

Surprised at increased renewal premiums?



Guest editorial
Becky Harding,
CPCU

Director of
Work Truck Total Protect
877-924-5777
becky@worktrucktotalprotect.com

When thinking about content for this column, I often just ask myself what I'm seeing as a prominent issue right now. The past few years, I've received numerous calls from prospective clients in a bit of a panic because their current provider called with higher-than-anticipated premium numbers. This can make the renewal process more stressful than usual — and nobody likes a surprise of this type.

There are several reasons premiums increase, but right now it's mainly driven by property losses. In the past decade, parts of the country have experienced catastrophic

weather events, which can have a devastating effect on renewal premiums. Insurance companies buy reinsurance at hefty premiums, which also go up exponentially as a result of catastrophic property losses. Of course, those premium costs are largely passed down to you as the consumer. Due to the law of large numbers and the need for insurance companies to geographically spread out their risk, even parts of the country that don't have those weather events are feeling the pain of increased premiums. Everyone in the insurance pool has to do their part to help pay for those, unfortunately.

So now, let's talk about what you can do about it.

First and foremost, if you are going to shop around your insurance, **allow plenty of time for that new quote.** I have found many prospective clients who are caught off guard when told it could take 60–90 days to obtain a new quote.

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Insurance companies scrutinize their portfolios of risk so the underwriting process takes longer than what you may have experienced in prior years. This is especially true when you have a business that isn't cookie cutter and has nuances that require expertise both from the agent and underwriter.

Once you look into getting a competitive quote for your renewal, the agent will obtain a lot of information. In addition to the standard limits and deductibles, there is rating and loss information, as well as company history and experience. Part of the agent's job is to paint you in the very best light possible to the quoting underwriter. After the information-gathering portion, most insurance companies will want to conduct a pre-quote loss control meeting with you. This helps them assess your management style, do some general housekeeping and ensure the

information they received from the agent about your operation was an accurate reflection of your company.

Remember, insurance isn't just a necessary evil. It protects what you have and what you've worked for. It's worth your time to be an active participant in the process. Besides, there are many benefits to you as the insurance consumer that result from a thorough renewal process. Use the renewal as an opportunity to understand what you are and aren't insuring; what your true exposures are and how you can participate in managing those risks; and therefore, how you can keep your costs in-check.

While getting surprise news that your renewal pricing is increasing — perhaps at an alarming rate — can be a shock, it may be the perfect time to find another insurance program that's a better fit for your operation and ultimately your budget.

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