

Understanding Your Insurance Policy

A plain-English walkthrough of what's actually in your policy, and what it means.

Start With the Declarations Page

Every policy opens with a “dec page” — a one-page summary of who's covered, what's covered, your coverage limits, your deductible, and your premium. If you only read one page of your policy, read this one first, and check it every renewal for changes.

Premium vs. Deductible vs. Limit

Three different numbers that are easy to confuse, but shouldn't be:

- **Premium** — what you pay to have the policy, usually monthly or annually, whether or not you file a claim.
- **Deductible** — what you pay out of pocket before your coverage starts paying, per claim or per year depending on the policy.
- **Coverage limit** — the maximum your insurer will pay out. Once you hit it, you're responsible for the rest.

A common mistake is choosing a policy based on premium alone. A cheaper premium often means a higher deductible or a lower coverage limit — you're not saving money, you're shifting risk back onto yourself.

What's Actually Covered — and What Isn't

The insuring agreement describes what the policy covers in general terms. The exclusions section describes what it specifically does not — and this section deserves more attention than most people give it. Flood, earthquake, and sewer backup are commonly excluded from standard homeowners policies, for example, and require separate coverage.

Endorsements and Riders

These are amendments that add, remove, or modify coverage from the base policy — like scheduling a piece of jewelry above your policy's standard limit, or adding water backup coverage. If you've made a change to your coverage, it should show up here; if it doesn't, the change may not have gone through.

Claims: What Actually Happens

- You report the loss to your insurer, typically as soon as reasonably possible
- A claims adjuster investigates and estimates the covered damage

- You pay your deductible; the insurer covers the remainder, up to your policy limit
- Payment is issued — either directly to you, to a repair vendor, or split depending on the claim type

Questions Worth Asking Your Agent Every Renewal

- Has my coverage limit kept pace with what it would actually cost to replace my home, business, or belongings today?
- Am I missing coverage for a risk specific to where I live (flood, earthquake, wildfire)?
- Has anything in my life changed — new driver, new dependent, new equipment, home renovation — that I haven't told my insurer about?