

# Understanding Your Insurance

## When Not To File A Claim

Some Insurers Drop Customers Who File  
Just Two Claims In Just Two Years

by Liz Pulliam Weston

(NAPSA)—You know your insurance is there for you when you need it. However, it's important to know when you need it.

After losing \$19 billion between 2000 and 2002, insurers are dumping consumers who file too many or the wrong type of claims. In fact, some people have even found themselves without coverage after consulting with their agent about whether to file. It may sometimes be better in the long run to pay out of pocket.

While there's no clear-cut way to determine when to file, there are four common scenarios when you might find your insurance carrier would prefer not to hear from you. Companies often view these as red flags when calculating premiums and evaluating policyholders:

- The damage is under \$1,000. Many consumers keep premiums down by raising their deductibles to \$500 or even \$1,000 and not making claims for less than that. It may sometimes be better to raid your emergency fund than to risk higher premiums or nonrenewal. In addition, filing a small claim can count against you if you ever need to file a bigger claim.

- No one was hurt. If you're in a one-car mishap or you hit an unoccupied vehicle, you might consider paying for the damage yourself if you can afford the tab. Paying for an accident out-of-pocket may be cheaper than facing higher premiums, especially if your driving history is less than pristine.

- The damage involves water or mold. Consumers who make water damage claims risk losing their coverage and may even find that coverage is unavailable at



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any price. Worse, if future potential buyers have trouble getting a policy because of past claims, you may have a tough time selling your home.

- The damage resulted from your neglect. No less than in court, you should go to your insurer with clean hands. Most homeowners policies specifically exclude problems that result from pest infestations, rot and other indications that you've failed to properly maintain your home. You're also on the hook if you make a bad problem worse. If a windstorm blows off part of your roof and you leave the hole uncovered, you might lose coverage for contents that were exposed to further damage.

All this doesn't mean you can never use your policy, but a little restraint, especially these days, will help ensure it's there for you.

For more information on your insurance rights and needs, visit MSN Money at [money.msn.com](http://money.msn.com) or check out the planning tools in personal finance software, Microsoft Money.