

**IMPORTANT NOTICE**

The Queensland Govt, Insurance Taskforce has extended the register for interest in group insurance cover for non-profit organisations.  
<http://www.treasury.qld.gov.au/groupinsurance/>

# Insurance

Ten tips to securing a better insurance deal

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## Ten Tips for Buying Better Insurance

### Background

Public Liability Insurance has been and will continue to become a major problem for community groups throughout Australia.

This is due to a number of insurance industry problems including:

- ◆ Poor performance of the public liability insurance line of business (APRA reports a loss of approx 373 million dollars in year 2000)
- ◆ Collapse of HIH, one of the larger insurers for public liability in Australia
- ◆ Increases in claims at law
- ◆ Length of time from incident to claim has increased leading to greater risk factor for insurers
- ◆ International and local incidents such as September 11 has led to global pressure on insurers in general.

Many community groups have already expressed concern at the levels of increase in their premium but there are many who are unaware of the fact that there is an issue, as they are yet to receive their new premium notices.

There is also concern that recent increases are only the start and the full impact is yet to be felt as further increases are expected in coming years. It is critical that community groups become more active in their practices and procedures.

## The Our Community Ten Tips for Buying Insurance

It is a fact that most insurance costs have risen and many have done so substantially. These days, it is not uncommon for insurers to request a great deal of information from you prior to making a decision to insure your organisation. The insurer could then decide not to offer you insurance. At the moment there is no doubt that the advantage is with the insurance companies. While work is going on to achieve a national solution, we have provided some tips that may help your group in securing a better deal on your premium.

1. Prior to seeking a quote check your current insurance policy (if you have one) and assess that the policy is actually what you need. (In some states Incorporated Associations are required to hold a public liability policy with \$10 million cover. If you have a policy of \$30 million - do you need it?) - seek guidance from a professional insurer or lawyer.
2. Check to see if you are covered for public liability by a blanket government or funding body scheme. In some states, some Government Departments will cover groups who receive funding from them. If you are included in a blanket coverage, check your own insurance cover and see if you are now over-insured. There may be some components of your individual policy that you can scale back. Again, seek advice.
3. Give the insurer a reason to provide you with a quotation. Every insurer has basic underwriting guidelines, but these guidelines do not, and cannot, address every situation that is likely to arise. Emphasise your organisation's credibility, the length of operation and your prevention and risk reduction programs. Demonstrate how your group has developed a risk management plan and how you have completed a review of your organisation to identify and deal with possible risks.
4. If you already have a quote for an existing policy let the other insurer know. This can provide an insurer with valuable knowledge - for a start they know that someone considers you are worth insuring. It also provides an opportunity for the insurer to beat the other quotation. Use the other quotation to negotiate more favorable terms. Again using the knowledge that you have established your risk management plan, have reviewed it since the last policy was signed and have worked harder to minimise or eliminate risks.

## Ten Insurance Tips continued...

**5.** Plan for the insurer to review your requirements. Don't wait until the last possible moment to get a quote. Allocate time in your diary to review your insurance at least six weeks prior to renewal - even earlier where possible. If you request quotes from an insurer well in advance of the desired coverage date, the insurer has a chance to review the submission and ask questions and so do you. The lead-time also gives your organisation a chance to understand the features of the insurance product, to obtain competing quotations, and to compare competing terms.

**6.** Be thorough and complete all the questions in the forms. We know that this can be a time consuming task if you are seeking four or five quotes but every question on an application form is important to the insurance company. An incomplete application will either be declined outright or sent back to your organisation for completion, taking up valuable time. A quick glance will save a lot of time in the long run.

**7.** Attach supporting information if required or if you think it will add support to your application. An insurer will consider its requested information to be important to accurate quoting. List any enclosed items in your cover letter and ensure that each item is in the package prior to mailing. For example you may (if you have one) include an annual report or a copy of your risk management policy and action plan.

**8.** Provide accurate and truthful information, preferably in writing. Be honest. Whatever you do don't provide false or misleading information. Not only could this be discovered prior to a quote being provided, which will probably lead to the insurer declining to offer a quote, but in the situation where you end up making a claim it will probably be discovered by the insurer. At this point it is likely the insurance company could deny the claim because you have provided false information, and your organisation is deprived of the protection that it thought it had paid for.

**9.** Put yourself in the shoes of the insurer. Think of the likely questions the insurer will ask and prepare your reply prior to requesting a quote. Then when you are required to provide any necessary explanation for the answers on the

application for and/or any unique exposures that your organisation may have, you can do so immediately. This gives an immediate impression to the potential insurer that you act professionally and are aware of your needs. If you are required to provide further information do so promptly.

**10.** Negotiate quotation terms with respect. Remember that you are seeking the quotation from an insurer who is not obliged to provide coverage. The insurer may provide a clearly unacceptable quotation but this may occur due to an error, unreasonable underwriting guidelines, or a total misunderstanding about the risks involved in your operations. While you should question the basis of the quotation and try to alter the terms, do so in a way that will not alienate the insurer.

While you may not accept the quotation, you do want to give the insurer every reason to want to provide insurance. If an insurance quotation is unacceptable, don't accept it as the final say - offer suggestions that will improve the terms. For example, if the insurer refuses to cover an activity, offer to institute an insurer-approved risk management plan as a condition of coverage or accept a higher excess. Show that you can be flexible and that you are willing to work with the insurer to find a win/win solution.

**11.** And one extra tip for good measure if the cost is high for your organisation and will create a cash-flow problem, explore if the insurance can be paid monthly, possibly using a credit card if your organisation has them. That way you get to spread the cost over a full year, rather than one lump sum, up-front. And by paying by credit card, you may get some interest free days. Another plus and another small way to help you with insurance issues.

It is strongly recommended that all community groups should begin the process of implementing a Risk Management Policy immediately. [Ask Arts Nexus if you require an informative step-by-step Risk Management Information Sheet.]

If you still find that the premium is too high, then you will need to increase your fundraising activity to build funds to pay for the increase. This is a specific campaign that can demonstrate to your "donors" where funds are being directed. Explain the situation and outline the cost of the insurance policy.