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## **Don't throw away money, learn the five mistakes people make when buying ins.**

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Through the years, it has been our experience that some of the business people we meet get terrible surprises when they have an insurance claim: they are not covered!

These folks were throwing away their insurance money, sending it down the drain, if you will. We hope the following helps you avoid becoming a victim of an expensive, unpleasant surprise!

1. Many business people have a failure to understand that an insurance policy is a contract. The insurance industry has a love of euphemisms, which causes confusion amongst the insurance buying public. Insurance policies, like all contracts, are subject to the terms and conditions of said contract. Therefore, the consumer must have an insurance professional who can understand, communicate, and avoid the pitfalls that exist in every insurance contract.

2. Business people need to control the insurance buying process by setting deadlines for insurance proposals. Take control to avoid being manipulated by brokers. The typical insurance buyer finds the insurance buying process fraught with anxiety. This trauma results from the buyer's failure to take control of the insurance quoting process. In order to optimize the purchasing process, the buyer should never engage in more than three agencies to bid. The buyer should assign insurance carriers and should set a realistic deadline for a quote.

3. Harkening back to our opening statement regarding surprises, often the insurance policies purchased do not meet all needs because the insurance buyer withholds relevant information. Information such as leases, hold harmless agreements, loss information, contracts that have been signed, etc... Therefore, many of the exposures a business-person accepts are uncovered because of their failure to reveal them to the brokers with whom they do business. It is not always best to quote apples for apples unless you absolutely understand what is covered and more importantly, what is not covered.

4. Our studies indicate that most consumers that bid their insurance each year are often disappointed with the results. Though the insurance industry is a large, national business, most insurance is written on a local level. The insured who bids their insurance every year becomes known to the underwriter as a person only interested in the lowest price with little or no regard for the quality of the insurance contract nor the value of the services that an excellent insurance agency can deliver. It is most beneficial to the buyer to avoid this time-consuming process. You should bid your insurance program every 3 to 5 years. You can opt for your current agent to do all of the marketing, or you can entertain bids from your current agent and at the most one or two others.

5. Lastly, and perhaps most importantly, the insurance buying public perceives all insurance agencies as equal. Such is not the case! The best agents specialize in two or three industries. Whether it is property management, high tech, general contractors, hospitality or biotech, no professional agent can be all things to all people. They must be specialized! Each industry has its

nuances. A professional agent realizes that without understanding the businesses they insure they will not be able to produce a complete and comprehensive insurance proposal. Make sure you are working with a professional insurance agent that understands your business!

For your reference, we end with this checklist:

1. Realize insurance contracts are legal documents;
2. Take control of the purchasing process;
3. Provide all information; you want to avoid surprises at time of loss;
4. Bid insurance every three to five years, with your own agent only or invite one other;
5. Find a professional agent that specializes in your business.

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