auto insurance or more than one vehicle under same policy).

4. See if you may be eligible to participate in a Group Insurance Plan that provides discounted premiums to members of a particular group or through your employer. *(Editor's Note: The Chamber of Commerce network provides access to discounted programs for all staff of any business or organization that is registered as a Member. In some cases, participation in the Chamber programs may be extended to retirees and/or staff members' families.)*

5. For your business, the best way to reduce your premium is to employ Loss Prevention measures. For example, make sure your fire extinguishers are serviced annually; your building is in good repair and your premises are clean – good house keeping is important. These are only a few things that could be employed.

Remember it's not all about price, it's about **protection**. You can shop around and may find a better price, but it is important to compare apples to apples. The broker that works for the cheapest price is really not doing you any favours if they have reduced limits; removed coverage; or increased the deductibles beyond your means.

Reducing your liability limits to save money is never a wise move. Do not under estimate the importance of adequate liability insurance. The following is a true story of how liability insurance can work in your favour. An Ontario man was driving along a highway in North Carolina and was seriously injured in a senseless and random act of vandalism. A boulder was intentionally dropped from a bridge and smashed through the windshield of his moving vehicle and caused him terrible and permanent damage. The culprits, who drove past the scene of the accident twice and neglected to stop and help were convicted and received lengthy sentences. The injured party commenced an action against them, but their policy had a liability limit of just $25,000 – the statutory minimum limit in North Carolina, so the Ontario Court of Appeal ruled that he could recover damages from the uninsured motorists provision of his auto policy and the insurance company had to pay the remainder of his policy limit, or $960,000, plus post-judgment interest. Had the Ontario driver carried less than $1,000,000 under his auto insurance policy, the funds would not have been available.

When reviewing your insurance, remember, the purpose is to purchase adequate protection to provide in the event of a loss. Buying the cheapest does not always equate to buying what is right. Do your homework, ask questions and don't settle for the lowest price.

This column appears regularly in Business Beat and has been prepared by Dan Reith BA (Hons) CAIB, a principal of Reith and Associates Insurance and Financial Services, 462 Talbot Street, St. Thomas. Dan is also a Member of the Chamber's Board of Directors. Questions and comments on this column are welcomed by the writer and 631-3862 or via e-mail: info@reithandassociates.com