

Our Recommendations: Managing the Cost of Risk and Insurance



Though 2023 is another year that is proving to be challenging for many people, taking proactive steps to protect your assets and lifestyle can help mitigate the impact that the unknown may have on your financial future. Here are some steps you can take to help manage the pitfalls of risk and your insurance spend.

1

Think twice before filing a claim

Some smaller claims that do not show negligence may be better off unfilled. Since carriers are scrutinizing small claims, opt for higher deductible limits and rely on your insurance policy for larger coverage needs.

2

Always make on-time payments

If your home, auto, or umbrella policy lapses for non-payment by the renewal or due date of the policy, no guarantee exists that coverage will be reinstated, especially in a hardened market. If your policy lapses, you may be subject to reapply for coverage and face new underwriting guidelines, which could cause premiums to increase. Or you could receive less coverage. Enroll in automatic payments or use your carrier's mobile app to keep up to date.

3

Be proactive with upgrades

Take the time to identify the upgrades needed that will offer more than a credit on your policy premium, such as an automatic water shut-off valve. Tearing out flooring from flooding at your vacation property can be more expensive than purchasing and installing a device. The extra effort to make small upgrades can save hundreds of thousands of dollars in property damage to repair.

4

Avoid contractor fraud scams

Get at least three written estimates for the work and compare bids. Check credentials, including licenses, references, and insurance. Make sure your repair contract includes estimated construction schedules and prices for labor and materials. One in 60 insured homes has a property damage claim¹¹²—stay diligent to get as much background information as possible.

5

Be willing to work closely with your advisor

Your insurance advisor represents you, not the carrier. They have deep valuation and protection knowledge about how to inspect homes, assess vehicle insurance needs, and identify risk mitigation strategies to help you ensure you are protected. They can explain how the reinsurance and insurance market and rising costs can potentially impact your bottom line.

6

Start your renewal process early

The renewal process is taking ten times longer than in the recent past, and underwriting standards are tighter. The scrutinization is adding more time to the process. Plan to meet with your insurance advisor at least four months before your renewal date.

7

Focus on precise asset valuations

Many property valuations are composed incorrectly or have not been updated in years. Undervaluation of assets can leave insureds unprotected after a natural disaster. For insurers, inaccurate assessments of how much risk they are truly absorbing result in inferior premiums collected. Expect carriers to increase their scrutiny of property valuations.

8

Consider higher deductibles

Familiarize yourself with the pros and cons of taking on higher deductibles—this is here to stay, and insurance carriers may likely begin to promote consumers taking on more risk by raising their limits. Raising deductibles in a hardened market may lessen premiums by 5%; in a softer market, the premiums may decrease up to 10%.

9

Embrace surplus coverage

Many standard carriers are shifting toward writing policy language that is custom and specific to your risk, although it varies state by state. They are working collaboratively to provide coverage to policyholders where in standard markets they are unable to obtain coverage.

10

Review identity protection with family members

Using multi-factor authentication, password protection, and unique logins for all devices helps keep family members safe. In today's world of increasing cyberattacks, conducting training about identity protection with family members, including a review of the family's social media policy, helps maintain strong security protocols.