

5 MISTAKES

You Can Avoid That Can Increase Your Ambulance/Ambulette Business Insurance Costs

There is more to keeping down insurance costs than negotiating the best rates. In this interview, Regional VP Steve Levy of the Ambulance/Ambulette Division of Capacity Coverage discusses how you can reduce insurance costs.



What is the advantage of having one source for insurance coverage?

Our clients require auto liability insurance, generally liability, as well as malpractice or professional liability - all of which can be difficult to insure. It is easier for these companies to deal with one broker for the various lines. It can really make a difference on servicing issues such as not having to call contact three sources every time you need a certificate of insurance for a municipality, hospital, or nursing home.

What is the advantage of working with an industry specialist?

We've developed services based on the needs of our customers. We turn around certificates of insurance almost immediately, provide premium financing, and write all lines of coverage. We are not limited to just P&C coverage, we can provide benefits and personal lines coverage, too. As a one of the largest agencies specializing in this area, we have more negotiating leverage in the marketplace.

Why are financing packages important?

These premiums tend to be large. We can negotiate smaller down payment or favorable payment plans. Companies achieve better cash flow by spreading payments out over a longer period and having lower monthly payments.

What are some of the issues or problems these companies face?

Clients need to understand auto liability claims versus general liability claims. The issue often comes up, when does auto liability stop and general liability start? We suggest getting both coverages from the same carrier. Otherwise, when there is a claim, two separate companies may try to deny coverage saying it is just an "auto claim" or "general claim." So, if you have coverage for both from one source, there's no gap.

What are the issues related to medical malpractice?

Medical malpractice insurance policies have various time constraints. This is especially important if a claim is after a policy is no longer in force. You need to talk to your broker about tail coverage to protect if you are sued for an event that occurred in the past and the policy that was in force then is no longer in effect today. When clients change carriers, we take into account they need to be covered when they go from one policy to another. This should be done on your primary insurance coverage as well as subsidiary coverage such as umbrella insurance. When you switch carriers, you need to consider which carrier it is better to use for coverage for prior events. In most cases, there is a three-year statute of limitations, so this type of coverage is important. Tail coverage is expensive, but many companies feel it is worth the expense versus paying a cost lawsuit judgement. Some clients say they

will self-insure for tail coverage by putting money aside. My experience is that they rarely do.

What other problems can companies avoid?

Ambulance companies sometimes use their lights and sirens to facilitate call response when it is not an emergency. They do that because they want to get there before the competition, but it can cause a "shock loss" - a loss so catastrophic that the insurance company experiences a significant Underwriting Loss. That just makes it harder and more expensive to get insurance.

Don't forget basic operating procedures. Accidents have been caused, including fatalities, from patients who are not properly strapped in.

As the 61st largest broker in the US and an industry specialist, Capacity has the clout in the market to help you get the best coverage with the best pricing.

What mistakes do people make when they get their insurance?

I often suggest self-insuring physical damage for larger fleets since the coverage is expensive. Instead I recommend lot coverage, since you have exposure when vehicles are parked in the yard. We look at a five-year period and how many vehicles are damaged or totaled. Then, we compare that expense to five years in premiums.

We also make sure all equipment is insured. Property coverage covers the client's premises, not when the vehicle is on the road. We may also suggest increasing umbrella coverage. After the first million dollars of coverage, the cost per each additional million dollars of coverage goes down

How else can Capacity help reduce our insurance costs?

Besides advising our clients and seeking the best rates, we have a new free service called MyWave. MyWave is an online service that has time saving tools to help manage insurance tasks. For example, creating employee newsletters, safety programs, in-house forms, and insurance reports can be time-consuming and expensive. MyWave lets you download easy-to-customize materials. If you have an insurance question, you can search a library of thousands of articles. Or, you can

post your question to an online forum tapping the resources of your industry peers. You can also access a complete OSHA Log reporting and analysis system. All of these services save time and money - and they are free.

Why is it important to work with an insurance specialist?

The number of companies that provide insurance for this market is

limited. This is a complex area to insure with unique issues, so it requires experience and specialized expertise to handle it properly. Even this interview is just for general advice. Every business is different and requires its own analysis from your broker.

When you work with a broker that specializes as we do, the broker can identify potential situations that can cause an insurance exposure based on their experience with similar clients. Not every insurance broker understands what ambulance and ambulette companies need. As specialists, we represent most of the major carriers that write insurance for your business.

We understand you may have used your current broker for years. We simply suggest that you make a comparison. Then you can decide what is best for your agency.

Go to the link below, fill out the form, and let us review your insurance needs.

<http://www.capcoverage.com/ambulette.html>

- Use a broker who knows your industry
- One source for auto and general liability
- Obtain tail coverage for malpractice
- One broker for all lines of insurance
- Consider self-insuring large fleets for physical damage