

FREE Report: Why Do You Purchase Insurance For Your Business In The First Place?

Some Questions To Ponder

This report will suggest a different way of considering why it is that you secure insurance for your business. Too many business owners have fallen into the trap of viewing insurance as a commodity, and it is easy to lose sight of exactly why it is that we purchase coverage in the first place.

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Why Do You Purchase Insurance For Your Business In The First Place?

Introduction

What Are You Trying To Accomplish?

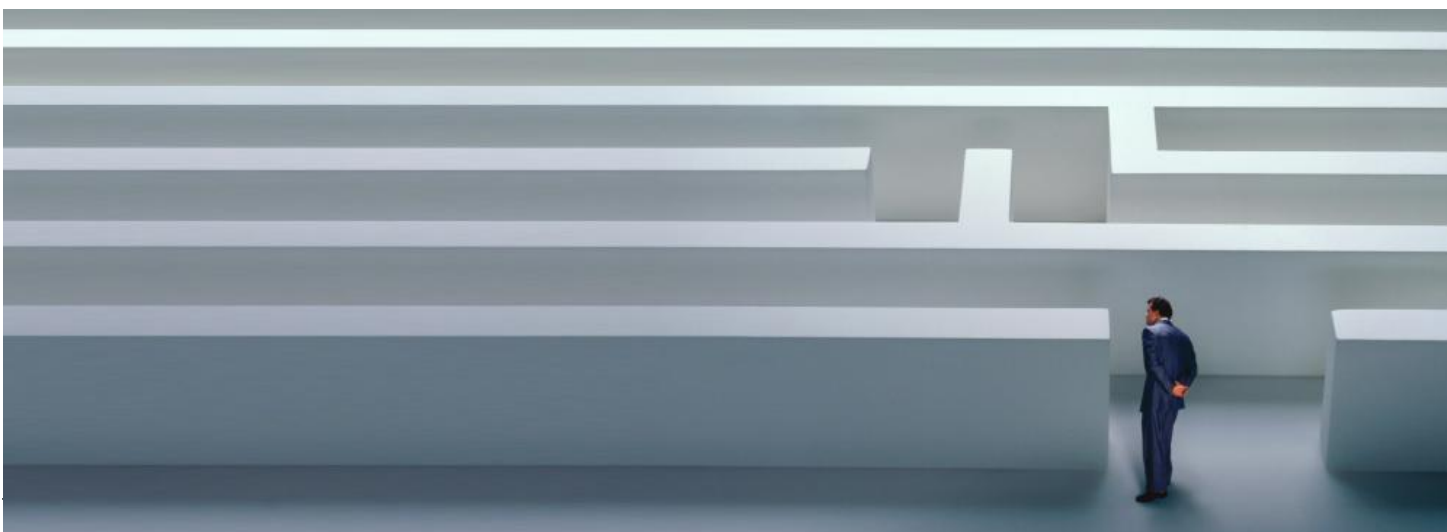
Have you found in business that it's often worthwhile to take a step back and consider what you're doing, and why you're doing it?

It's easy to get so wrapped up in the day-to-day activities of running a business, meeting looming deadlines, and dealing with the chaos created by unexpected events

that we fail to consider the "bigger picture", i.e., the broader strategic objectives we are trying to achieve.

In his classic books *The E-Myth*, and *The E-Myth Revisited*, Michael E. Gerber explores at length the concept and importance of working **on** your business instead of merely working **in** your business.

(There's also plenty of information on this important concept available on the internet. The Google Search "Working on your business not in it" will produce over



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Protecting Your Business Asset

So Why Do You Purchase Insurance?

That's not just a rhetorical question. It really is worth thinking about. In our experience most business owners are so busy running their business (i.e., working *in* their business) that they sometimes lose sight of the importance of a proper insurance program. At renewal time they go into "auto pilot" mode. In other words they focus on getting specs out and getting quotes in from 3-4 brokers instead of focusing on the adequacy of their current coverage. They're often just looking for "apples to apples" quotes, and never stop to consider whether those apples might be rotten in the first place!

Worse yet, the insurance "professionals" giving you quotes seldom do a thorough coverage evaluation.

Once you reboot your thinking in this way you can begin to appreciate the seriousness of your insurance program.

We often ask prospective clients to pause, take a step back, and consider exactly why they purchase insurance

for their business in the first place. Is it only because someone (e.g., a Landlord, a customer, a General Contractor, etc.) is requiring them to?

Hopefully the reason you purchase insurance is to affordably protect the business asset that you've poured so much time, energy, creativity, and financial resources into from a severe financial setback or even a business-ending event.

Once you reboot your thinking in this way you can begin to appreciate the seriousness of your insurance program. We encourage clients not to view insurance as a necessary evil, something to scrimp on and purchase as cheaply as possible, or simply as something to maintain because someone else is requiring it of them. Rather, we think it should be viewed as a vital part of your business, as important as your biggest customer, as your product, your service, your brand, or your trade secrets.

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Protecting Your Business Asset (Cont'd)

Are We Exaggerating?

Does this seem overstated? When you consider that a sloppy insurance program (the type we see so often) could literally end your business, we don't think the importance of proper coverage could possibly be overstated.

We're not exaggerating.

We frequently see insurance programs that are a threat to the very businesses they purport to insure. The threat created is that, through serious coverage gaps and deficiencies, business owners could find that they are on the hook for \$100,000+, or even \$1,000,000+ should they suffer a serious Property, Liability, or other type of loss.

TIP: Before you "quote" your insurance again, you should have a professional conduct a thorough analysis of your exposures to loss, and the adequacy of your current policy(s) to address those exposures. We literally "wrote the book" on Coverage Gap Analysis, and can perform this analysis for you.

Our 12 part White Paper series over the next year will deal with the most common coverage gaps we see over and over again, and how to address those.

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Some Questions To Ponder

Looking At Insurance From A Different Angle

As long as we're in the pondering mode, here are a few more questions that are worth thinking about. These will probably shed some light on how seriously you are taking your insurance program, and how confident you are in your current coverage. Please don't simply read this list, but rather take a moment to consider your answers. You might find this to be an interesting exercise.

- *When we say "insurance" what one word comes to mind?*
- *If you were to receive a call from the Fire Chief at 3:00 tomorrow morning informing you that your building is on fire, what would be the first thing to come to mind?*
- *Are you more interested in the cheapest premium or the lowest total net cost?*
- *Price aside, what are the three most important things you look for in an insurance agent?*
- *How do you measure success with your current agent?*
- *Are you more interested in the cheapest premium or the security of knowing that your business will survive and prosper (its assets will be protected) should the unthinkable happen?*
- *How much unintended self-insurance do you think you have in your current program?*

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Wrapping Things Up

Some Final Thoughts

Conservatively, 8 out of 10 insurance programs that we evaluate contain serious coverage gaps and deficiencies. Often those deficiencies can be corrected at little to no cost. If some of these concepts are new to you, or if you're not completely confident that your insurance program will do what it's designed to, then perhaps we should talk.

Our next FREE Report will deal with the right way to shop insurance—and how most businesses are doing it all wrong.

Our upcoming White Paper series dealing with the most common coverage gaps will begin with a discussion of the true cost of your insurance policies—hint: it's more than just the premium!