



*Providing sound insurance  
advice and products since 1937.*



## Before you Consider Cutting your Coverage, Read this Article

*The majority of small and medium-sized companies will not be cutting back on insurance coverage during the recession, according to data compiled by an independent survey company — in fact, 66% reported that the value of having secure insurance does not decrease during the current economic downturn.*

The economic stress faced by all business owners may cause some companies to contemplate reducing or eliminating certain insurance coverage just to stay afloat. But, before doing so, you need to make sure that you do not place your company in jeopardy for a few dollars of savings.

If you're looking to cut costs, you might be thinking about decreasing or even eliminating some of your insurance. Even if you only plan to reduce your coverage temporarily, you could be wiped out financially from a major fire or catastrophic car accident. Terms and conditions in every policy can put you into a far greater gamble than you ever intended.

It comes down to a simple fact: unless you plan to go out of pocket to replace your business, you can't afford not to have the right insurance. Before making any changes, you need to discuss your concerns with us in order to safely maintain your insurance program.

Instead of cutting back on coverage, your agent at Affiliated will advise you on cost cutting ideas without leaving you at great risk to financial loss.

### **Understand your business risks.**

The best way to cut your premiums is to understand your business risks and then work to either reduce or avoid them altogether. Insurers evaluate premiums on what the industry is like, the size and turnover of your company, and the number of claims you have made. You could consider making modifications to your business model to cut down on risk. If you train your staff to avoid risks, then you can end up with lower claims – this is the best way to reduce your premiums.

Another way to save money without putting your company at great risk is by increasing your deductibles. You can lower your premiums by increasing your deductibles on your property and auto policies. While saving premium dollars, you will increase your costs

should you have a claim, but you'll be covered for catastrophic losses.

You need to carefully review how much you can afford in a worse case scenario like a totaled car or serious injury. But, if you're insuring a 10-year old car, you could save by eliminating collision coverage on that vehicle. You have to look at your situation on a case-by-case, or even policy-by-policy basis.

### **Consider using one insurance provider.**

If your insurance policies are spread out among different companies and agencies, we can look at consolidating them with one insurer since insurance companies often reward you for buying multiple policies.