

# 5 MISTAKES

## You Can Avoid That Can Increase Your Limousine Business Insurance Costs

*There is more to keeping down insurance costs than negotiating the best rates. In this interview, Regional VP Peggy Brennan of the Limousine Division of Capacity Coverage discusses how you can reduce insurance costs.*



### **Besides negotiating the best rates how else can limousine companies keep down their insurance costs?**

According to the National Limousine Association, since 2002 three out of ten operators have had premium increases of 25 percent or more. One of the reasons for these high rates is that a limited number of companies provide insurance for the limousine industry. It is considered a difficult class of business to place.

The companies that do underwrite this area are specialists who develop specific programs that address this industry's operating issues. That's why it is important to have a broker that is an industry specialist.

We have access to major companies that provide limousine insurance while most brokers have access to a few. Because of the amount of limousine insurance we handle, our clout and carrier relationships allows us to negotiate favorable rates.

### **How else can companies keep their insurance costs down?**

Look at your company the way an underwriter would. Make sure your vehicles are maintained properly. Cutting back on maintenance can cost you more in insurance coverage than you save by cutting back. It's also important to report any new drivers you hire to your carrier. Many insurance companies require that new drivers be reported to them. Not making a phone call to report a new driver can cost you thousands of dollars. If your new driver has an accident and is not listed, the insurance company can possibly deny or significantly reduce your coverage. Before hiring drivers, many companies review medical, credit, criminal and driving records. Training is also an important issue.

### **What types of coverage are sometimes overlooked by limousine companies?**

Another coverage to consider is Employment Practices Liability. You may think it is never going to happen to you, but people are sued everyday for wrongful termination, sexual or racial discrimination, or sexual harassment. It's important to keep detailed employee records, so you can

defend yourself in court in a wrongful termination suit. One of the reasons we instituted our MyWave online risk management program is that it easily allows clients to generate employee manuals that spell out policies regarding employee conduct and issues such as sexual harassment. Having a clearly stated policy helps, but even if you win a case, legal costs can be tremendous, so be sure you have enough coverage

## What about Workers Compensation?

About half of limousine drivers are independent contractors (ICs), so Workers Comp is an important issue. One option is to include the ICs in your Workers Compensation plan. But if you feel this is too expensive, you can require the ICs to get their own Workers Compensation coverage.

Even if you get Independent Contractors to do this, you should consider a Contingent Liability policy, which will pay disputed claims and prevent a potential Workers Compensation carrier audit. If your insurance pays an IC's Workers Comp claim, they can decide to audit your policy by reviewing your 1099s for the past three years. The cost can be devastating.

*As the 61<sup>st</sup> 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.*

## 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, 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.

If your HR department

is stretched to the limit, MyWaveHR helps with answers to Legislative issues, instant access to articles from Benchmarking to Plan Design, plus the HealthShop online wellness education center for your employees.

## What are the advantages of working with someone like you who specializes in the business?

This interview is for general advice. Every business is different and requires its own analysis from your broker. The limousine industry is unique and not every insurance broker understands it. As specialists, we represent major carriers that write insurance for your business, which general brokers do not.

*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 business.*

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

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

- Use a broker who knows your industry
- Report new drivers to your insurer
- Protect your company against employee lawsuits
- Avoid Workers Compensation audits
- Implement risk management and safety programs