

Protecting Yourself When You Deal With Your Insurance Company

What to do now so that you won't have unpleasant surprises when you make a claim.

Insurance companies go out of the way to advertise how fast, neighborly, generous, kind understanding, patient and friendly they are--especially when they are trying to sell you one of their policies. It continues to be true for as long as you make your insurance premium payments on time, without asking for anything in return. However, policyholders forced to present a large claim often learn there are limits to insurer congeniality.

Here are some survival tips which you may find useful in dealing with your insurer about a homeowners, healthcare or commercial insurance policy.

Before You Buy

Always take careful notes when you buy an insurance policy. Write down what you are told by the insurance agent concerning the coverage you are buying. Save your notes in a file with your policy. Also save any promotional material you are given or shown when you buy the policy.

Insist on reading the completed application form yourself instead of allowing the agent to read it to you. Be certain that your answers are truthful, thorough and complete. If they're not, it could come back to haunt you. The insurance company can rescind your policy entirely--after you make a large claim--if it finds some basis for asserting that you misrepresented a significant fact on the application.

Before you buy the policy, insist on seeing it. Make sure that you really understand key points--things like deductibles, exclusions and limitations.

When You Have a Claim

Now is the time to get out all those papers you saved so carefully. Review your policy and notes before you speak with a company representative. If you aren't prepared, you might say something that the company could twist into a basis for denying the claim. That's a possibility because the coverage, exclusion and limitation provisions contained in all insurance policies are so complex.

But a few legal rules are on your side when it comes to deciphering a policy. If a dispute over what should be covered goes to court, the coverage provisions will be construed broadly, while the limitations and exclusions will be interpreted narrowly. And because the company wrote the policy, any ambiguities in it will be interpreted in your favor, and against the company. The goal is to honor your reasonable expectations.

A Policyholder Should Never...

- ⌚ Exaggerate any aspect of a claim.
- ⌚ Accept the insurance company's expert's evaluations of your losses without getting your own expert's estimates. The two can vary widely.
- ⌚ Submit to an "examination under oath" by the company without first obtaining legal advice.

- ⌚ Sign an insurance company release or check unless you are certain that the amount you are receiving is full and correct.

Start gathering materials to help you prove your claim. Photograph your loss and keep records of it. For example, if you are making a damage claim based on fire and smoke damage to your business or residence, you should photograph the fire-damaged areas and items before they are discarded.

It's also good to start a log concerning your claim. Write down the date, time and a summary of every telephone or written communication with company representatives. Note the name, title and direct telephone number of every person with whom you have contact. This is important because insurance companies often switch adjusters on claims, sometimes more than once. You'll need evidence of what was said or done when, and by whom, throughout the handling of the claim. Among other things, it can make it more difficult for the insurer to blame any delay on you.

Delay often plagues policyholders trying to settle a claim. An insurance company is not supposed to place its financial interests above yours. However, they do it all the time, and the most common way is by stalling. The companies earn money on investments while they are holding onto claims dollars--giving them a powerful incentive to delay paying claims. One major insurance company alone receives over \$20 billion in valid claims each year; delaying earns billions. And by settling claims for less than they are worth, they make even more profit. Such conduct also enhances their competitive edge. And because so few policyholders challenge this conduct, it pays to cheat.

by Ray Bourhis