

Insurance: Points to Ponder

by Ken Roberts



How do we know when it's time? Mark Our Calendars!

The wide wonderful world of commercial insurance changes nearly as often as our theatres change sets during the course of an average season. Insurance companies are always tinkering with their products, as well as the rules for selling their products, in order to remain profitable and therefore viable, much the same way we will alter our approach to marketing our theatres to keep our patrons excited about attending season after season. For instance, before the tragic events of September 11th, 2001, there was no apparent need for terrorism insurance here in the U.S., and before that, mold claims in several states caused insurance companies to exclude or limit mold coverage as soon as they possibly could.

The point is, insurance companies never really know where the next serious claims issue is going to come from, and they want to be able to package and price their policies to

make the most sense to both them and us, their customers. For this reason, most companies are extremely cautious about extending coverage proposals for more than 30 days, which is why most quote proposals expire after 30 days, at which time we have to reapply. They want to be prepared to change their coverage at a moments notice, so that *we* have all the coverages we need in any situation, and that *they* are collecting enough premium to pay virtually any claim situation that arises.

That brings us to the question of *how far in advance should we apply for insurance?* We usually contact our agents for quotes when we're entering our budget process, and that's fine, but we must remember that if our current policies don't expire for several months, we won't get a quote for several months, and if our policy expires within a week, chances are good that our agents won't be

able to get us a quote before our current insurance expires. A good rule of thumb for most companies is to submit applications 45 to 60 days prior to the expiration of the policy. This gives the underwriters the time to properly evaluate the theatre and issue a quote that won't expire before the current coverage runs out. It also allows time for you and your agents to gather any requested information that the insurance company might need in order to properly consider your theatre for coverage, *including making sure you get credit if you don't have any claims.* If you're fortunate enough that the coverage dates on your insurance policy coincide with your fiscal year, it's all that much better, but if not, mark your calendar to make sure you tackle insurance during its preferred window of opportunity.

For more information about the AACT Insurance Program, contact:

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