

## Insurance: it's a problem more than a solution!

April 2010

So many client predicaments arise *because* of insurance that I think it's more of a problem than a solution. Wouldn't you be a lot more careful if you had none? Here are some examples – do any sound familiar?

- Buying 'basic' or 'necessary' coverage without much thought
- Getting a new policy as a new need arises, again without a strategy
- Not reading the policy or insisting on a full explanation from the broker
- Glossing over the details of what's really covered, the deductibles, exclusions, limitations, and fine print
- "Whew, I'm glad that's over, now back to business...!"

Human nature wants to get the ugly stuff off the desk – just set it and forget it.

**Three critical dangers** – I see these all the time:

- 1) Buying coverages without really knowing what needs protecting;
- 2) Abdicating to a broker who doesn't know your business and can't stay on top of growth and changes; and then,
- 3) Going on autopilot without contingency plans for when stuff goes very wrong.

Warren Buffett says "risk comes from not knowing what you're doing." Insiders understand that even the best insurance programs don't cover everything. And you can have the check in your hand and still be out of business because you've got no recovery plan, and customers can't wait. Director Magazine found that 66% of SMEs failed after a large loss if there was no contingency plan.

Of course insurance solutions can be important – but they're just one tool.

- The right coverages and limits can bring needed cash to speed recovery plans.
- Liability and legal defense from real experts can literally save the day and keep deadly distractions at bay.
- The right insurer and broker can act quickly on your behalf to implement your plan and help avoid the hassles that are always lurking.

### Getting through the maze ~

In my experience, you can get through the maze of problems and make insurance work for you and your business **only** if you follow my mantra and *Buy Your Insurance Last*<sup>™</sup>. If you don't take the time to understand and plan, your program won't be strategic, will surely have gaps and overlaps, and will probably cost too much. It could actually be a complete waste of time and money.

Avoid the false sense of complacency that insurance can provide: your business and all you've built are too important for auto-pilot.

If you have questions or concerns, just call for a free consultation.