

Think Like a Risk Manager to Reduce Your Insurance Costs

All large corporations and national businesses have someone in charge of risk management, if not a whole department.

But hiring a risk specialist or dedicating a number of employees to that kind of work is typically too expensive for most small and mid-sized companies. So, this risk mitigation typically is left to the business owner or the duties are spread among senior managers.

One way that you can reduce the risk to your finances is to purchase appropriate insurance coverage, which can sometimes be costly. However, if you focus on managing your company's risks, you can do more than solely reducing the risk of accidents (and having to file claims).

Insurance companies like policyholders that try to manage their risks, and they reward them by reducing their premiums.

You too can reduce the cost of your insurance if you start thinking like a risk manager. In this article we provide you with some tips to do just that. To start thinking like a risk manager, it helps to organize your risks into categories:

Human resources – Employees are your biggest asset, but they can also be one of your biggest liabilities. Businesses are regularly sued by their employees and job applicants for a number of alleged transgressions, such as discrimination, retaliation and hostile work environments. Some people are serial lawsuit filers.

To reduce the chances of this, screen job applicants and document everything, including candidate searches, interviews, hires, reviews, complaints and behavior or performance issues of your employees, especially if you have to terminate someone.

Also, promote a safety culture with regular training, and strive to keep your workers happy, motivated and feeling like they have are vested in your enterprise.

Property and assets – Fire and theft devastate thousands of American businesses every year. Protect your property with fire and burglar alarms, and take precautions against damage from severe weather.

Make sure that you keep your company's data safe (especially any personally identifiable information on your staff and customers, and credit card information).

Erect firewalls, install virus and malware protection and store vital company data on- and offsite. Develop an emergency response plan in case your data is compromised or if your network fails.

Income – This includes any risks that affect your company's finances and income stream. Keep thorough records and meticulously quantify your costs of goods sold, gross and net income.

Monitor your accounting and ensure that a chosen few of your staff have access to your accounts and check books.

Protect your business income by having a solid supply-chain management plan in place, with connections made with backup suppliers should one of your current suppliers suddenly be unable to provide you with product.

Have a contingency management plan in place to keep your business operating if disruptions occur due to equipment failure, a breakdown in transportation networks or natural disaster.

Liability – Every year there seems to be a new lawsuit threat that companies never knew existed. Make sure that you do all you can to reduce the potential of liabilities to third parties, including vendors and customers and the public at large.

Identify any hazards on your premises, and train your employees to drive carefully and not endanger your customers or the public.

Keep your workplace safe, as well. Engage in proactive safety training and a program to identify potential hazards to your staff. Keeping your staff safe and reducing the risk of injuries keeps your workers healthy and safe and your workers' comp premium low.

Also, have a social media policy with clear dos and don'ts.

The takeaway

While there is much more that you can do, these tips are a good place to start in thinking like a risk manager and reducing the chances of your firm having to pay out more than it should, or being sued.

Finally, consult with us as we can help you identify the biggest risks that your organization faces and what you can do to reduce those risks to a comfortable level.

Remember, insurance is there to pay for many of these issues, but to keep your rates as low as they can be and reduce the potential of fallout, put on your risk manager cap and get to work.

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