

FAQs

DEDUCTIBLES AND COINSURANCE

FAQS – COMPARISONS OF DEDUCTIBLE AMOUNTS

19 hypothetical losses/loss amounts for a coverage period	Deductible Selected by You or the Carrier						
	\$500 IMLRMA	\$1,000	\$5,000	\$10,000	\$25,000	\$50,000	\$100,000
5 Auto Physical Damage losses of \$1,000 each	\$2,500	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
5 Property losses of \$5,000 each	\$2,500	\$5,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
5 General Liability losses of \$10,000 each	\$0	\$5,000	\$25,000	\$50,000	\$50,000	\$50,000	\$50,000
2 Public Officials' Liability losses of \$25,000 each	\$0	\$2,000	\$10,000	\$20,000	\$50,000	\$50,000	\$50,000
2 Workers' Compensation losses of \$200,000 each	\$0	\$2,000	\$10,000	\$20,000	\$50,000	\$100,000	\$200,000
Total additional amount you will incur above your initial contribution/premium for the coverage period	\$5,000	\$19,000	\$75,000	\$120,000	\$180,000	\$230,000	\$330,000

Important things to keep in mind about deductibles:

Amount: The higher the deductible, the less you may pay up-front, but the more you will incur for the losses you have.

Lines of coverage: RMA's deductibles apply to property, inland marine, and auto physical damage coverages. Some carriers include or require deductibles for other lines of coverage, such as general liability, employment practices liability, law enforcement liability, auto liability, and Workers' Compensation, umbrella and excess. For purposes of this comparison, we are using RMA deductibles and assuming that the comparing carrier has deductibles for all lines and has deductibles available for all amounts shown.

Expected number of losses: It's tempting to accept high deductibles when you see what your up-front savings can be. However, you should estimate the number of losses you're likely to have and budget for the deductible amounts you will incur and add those amounts to the up-front costs to get a true picture of what you could ultimately pay throughout the year. Keep in mind that you can't predict the number of claims you have. If you actually have fewer claims than you thought, that's great. But if you underestimate the number of claims, you will incur additional deductible costs later.

Your loss control efforts: If you choose higher deductibles, you should make sure that the carrier offers you quality loss control services to help you reduce the number of claims you'll have and minimize their severity. Check to see if the costs for the loss control services are included in the quote and budget accordingly. Also ask about the quality of the loss control services.

RMA's \$500 deductibles are another way that we help you achieve budget stability.