

~ LOW PREMIUM INSURANCE ~
“You are getting what you are paying for...”

I have always asked myself the same main question regarding the relationship between insured and their insurance policy:

- 1- Why people are so adamant about dealing with their insurance policies?**
- 2- Why people are always thinking: “I am paying too much for the policy”.**
- 3- Why people don’t want to find the time to look at their coverage?**

I asked these questions to the people handling their insurance renewal and here are some of the more common answers I got: **I don’t have time** and **I didn’t read my policy**.

It is crucial for people to take the time to read the policy for the following reasons:

- 1- What is an insurance policy? *It is a written contract*** between 2 parties (insurance & insured) of between 20 to 140 pages for each risk and maybe longer.
- 2- Why does a policy have so many pages?** Listing the main coverage (declaration pages) but listing as well all the exclusions your contract is made of.
- 3- What is your insurance policy NOT?**
 - It is **not** a maintenance contract,
 - It is **not** a protection if you break/ignore the law.

If you buy products or services under a service agreement, are you going to read the agreement? Yes

If you get a loan, are you going to read the loan agreement? Yes

If you sign a lease agreement, are you going to read the lease terms? Yes

In our case **why are people not reading the insurance policy?**

I understand that it can be difficult to read as it was written by attorneys but it is necessary to read it in order to understand the coverage you are purchasing. It is too late to read the contract when the claim arises. “I thought I was covered” will not be sufficient when the accident occurs.

Which brings me to the point of low premium? As much it is important to shop around every 3 years, the insured has also to be very careful with low premium policies. The following statement is so true when it comes to insurance premium: “*you are getting what you are paying for*”.

Another important point is, if you change insurance company, make sure that the new company offers you all the bells and whistles you use to have prior to renewal. **Premium should never be the only decision factor.**

I am looking at an insurance policy like a menu. The menu prices and your final bill will vary according to the food quality and according to your order. The more items you are going to order, the bigger your bill is going to be. Do you want a good wine or a cheaper wine, do you want dessert, do you want cappuccino at the end and what about this liquor to finish your diner... But one thing for sure: ***you are not*** going to order a menu item of which you don't know the composition.

- Why purchase a policy you do not understand the coverage or have the feeling you understand?
- Did you order the right/adequate coverage for your specific risk?

A policy will show you the primary coverage but you have to dig into the endorsements that will modify the policy/coverage itself and go over the exclusions to have a better idea of your real coverage. The primary coverage listed doesn't mean you will be covered for a particular incident if this incident is excluded or doesn't meet certain criteria.

So next time you are making a decision based on premium only think about the last menu item you took a chance with and left you with a sour stomach/taste.

A policy coverage needs to be reviewed annually as your personal or business situation changes. It takes as much time to go over your policy that going to a restaurant, roughly 2 to 3 hours. I know the restaurant is more fun but don't you think that 2 hours per year is worth all the headaches/financial issues (maybe) you could face if you have a claim that is not covered?

I would love to hear your comments.

If you have any questions don't hesitate to contact me.

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