

LEARN TO READ YOUR INSURANCE CONTRACT AND SAVE MONEY

Every Policyholder Should Know The Basics

Don't let insurance policies daunt you. Learn to read them. It can save you money both now and later. With this skill, you will know whether you got a copy of your whole policy and whether the basic details in it reflect what you purchased.

Do not assume those details are correct and throw your policy in the trash. Typos and other errors happen more often than you think. And under the law of some states, it could be your duty to show there was a mistake. Indeed, some states may presume that you read your policy in full when you got it, even if you did not. You can correct errors more easily if you look at your policy as soon as you get it – rather than after you have a claim. And it can be cheaper to do it yourself than hire a lawyer to check for you.

The Declarations Page

An easy page to find, it will say "Declarations" at the top. This page typically is the only policy part created specifically for your policy. When you get your policy, you should check several items right away:

Who is the named insured?: If the name is not exactly correct, this could lead to a denial later. If the named insured is a business, make sure it lists the correct entity type (i.e., corporation, partnership, limited liability company).

Policy period: Are the dates correct? An accidental gap in coverage or incorrect date could cost you money later.

Coverage limits: Do the listed limits for your (1) property's insured value or (2) liability insurance limits reflect what you think you bought? Check your deductible amounts, too. If they don't match with what you expected, speak up now.

Endorsements: The declarations page typically lists all the endorsements added to the policy by form number. Check the endorsements you were sent against that list. If there is not an exact match, say something.

The Policy Form

Often a pre-printed form, it sets forth the basic coverage terms, although the declarations page and endorsements may change them. Make sure the policy form number matches the number on your declarations page. And take a look at what the form says. Usually, it is divided into four basic parts: (1) the insuring agreement; (2) exclusions; (3) conditions; and (4) definitions. Read the conditions. They normally set out what you must do to make sure that

insurance applies to a claim. Common conditions might include requirements that you let your carrier know promptly if there may be a claim and cooperate with it in resolving claims. You should take the time to understand those provisions.

Endorsements

Normally at the back, endorsements can change any aspect of the policy. They can add coverage, create exclusions, or add conditions. Often, they are preprinted forms. More often than you think, different endorsements may provide inconsistent terms. For example, two different endorsements might both purport to change the same policy term, but in different ways. Ask about any obvious inconsistencies.

Of course, if the policy amounts are large, it may be worthwhile to have a seasoned insurance lawyer take a look at your policy. Large corporations often follow that path. Think whether it makes financial sense for you.

John J. Rasmussen founded the Insurance Recovery Law Group, PLC after nearly a decade of working for insurance companies. You can learn more about him and his practice at www.insurance-recovery.com. You can contact him at jjr@insurance-recovery.com.