

The Loss Is Only The Beginning

Once a loss takes place, a policyholder has to meet several obligations affect whether an insurer pays the claim. The duties help an insurer to determine whether payment is due or how much it has to pay.

Notification – You must contact the insurance company with accident details. Notification may be through an agent and it should include the identity and addresses of any injured persons and any witnesses. Quick notification starts the entire claims process, and it helps the insurer to control claim expenses.

Assist the insurance company – You must help the insurer with the claim's investigation, settlement or with its defense against any claim. Assistance includes sending the company copies of any accident-related material. It also means participating in physical exams and interviews under oath. You're also required to give your insurer access to all records (especially medical) related to the accident and a proof of loss statement (a document that has all loss details and information about the lost property).

Preserving damaged property – Let's demonstrate this important condition with an example. Tina returns home early in the morning in her convertible and hit a large landscape rock that's in front of her house. The damage is minor, but the impact causes an alignment problem that makes it impossible to close the convertible top. Instead of moving the car into the garage or covering the car, Tina leaves it in the driveway. It sits there all day; exposed to a downpour that severely damages the car's interior and electrical systems. The car now has to be towed to have the damage inspected when; originally, it could have been driven. Tina's inaction complicates a once simple claim. In this case, the insurer may require Tina to handle the towing charge. The insurer may also either dispute and/or deny the exposure-related loss.

Allow Property Inspection - A policyholder who repairs or disposes of damaged property before an insurer examination has seriously breached the insurance contract. This breach could result in an insurer refusing the claim. At one time, a policyholder could endanger coverage by any missed obligation, regardless whether the "miss" was significant. In other words, a technicality could void coverage. Today, courts have started to rule that an insurer has to show that a breach of duty has to harm (prejudice) its rights. If the insured's action (or inaction) has no effect on an insurer's position, then it can't deny coverage.

If you have any questions, your insurance agent is an excellent choice to help you properly understand your insurance policy obligations.

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