

TIPS WHEN BUYING INSURANCE

by RISK MANAGEMENT EXPERT ROSS CLOUTIER

Both, property and liability insurance is harder to get and more expensive this fall. Sometimes in the order of 4-5x previous policy rates. Remote lodge property insurance is very hard to get. Some of this goes back to insurer losses related to Fort McMurray and wildfire losses and some is COVID related. Doubtful that any is the result of court rulings. There is not a lot for solutions but here are some thoughts. None of these will change the current reality of the market entirely but could impact premiums.

1. Based on my earlier work assessing adventure tourism applications for liability insurance I would say that most operators just apply and don't provide any professional supporting documentation. That is, risk management plans, waivers, staff training materials, guide qualification requirements, etc. A professional electronic package all bundled together that a broker can show insurers makes a difference. All the big companies do this and there is no reason that smaller ones cannot.
2. Many insurers where you are located still do not require waivers and I am guessing that is because most are national or international insurers and they are more familiar with areas that do not support them than areas like BC and the Yukon where they do, plus the market has been fairly easy lately. Copies of well drafted waivers submitted to insurers might help but there will also be an educational process involved with this to bring the insurers along so that this impacts rates.
3. Operators who offer to increase their deductibles and/or reduce coverage amounts should make a difference to premiums. This was the scenario in the early 80's where we had huge deductibles and only enough coverage to defend an action. An offer to raise deductibles, justified by a great risk management program, will catch the eye of an insurer. Why not ask for a \$20,000-50,000 deductible and share the risk with the insurers? Generally, I think that operators are more interested in transferring all liability to insurers rather than sharing the financial implications. It is a different concept. There are issues with this for sure, but you just asked about possible approaches....
4. Reduce or eliminate the low-margin, low-volume, but high-risk activities. Float rafting trips instead of Grade IV will make a difference in premium but only if the operator provides educational materials to the insurer regarding what they are doing and why. Insurance underwriters can only work with what information is in front of them.
5. Who the broker is and what access they have to insurers is relevant. In the session I recently did for the WTAY, few operators had ever heard of Angela Mackenzie of gougeoninsurance.com or Sandy Millar of www.equaspecialty.com, two brokers who everyone in adventure tourism should be getting quotes from.

*Neil Adds: Ensure your provider knows your projected revenues are well below 2019. Revenues are one of the significant factors in determining your rate.