

Loss Prevention

Please route to:

- Owner
- General manager
- Sales manager
- Service manager
- Office manager

Protecting your assets... don't leave it to chance

Do we have coverage for that loss?

If you don't already know the answer to this question, it's too late. The key is proactively managing the protection of your assets: buildings, inventory, human resources – through various means. It is crucial that you, the owner, be involved in the process of transferring risk by buying insurance or making sure contracts with vendors do not hold you liable for losses. You also need to have someone managing the loss prevention practices in your business. Lastly, know what losses you will be paying for yourself – this is an exposure you won't be able to transfer to another source.

Managing the "insurance buying process"

The first steps in managing your insurance buying process relate to your needs, the insurance carrier providing the coverage, and the agent representing the carrier. Regarding your needs, decide what's most important to you in your protection program. Regarding the insurance carrier, seek out a provider that is financially strong and committed to your industry. Regarding the agent, find an agent who knows your business and is committed to providing a tailored protection program for your business. Lastly, make sure the agent puts your interests' first. Listen to the questions the agent asks you, and watch how they deal with

your business to evaluate his/her commitment to meeting your needs.

Set the "rules of the game"

- Who and how many agents will be allowed to propose your insurance? We recommend a maximum of three.
- When should the process begin? We suggest you begin 75 days prior to the expiration date of your current policy.
- When will the decision be made and how? We recommend the decision be made at least 14 days prior to your expiration date.

Take proposals from insurance companies that meet the following criteria:

- They understand your business and have experience insuring businesses in your industry.
- They have dealer-specific coverage such as extended theft and statute title E&O.
- They have claims service with business expertise to put you back in business ASAP.
- They are financially strong and well managed. The AM Best rating is an excellent guide.

Evaluate the agents using the following criteria:

- What businesses do they presently insure?
Review their list of customers.
- Are they involved in your industry functions?
- Are they someone you can work with and trust?
- Do they have an individualized service strategy?
Included in the strategy should be policy review, means and frequency of communications, loss prevention efforts and more.

Preventative measures

When transferring the responsibility to pay for losses, you should consider insurance and contracts with other vendors. Examples of specific losses you want to make sure are paid by someone other than your business include:

- Auto accidents
- Products and completed operations
- Major fires
- Discrimination/employment-related practices
- Catastrophic weather-related losses

Avoiding the risk

Some examples of contracts, other than insurance contracts, that you can use to make sure that another entity is responsible for the loss and you avoid the risk, include:

- Damage disclosure forms to be used with customer trade-ins
- Employee demo agreements
- Hold harmless agreements
- Certificates of insurance

When you practice good loss prevention in your business, you are “avoiding the risk.” All insurance providers are sensitive to your risk management efforts when these efforts result in fewer losses, and you may be rewarded with lower premiums.

Retention by the owner

There are going to be losses and portions of losses that you cannot transfer or avoid. Some examples are deductibles, legally non-transferable losses, losses where no insurance coverage is available and losses where the exposure wasn't recognized. You can manage the first three of these, but the fourth strikes fear into the hearts of the insured and insurance carrier alike. A close working relationship with your agent and your company is the best defense against encountering a loss where the exposure wasn't recognized.

More information

Managing risk properly is critical to your bottom line. Learn as much as you can about the risk management process, so you can make educated decisions regarding your business protection.

For more information on how you can protect your business, contact your Zurich account executive or call 800-840-8842 x 7449. Or visit us online at www.zurichna.com/zdu.

The information in this publication was compiled from sources believed to be reliable for informational purposes only. All sample policies and procedures herein should serve as a guideline, which you can use to create your own policies and procedures. We trust that you will customize these samples to reflect your own operations and believe that these samples may serve as a helpful platform for this endeavor. Any and all information contained herein is not intended to constitute legal advice and accordingly, you should consult with your own attorneys when developing programs and policies. We do not guarantee the accuracy of this information or any results and further assume no liability in connection with this publication and sample policies and procedures, including any information, methods or safety suggestions contained herein. Moreover, Zurich reminds you that this cannot be assumed to contain every acceptable safety and compliance procedure or that additional procedures might not be appropriate under the circumstances. The subject matter of this publication is not tied to any specific insurance product nor will adopting these policies and procedures ensure coverage under any insurance policy.