

SPECIAL REPORT

WISHFUL THINKING

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ONE OF THE MOST IMPORTANT LESSONS THAT WE HAVE LEARNED IS THAT INSURANCE CARRIERS WILL ENFORCE THE WORDS OF THEIR INSURANCE POLICIES WHEN IT COMES TO CLAIMS HANDLING.

When we meet with our clients and prospective clients we often hear a lot of wishful thinking.

For example, it's easy to think that:

- We have a good relationship with that insurance company and they would never deny our claim, or
- They have had our account for many years and we have never had a loss before, and I am sure we won't have a problem with this claim, or
- We have a lot of policies with this insurance company and they wouldn't take a chance on losing all of our business by denying this claim, or
- The insurance company underwriter knew the sprinkler heads were old and I don't see how they can deny our major fire claim. It just wouldn't be right, or
- We will sue our insurance carrier and will win even more than we are claiming and, in addition, we will be paid all of our attorney fees, or
- The insurance company inspected our account several times over the years and knew what they were insuring. How can they now say we didn't maintain our sprinkler system, or
- Our insurance agent assured me we had a good policy, or
- They are such nice people, and I am sure that the underwriter for the insurance company or the manager will do something to save the day for our business and pay the claim, or
- The protective safeguards clause would never hold up in court because it is ambiguous and doesn't define what "good working order" means and they will never

win in court if we sue them for denying out fire claim, or

- I am sure that the adjuster will make an exception to the exclusion in our case because it wouldn't be right for the insurance company to put us out of business and to put all of our long-time employees out of jobs by failing to pay the millions of dollars of damage that the insurance policy should be paying.

In dealing with insurance companies, we must always keep in mind that an insured will be held to the four corners of the insurance policy, itself, if a claim should occur.

The lesson is that the words of those four corners of the policy are critical and the policies of different carriers are all different in language.

In fact, the policies from the same insurance company are all different because there are different types of basic policy forms that can be used and hundreds of options and endorsements that can be used to modify the basic forms.

The end result of negotiations between the insurance agent and insurance company becomes the four corners of the insurance policy.

The bottom line is that who you pick to be your negotiator, your insurance agent or broker, is critical in this process.

A good decision in this area cannot be achieved by asking multiple insurance agents or brokers to quote your account based on what insurance you have in place now.

(See our Special Report on the Insurance Audition to learn more about how you select your agent or broker.)

If done properly, you will end up with an insurance policy (the four corners we talk about) that provides the utmost of clarity and the coverages that are appropriate to your business or personal asset protection.

**CLIENTS WHO ENGAGE IN WISHFUL THINKING AND DO NOT
PAY ATTENTION TO THE TERMS AND CONDITIONS
OF THEIR INSURANCE POLICIES MAY BE SORELY SURPRISED
WHEN THEIR CLAIM IS DENIED.**