A well-designed insurance program is essential when it comes to protecting a business from the many everyday risks it faces. The complex insurance marketplace can make choosing an insurance company and agency tricky, as well as understanding basic cost containment practices that are necessary to a business’ bottom line.

**Prepare for and Evaluate the Insurance Marketplace.** Information is key in finding the best company, agent and policy for business use. Often the insurance consumer does not realize that he or she is the primary keeper of the most pertinent data. Before meeting with a broker or agent, it is necessary to compile an "insurance profile." Your company’s insurance profile contains the following: current business insurance policies; updated payroll and sales records; current profit and loss statement; loss information from the current year and three prior years; OSHA log, if available; current schedule of vehicles and motor vehicle records for all your employees who operate a motor vehicle; safety programs/procedures and safety meeting records; and your company promotional literature.

**Determine Risk.** Premiums paid will depend on the financial risk a business is willing to assume. The risk the insurance company assumes is the limit of liability or property loss excess of the deductible assumed by the insured customer. Once it is determined how much risk a customer is willing to assume and how much risk the insurance company will assume, it is time to begin searching for an insurance agent.

**Choose an Insurance Agency.** When selecting an agent, keep in mind that an independent agent represents a variety of insurers. A direct writer generally only sells the policies of the insurance company he or she represents, which can be quite limiting.

Find out how experienced the agent is who will be handling the account and if he or she is familiar with your industry. The agent should be willing to provide references. In addition, ask if the agent represents the insurance company endorsed by the trade association where your business is a member. Also, inquire about the agency protecting itself from errors and omis-
sions with liability coverage, and ask how they help ensure efficient claim handling.

**Choose an Insurance Company.** Once the agent is selected, it is time to consider which insurance company will provide the best protection for the business. There are so many policies, coverage options and premiums that it is easy to lose sight of one of the most important factors of all: the financial strength of the insurance company. Be sure the company has the financial reserves to pay claims. After all, buying insurance is about covering potential risks, not creating new ones. This does not mean price comparison is not important, just do not confuse price with value.

Consider how much experience the insurance company has in handling claims in a particular industry. In addition, the insurance company should offer the availability of professional loss control experts to help control exposures and reduce the severity of losses. Businesses affiliated with a trade association or industry group may want to look for an insurance program endorsed by their association.

**Implement Basic Cost Containment Practices.** Businesses should consult with agent and loss-control representatives to find ways to contain insurance costs; for example, installing a sprinkler system or regularly inspecting an existing one could earn discounts. Business owners also should make sure all fire extinguishers...
are accessible and in good condition, maintain accurate
OSHA logs, adhere to professional loss control recommenda-
tions, establish emergency procedures and conduct employee
drills, as well as annually review motor vehicle reports on the
business’ drivers. These are just a few of the many ways insur-
ance premium costs can be reduced.

Review the Quote. After reviewing the quote,
ask the agent about payment plans. Check for
policy limits and whether coverage is written
on a “claims made” or “occurrence” form. If any liability is
based on sales, verify that the sales figures are accurate. Also,
make sure the business’ payrolls have been correctly separated
and payroll estimates are accurate.

By following these simple steps, it is easy to make a more in-
formed insurance decision. It is all about having the tools to
choose the right agency and company to handle business in-
surance needs with the professionalism it deserves.

About the Author
These tips for finding the best insurance company have been
provided by the CNA Insurance Companies and its Commer-
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