

3 Crucial Things To Look for When Buying Liability Insurance for Your Home Care Agency



Buying liability insurance for a home care agency can be a frustrating and time consuming process. Because it is one of the most important things you do for your business, however, make sure you know what to look for when evaluating insurance programs. Below are 3 *crucial* things you should consider.

1 Will your broker have you covered in time?

As common customer service most people expect to be covered in a relatively short amount of time, certainly within days of starting their business, or before their existing policy expires. Unfortunately, most brokers don't specialize in home care agencies and don't have a system in place that works just for this niche market. In this industry, people are used to calling an insurance broker, answering 500 questions, and then waiting 3-6 weeks for a quote; if they get one at all. Make sure to ask your broker how long it will take to get a quote. Most of the time 3-6 weeks of waiting for a quote, and then waiting for the policy to go into effect, is too long.

You may also ask if your broker has "binding" authority. This means they have permission from an insurance company to give you a quote without having to first submit your application and receive approval. If a broker has binding authority then he/she will usually be able to get a written quote back to you within 1-4 days.

Finally, ask your broker what he/she does when it is time to renew your policy. Make sure they have a system in place that *automatically* notifies them that your policy is up for renewal in 90 days and that they will *automatically* notify you. It is important that the brokerage is

computerized enough that they won't be depending on a secretary, who may or may not be there next year, to pull out your file in time for you to get new quotes and follow through with the renewal process.

2 How can you feel assured that you are getting the best price for the amount of coverage you are receiving?

Ask your broker if he/she is going to put you in a group with other people that don't have claims, or if you will be in their *standard* group with companies that may not have a record as claims-free as yours. Very few brokerages have special risk pools for clients with no claims. If you have a good record but are placed in a group with everyone else, then, unfortunately, you are helping pay for the mistakes of others.

You should also ask your broker if his/her company tracks the claims of clients in your industry. If they don't, then they are not in a position to influence program pricing with their insurance company. A lack of influence means a broker must submit to an insurer's pricing model. A specialized broker can drive prices down by showing an insurance company why lower prices are justified. Some specialized brokers will even develop loss control and educational tools for their clients to help assure that their clients are not as prone to standard industry claims.

Ask your broker how many businesses they cover in your specific industry. If it is fewer than 500 then your broker is not going to have the leverage with the insurance provider that a company with 500+ clients will have. Without this leverage, your prices are likely to be higher and/or your coverage won't be as broad.

3 Will your insurance provider continue to cover your industry, at consistent prices, for years to come?

The worst thing that happens in this industry is that insurance providers sometimes *drop out* of the market entirely. Or, even worse, increase prices year after year to make up for under-pricing in prior periods. Ask your broker how long he or she has been providing insurance in your industry. Also, ask him or her to look at the policies of other businesses in your industry that are your same size and disclose the rate increase for each of the last three years. Compare that to revenue growth over those years. If the premium is growing dramatically faster than revenue, something is amiss. The right insurance program should be able to keep the factors that generate your rate consistent, year after year.

Remember, the first thing you need to do is start the process soon enough to avoid a gap in coverage. In this day and time, your business cannot afford to be caught without liability insurance. Second, watch out for insurance programs that lump you in with higher risk businesses. Why pay for the mistakes of others? Finally, make sure the insurance company your broker uses has a history of specializing in your industry. The last thing you want to do is go through this process again or, worse, pay twice as much next year.

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