

## **What You Should Know If You Have to Make An Insurance Claim**

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Insurance is important in any economy, but especially in one like the present, when having an insurance claim paid as it should be, promptly and fully, might be very important to the ability of a person or family to get by.

Ideally, if you have to make a claim, your insurance company will handle it as it should. It is always good, however, to know the ground rules.

Insurance is a contract, and the insurance policy says what the contract is. Thus, if you have to make a claim, pull out your policy, turn to the sections that apply to your claim, and read what they say. All too often, customers simply accept what the insurance company says over the phone, in emails or letters, as if it were gospel. It is not. The insurance policy is the gospel.

Check what the policy actually says about what is and is not covered, and what you must do for your claim. Check also, just in case, if the policy says how a dispute about the claim is to be resolved (such as by arbitration), or how long you have to bring a lawsuit on the claim if that becomes necessary.

An important rule to keep in mind in reading an insurance policy is that its terms must be clear and unambiguous. If something in the policy is not clear, and it can reasonably be interpreted in more than one way, one of which favors the customer, the interpretation that favors the customer is the one that has to be followed.

If you do not have a copy of your policy, ask the insurance company for one. If you are not sure which sections of the policy apply to your claim, ask the insurance company. If you are not sure what coverages apply to your case, or what the policy limits are for those coverages, ask that as well. You may find that you are entitled to more coverage than you thought.

Do not be shy about asking questions. No question is a bad or “dumb” one. You are not an insurance expert, and no one expects you to be.

When you talk to your insurance agent or adjustor about a claim, keep notes, with the date, the name of the person with whom you talked, and what both of you said. (The same is true, for that matter, when you talk to your agent or insurance company about buying a policy. Keep notes of what you ask for and are promised, and keep all literature that you are given. If the policy turns out to be different than what you asked for or were told it would be, what you were told or given could make a difference.)

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In addition, it is a good idea to confirm your conversations in writing, by letter or email, and keep copies for your records. It is proof of what was said, and it will help keep attention on your claim.

In addition to the obligations that it has under the language of an insurance policy, an insurance company has obligations created by laws, regulations and court decisions. Among the more important of these are those that say that an insurance company:

- must acknowledge a claim within ten working days of receiving it, unless it pays the claim within that period;
- must thereafter reply appropriately and within ten working days to any communication that reasonably calls for a response;
- must provide the claimant, within 10 working days after receiving notice of the claim, with the claim forms, instructions and reasonable assistance that the claimant needs in order to comply with the policy conditions and requirements of the insurance company;
- may not impose unreasonable requirements;
- must complete its investigation of a claim within 30 days after getting notified of it, unless it cannot reasonably do so, in which case it must give the customer a reasonable, written explanation every 45 days (after the initial 30) of why it has not completed its investigation and when a decision on the claim may be expected;
- may not delay a claim by asking for information it has already received, or for more information than a reasonable person would need to evaluate the claim;
- must pay the claim based on the greater weight of the evidence and what is more likely true, rather than proof beyond a reasonable doubt or to a certainty;
- may not unreasonably force a claimant to file a lawsuit over a claim (or go to arbitration, if the policy calls for that);
- may not demand that the claimant, in order to get payment on one claim, release the company from its obligations on another.
- must always act in good faith, which means having a reasonable basis for what it does. If an insurance company does not do this, it may be liable not just for the amount of the claim, but also for interest at the prime rate plus 3%, the claimant's attorney fees and costs, and punitive damages.

At your end, as the person making the claim, you have obligations as well: to report the claim with reasonable promptness, to be truthful, and to cooperate reasonably with the insurance company's investigation. Do that. Return phone calls that are made to you. Provide the records you are asked to provide. Give the statements that you are asked to give. Be as accurate as you reasonably can. Err, if in doubt, on the side of cooperation, not resistance. You do not want to be the cause of any delay in the handling of your claim. By keeping your end of the bargain, and acting always reasonably, you best preserve your rights.

In the ideal world, we would never have to make an insurance claim. Indeed, we would not need insurance at all. But in the real world we do need it, we will have to make claims from time to time, and when we do, knowledge is a valuable friend.