

COMMERCIAL INSURANCES FOR COMPANIES IN A FRANCHISE

In many types of General Insurance the expenses that are related to the insurance cover are relatively high in comparison to the size of the risk or the size of the actual risk premium. This has its historical reasons and is especially true with insurances that cover relatively smaller risks.

For companies in a franchise - which are, in general not too large and which have a need for such insurance covers - this is also true, but for these companies there seems to be a way out. By rating the insurances of such companies on the base of general information, which has to be provided anyway to the franchise giving company, one can avoid much of the excessive expense.

In the workshop it will be shown how this rating method works in many practical situations, based upon the turnover of the companies in a franchise. It will be demonstrated which parallels exist between this method and the method of rating based upon postcodes. Finally, it is illustrated how this method can be extended also to the inclusion of Life Insurance.