REDUCING THE EFFECTS OF BIG PREMIUM INCREASES

Property

1. Increase deductibles. Low deductibles made sense when prices were low. Compare past losses with the premium savings and the additional risk – create a spreadsheet. If the risk and savings break even in less than five years, the additional risk is usually worthwhile.

2. Drop "Floater" policies on computers, etc. These are already covered as contents. The deductible is usually higher, but it eliminates providing schedules.

3. Policies insure against "replacement cost", but an insurance company won't pay that amount if the property is not replaced. Buildings that will be not be rebuilt can be insured to "actual cash value" so as to have useful life and demolition costs covered.

4. If you have several locations consider a "Loss Limit" policy that provides an insurance limit that is less than the total schedule. For Districts with a spread-of-risk there is not a likelihood of having a total loss.

Automobile

1. Investigate a deductible for Liability. The savings can be significant.

2. Increase Collision and Comprehensive deductibles. Most entities can afford $1,000.

3. Drop Collision and Comprehensive on old vehicles. Buy physical damage insurance only on vehicles that are less than 10 years old and high value trucks.

4. Don't buy Comprehensive; instead buy Specified Causes/Perils. It doesn't cover glass breakage or animal damage, but is much less expensive.

5. Drop Uninsured Motorists and PIP. According to the Attorney General, it is not legal to purchase these coverages (JH-0602). Also, it is not needed for employees, as they are covered by Workers Compensation.

6. Larger districts should consider dropping all physical damage coverage and adding fire, wind and hail to the district's property insurance.

Liability

1. Increase deductibles. The chances of a General Liability loss are often slim.

2. Expect to see Professional Liability premiums increase; the only solution is to buy a bigger deductible and establish procedures to avoid losses.