

INVESTING IN CAPITAL IMPROVEMENTS

Pay \$250,000 once or \$250,000 annually? The choice seems pretty clear.

Insurance companies regularly send out teams of engineers to inspect the risks they are taking on. Smart business owners view these inspections as a cost effective way of identifying potential investments in capital or operational improvements that can ultimately reduce their total cost of risk.

INSURANCE RATING AND RISK

Property and Liability insurance rating with respect to any insured premises hinges on Occupancy, Construction, Protection, and Claims. Improve any one of these, and you will receive a beneficial adjustment of your rates.

DECIDING TO INVEST IN IMPROVEMENTS

You don't need to be an engineer to recognize that installing sprinklers will reduce the risk of fire damage. However, retrofitting them is an expensive proposition. As all business owners know, finding the right balance at any point in time among operational best practices, risk improvement, engineering expectations, insurance premium savings, and affordability is always challenging. In general though, with a medium to long term view, investing in your premises today will result in future insurance savings, not to mention, enhanced attractiveness to competing insurance companies.

MANAGING INSURER ENGINEERING EXPECTATIONS

Insurance company engineers are very thorough but even with the best of inspections, they may not come away with the complete story of why things are the way they are. Although, traditionally, your on site property manager (a non-engineer) will guide the engineer through the premises and answer questions, the engineer's focus is primarily on noting as much of the risk as they can identify and recommending changes or improvements.

To ensure that the most complete and accurate representation of your operation is sent back to the insurance company, HKMB Hub will send one of our engineers – who speaks the same language as the one sent by the insurer -- along on the inspection. This also ensures that we are fully informed in order to be able to provide you with additional professional advice.

HKMB HUB'S CLIENT EXPERIENCE

Although insurance premiums are treated as a flow-through to tenants in many leases, the allocation of this cost is not invisible, as is evidenced when insurance rates go up and tenant phone calls start to come in. Investing in your properties will reap rewards in years to come from through reductions to your *Total Cost of Risk*.

Lou Fisch CIP CRM

Partner
416-597-4009
lou.fisch@hubinternational.com

Kim Hampson CAIB CRM

Account Manager
416-597-4629
kim.hampson@hubinternational.com

