



## **GarageGuys Tech Service Bulletin 07172008**

### **What about NEXT YEAR's Prices?**

One of the most common questions asked by new clients is "OK, you saved me money THIS YEAR—but is my premium going up next year to make up for it?"

The answer is probably not.

Let's deal with some realities first: Is it possible that a new insurance company would purposely under-price their product in an attempt to capture lots of new clients? The answer is a qualified yes. We have seen that happen. The intent of the carrier new to a market is generally to test the waters, see if they can sell the product and hope that they haven't misjudged the potential for losing their shirts on claims. If you are a repair shop, it is like putting out a \$19.95 Oil Change Special or, for gas stations like dropping your pump price a few cents on Wednesdays. They may not INTEND to immediately raise prices but it may be an option that they reserve in case the loss experience isn't good or they don't attract as many new customers as they hoped.

Second, insurance more than ever is a financial markets driven product—in some ways just as dependent upon what is happening financially in the world as what is happening with hurricanes and earthquakes. If carriers are able to make money with your premiums, they are more likely to LOWER prices in order to attract more capital—even if the loss experience on what they are insuring doesn't warrant it!

And thirdly, that is not to say that a major natural or man-made disaster doesn't have the power to change the market as well. After Katrina, coastal property insurance (anywhere near where a hurricane

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could have an impact) became expensive or nearly impossible to buy for awhile.

At GarageGuys, we maintain MANY programs for your shop or facility. We do not depend upon or contract with any single carrier. Our loyalty is to you.

The carriers who we deal with know that their success with us depends upon them offering cost-effective and comprehensive insurance programs to the auto services industry. These carriers know that they will be competing for your business.

**Recommendation:**

Here is the order in which GarageGuys compares insurance programs on your behalf:

- 1) Carrier Quality (financial rating, claims handling and general reputation)
- 2) Coverage availability (the things you want and need are included)
- 3) Pricing including financing options
- 4) Longevity with Current Carrier
- 5) Availability of coverages for YOUR specific type of operation

If everything matches up on 1) and 2) above, then pricing is the determining factor in our opinion. While the price may increase or decrease NEXT renewal with this carrier, if you are a GarageGuys client, we will offer you options that minimize the small risk you are taking to get a good price now.

Best Regards,

Keith Friedlander  
President

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GarageGuys—Insurance For Your Shop

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