

Insurance inspections and recommendations

First thing on Monday morning you receive a call from your insurance company asking for an appointment to inspect your premises. Whilst certainly not on the top of your priority list, you (grudgingly) schedule them in with a smile. (Avoiding the call doesn't work!)

If you have an insurance broker worth their salt, they will have anticipated this call. In fact, your broker should have already discussed with you the likelihood of an inspection and the relative reasonableness of each insurer before placing your insurance.

Without question, your broker should accompany the insurer inspector. Presumably, your broker has a decent relationship with your insurer and should help you develop a good rapport, as well.

Your broker should also act as a facilitator to reduce or even eliminate some requests by the insurer, by explaining or negotiating with the inspector and underwriter directly. Often, an item can be explained or resolved before being written into the report - which can affect your insurance placement.

When the insurance inspector comes out to visit, it is important that relevant staff be brought into the loop. By alerting personnel, they can be sure that the light bulb has finally been replaced in the stairwell and the hallways have been cleared of overstocked items. A floor supervisor understanding the importance of answering a quick question - or deferring a question to someone else - could save both time and money.

If recommendations have been made, respond as quickly as you can, even if only to say you will "formally" respond in 30 days. Go ahead and get minor recommendations out of the way.

Bear in mind, "recommendation" is a misnomer in these circumstances. They are generally considered to be *mandatory* in order to maintain the current status of your insurance program. "Suggestions" are not considered mandatory; however, by addressing the suggestions, you may create a little more leverage when dealing with the recommendations.

If the issues are more involved or costly, your broker should be able to intelligently discuss your options. Your insurance underwriter may be agreeable to give more time to complete an item or with consideration, for example- may be willing to accept lower stacking heights in lieu of those costly in-rack sprinklers.

If you are planning to add to your facility or build a new one, involve your insurer at the planning stage. A cost/benefit analysis for various fire protections systems is far preferable before construction!

Ultimately the "insurance inspection" process comes down to preparation and expectation management.

To be fair, experienced insurance inspectors add real value by offering concrete tactics to control risk. The trick is to find the balance between risk control and cost-of-risk.

HUNTERS can help.

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