



A Better Way to Measure Insurance Value

Choosing protection for a business – whether it is insurance for the buildings or benefits for the employees – gets more complex all the time. And while it seems efficient to just compare policy premium costs between carriers, those who do may miss the total cost of risk impacting their businesses' bottom lines.

“Companies across our industry are packaging this concept under all sorts of different names,” says Marc Halvorsen, managing director for Impact Risk Solutions. “Total cost of risk. Total cost of claims. Total risk reduction. But you want to be careful that you’re not just buying a new label on the same old insurance policy.”

The premium price tag is the smallest part of any company's cost of risk, explains Halvorsen. Risk factors behind the largest drops in shareholder value, according to a Mercer research report, are more often strategic or operational in nature, rather than things such as workplace hazards. Loss of market share and customer trust due to a product recall or public lawsuit, for example.

“If a broker starts talking about the ‘added value of total cost’ but only asks you how much you’re paying for insurance now, then you’re just buying insurance,” advises Halvorsen. “If you’re working with someone who’s truly delivering a ‘total cost of risk’ program, they’ll help you make it visible on your balance sheet for years to come.”

Marc Halvorsen is a 30-year veteran of the insurance and risk management industries and managing director for Impact Risk Solutions. Marc has represented some of the nation's leading insurers to bring results-driven programs in property/casualty, group health and pension plans to national commercial customers across many industries. He is currently involved with the Independent Insurance Agents of America and the Risk and Insurance Management Society. Marc also has affiliation with the National Society of Accountants for Cooperatives, the National Council of Farmer Cooperatives and the Institute of Cooperative Financial Officers.