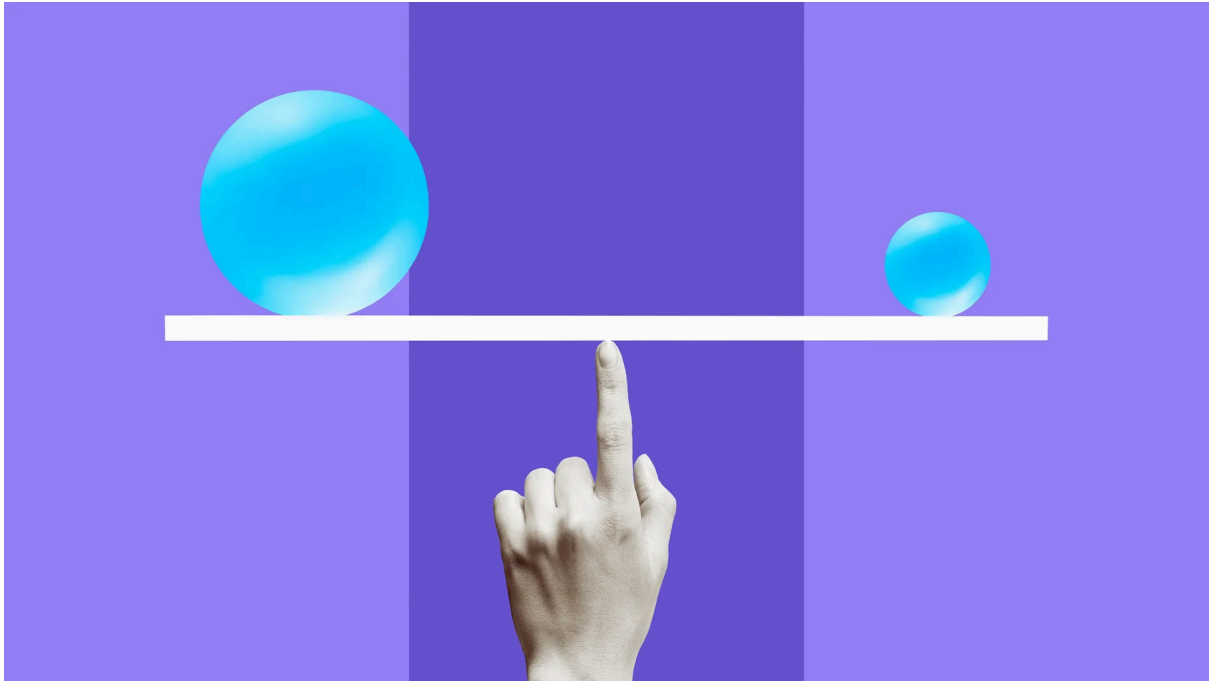


CAR INSURANCE

How to Balance Your Insurance Expectations vs the Reality

Just because you have an insurance policy doesn't mean that you're totally covered in the event something bad happens.



When was the last time you had an insurance claim? If your answer is “a long time ago,” good for you. If your answer is “recently,” then, well, that’s a bummer. But something we all have in common tends to happen when an insurance claim slams together our expectations of what the policy will do and the reality of what it does. Let’s talk about it.

There are numerous types of insurance policies out there, from homeowners insurance and auto insurance to life insurance and commercial insurance, all the way to insurance on a professional athlete’s left leg — yes, really. For simplicity, let’s focus on an auto insurance claim.

Returning to your car after dinner, you notice the bumper has been bashed in. As you’re about to release a full stream of expletives, you see a guy leaving a note on the windshield, so you jog on over.

Yes, he hit your parked car and is sorry. Yes, as a matter of fact, he does have insurance. Happy days! He asks you to get an estimate first, and then he will decide whether filing the claim makes sense, or if he will just pay you out of pocket. All sounds good so far.

You take time out of your day to go get an estimate and dutifully text him the amount. You can almost hear the face-palm on the other end of the phone, but all that gets texted back is a message to file it with his insurance company.

Fine by you — so you do just that. Unfortunately, you quickly find that the insurance policy this fella has the state minimum limits. This is not enough to fix your car. So, turns out you will need to file the claim with your own insurance company after all.

You download your insurance company's app, file the claim, and it's a simple and clean process. You snap pictures of the damage and are told to go to a known body shop if you are so inclined, and heck, why not, so you go.

The insurance company arranges a rental car for you, the body shop fixes the car, and you live happily ever after.

Not so fast

If only it worked like this all the time. Unfortunately, depending on your auto insurance policy and the specifics within it, you may find yourself having some more work to do.

First, what if the guy hadn't stuck around after hitting your bumper? Then you'd have damage showing up on your car, seemingly unaccounted for.

Will your insurer simply take your word that you found it that way, or assume you damaged it and don't want to take responsibility?

Once through that potential pitfall, you are told that you have a deductible to meet before they will pay to repair the car. Now you're looking at money out of pocket.

And by the way, you have only \$10 a day for rental car coverage, and, well, unless you're able to rent a car in 1980, that isn't going to be enough to cover the rental fees.

So, at the end of the day, you are paying the deductible out of pocket and \$30-plus a day for the rental car out of pocket, and your insurer, having no way to verify you didn't back the car into a wall yourself, surcharges you for the accident.

Wow. What a difference. One scenario is storybook perfection, just the way you would expect your insurance policy to kick in in the event of this type of a loss.

The other, well, it's the stuff stories are made of — the bad stories you hear from people on your neighborhood's social media app. The horrible insurance company. The awful experience. All that money paid in premiums, and now you have to pay even more.

But how and why are these seemingly identical situations having such different outcomes?

Our expectation

To begin with, our expectation is that our insurance policy will cover us. Period. End of story. Mic drop.

We don't think about how it will cover us, what it will cover, what obligations we may have or really anything other than: We pay, so we expect to get paid for.

Insurance policies are contracts. A contract is a legal document that binds both parties to the terms within the policy. When you purchase that insurance policy, it would behoove you as the consumer to read the policy you are purchasing to find out what will happen in the event of a claim.

I know — who wants to read all that mumbo-jumbo? Turns out, that isn't what most people would do for fun on an average Friday night. And I'm not suggesting you surround yourself with insurance policies and become an expert on all of them — heck, I do (don't judge me for it).

However, if you are spending money on a policy and you have expectations of what will happen in the event of a claim, then surely it is worth some of your time to read what you are buying.

You wouldn't buy a car or a house sight unseen. But as consumers, we have no problem just paying for an insurance policy without ever having a real look at what it is we are paying for.

Avoid surprises

As an insurance broker for more years than I will admit, I have seen my share of consumers who are surprised to find something is not covered in their insurance policy. Rarely is it due to the fact that they were not told what is and isn't covered on day one.

More likely than not, it is because we just feel that the policy should and will cover us in a way that makes the most sense to us. Sadly, insurance policies don't work that way.

Read your policy. Ask questions. Set your expectations realistically based on that and not what you think or wish.

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