

## PMP » Direct to You THE INSURANCE GUIDE

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### **Case studies: How two PMPs made minor changes for major savings**

By **JOHN CULOTTA**

I've written about quite a few distinct risk management and loss control practices pest management companies can use to help improve customer satisfaction and possibly reduce the number of insurance claims. But what do these look like in practice? How do they fit together in the story of one business? Let's take a look at how two pest management firms took control of a tough loss history.



#### ***Case Studies***

Before I began working with them, Exterminating Company and Pest Control Company were with an insurance company that was unable to address their risk exposures. We immediately brought those exposures to their attention. In particular, they both had a huge number of claims related to wood-destroying insects, which had led to huge insurance premiums.

We worked with both companies on how technicians manage customer expectations. Both companies put a renewed focus on the language technicians used, particularly with respect to the responsibility assumed in wood destroying insect reports (WDIR) and the language of service agreements. Technicians attended seminars that emphasized the importance of communicating clearly with clients.

Exterminating Company, catching on to the merits of proactively addressing identified risk exposures, assembled an auto fleet management program to reduce accidents and improve driver safety. It also made changes to the people in charge of hiring and internal loss control.

Both Exterminating Company and Pest Control Company sent us regular reports on the changes they were making

and how they were reducing claims. We were able to compare how the accounts were doing from a claims standpoint with the reports being submitted. In both cases, we were able to eventually bring their insurance premiums back to a level that represented a favorable loss history.

### ***What this means for you***

We can glean a few lessons from these two case studies. First, understand your risk exposures and what causes claims in order to find a solution. It wasn't just the prevalence of wood destroying insects that caused claims for the Exterminating Company and Pest Control Company, but how their technicians communicated with customers about treatments. That led to changes in technicians' communications—not necessarily the treatments themselves.

Second, these companies took a proactive approach to risk management. They didn't just talk to technicians about communication, they changed their service agreements and provided additional training. Plus, Exterminating Company made changes at the management level in order to ensure changes stuck.

Finally, they tracked and analyzed these changes in regular reports. Reporting helps identify what is working and what isn't, and helps prove to your insurer or management that you've made the promised changes and they are producing results.

Your risk management and loss control strategy and tactics will depend on your pest management firm's specific areas of concern. Discuss these needs with your insurance broker, who may be able to connect you with any risk management resources and services your insurer may provide.

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**John Culotta** is Program Manager of PCOpro, the pest control operator program at [Brownyard Group](#), a leading administrator providing specialized insurance coverage for select industry groups. He can be reached at [jculotta@brownyard.com](mailto:jculotta@brownyard.com) or by calling 800-645-5820, ext. 122.

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