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When should a loss not be considered a loss?

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One of the major factors that underwriters use to establish your insurance pricing is your loss history. However, even if your losses are frequent or severe (or perish the thought both!), the key to keeping your premiums low is to legitimately portray your loss history in as favorable a light as possible - the cleaner your loss experience appears, the more effectively you can negotiate premium reductions.

Here are a few strategies to help you identify losses that should be disregarded by underwriters; as they may not be relevant to your renewal:

- * Divested locations - If you no longer own or manage the property, the loss experience associated with that property may no longer be applicable to your operation.
- * Loss controls - If the causes of losses at a property have been eliminated (e.g. you fixed the broken stair, replaced the wrinkled carpet or diverted the downspout so ice doesn't accumulate), the past experience associated with those causes should have a reduced impact on your premium.
- * Losses that fall outside of experience period - Generally, underwriters look for five years of loss experience. You need not reveal losses that occurred prior to the requested time frame, although an incumbent insurer would have access to that information if they were the company that paid the claim.
- * Subrogation potential (someone else is responsible) - If another party ultimately was responsible for the loss, the insurer should be pursuing that path. The loss "wasn't your fault" and should not be considered in the underwriting process.
- * Employee no longer employed - If an employee was the cause of multiple claims (a property manager who did not maintain the property), you may be able to make a case that those past losses should not be a factor in future experience.

You cannot assume that your underwriter (or anyone else) will make a leap of faith and discount irrelevant losses. Have your broker or advisor prepare a narrative to alert the insurer - when a loss should not really be considered a loss!

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