

Do duct tape and plastic sheeting form the cornerstone of your business security and protection plan? Were things ever that simple?

Here's the *real* question: How do you handle skyrocketing insurance premiums? If you take a common-sense approach to risk management, you can significantly reduce your risks, minimize your potential losses and save on insurance.

Manage Your Risk Profile

Insurers rely on a "Risk Profile"—a snapshot of your company's vulnerability—when they review and price your policy. Improving this picture is key to getting a better deal. Here's how to put your best foot forward.

Start by listing your most important risks. Ask your employees, customers and suppliers about the risks in your business that make them nervous. You'll gain valuable input and foster a deeper sense of partnership with your key associates. Then, focus on these critical areas:

Your internal risks need constant attention:

- **Clean up your premises.** Remove fire hazards, post no-smoking signs in exterior work areas and enforce rules.
- **Vitalize your Safety Program.** Compare with others in your industry, make improvements to your program and monitor the results.
- **Assign dollar values to your assets carefully and consistently.** Fill out a Business Interruption application with your accountant and risk manager or broker so you can *prove* your loss if business records are destroyed. Then videotape a walk-through of your premises and keep copies of all these supporting documents in a secure offsite location.
- **Retain records for at least five years.** Archive payrolls, sales records, expired insurance policies and loss reports in confidential storage.

Data and employee risks can become a nightmare:

- **Test your data-security measures** (and keep them updated). Protect company, employee and customer data from both external hackers and internal malcontents.
- **Safeguard tested backups of data offsite.** Save copies of financial and personnel records, as well as customer and vendor information.
- **Keep employee policies and handbooks up-to-date.** Include job descriptions, personnel forms, interview question guides and employee training data.

External risks are often overlooked:

- **Get insurance certificates** from vendors who work at or make deliveries to your premises; get safe-work statements from vendors who perform potentially hazardous work, such as welding.
- **Create emergency management plans** for major disasters—natural or man-made; assemble and prepare a team to step in immediately with an action plan. Conduct a drill.
- **Draft crisis communication messages** for your customers, suppliers, employees and the media. Prepare several versions for different loss scenarios (for example: fire, product recall, or a lawsuit). Be prepared to talk frankly about what happened, what you're doing about it, and how to contact you for business. When in doubt, seek a legal review.

If you're proactive about security and asset protection, your insurer will notice. By looking better than others in your industry, your reward could be smaller rate increases. And, your diligence will prevent many losses from occurring.

Take these common-sense steps to risk management, and you'll reduce your vulnerability, minimize potential losses, *and* save money.