

TALES FROM THE TRENCHES™

BY BARRY C. MCGUIRE

INSURANCE REALITIES

Once upon a time, a nasty storm flooded many basements in Edmonton, Alberta, where I live and practice law. Over the next couple of weeks you could tell the extent of the damage by the number of houses that had big piles of soaked carpet and water damaged drywall on their lawn or in the driveway. Anecdotally, I consulted with my investor and non-investor clients, and none of them were satisfied with the response of their insurance companies. Most clients commented that insurance companies were slow to react, then unhelpful, and tried to limit my clients' claims.

When I say 'insurance companies' I mean the insurance adjusters appointed by the insurance companies to investigate claims and report back to the insurance companies. Insurance Adjusting is a whole separate, stand-alone business. Insurance adjusters are hired by insurance companies to make sure that any claim is covered by the claimant's insurance policy. The world is filled with contracts and an insurance policy is a contract. The difference is that insurance policies are one of the most incredibly detailed types of contract one can find. Try reading your own property insurance or car insurance policies. I guarantee that you will find such reading very difficult. It's legalese taken to the extreme and very hard to understand.

The reality is that the most successful insurance adjusters are those who produce the best results for their clients, the insurance companies. Best results, I mean the smallest dollar claims. I know, I know, there's more to insurance adjusting than just limiting losses. But, overall, that's the biggest thing. Insurance adjusters read and understand those complicated policies and then, on behalf of their client insurance companies, make sure that any claim is exactly and specifically covered by the policy. If not, they deny the claim. What can you do to improve your insurance coverage experience?

Lessons Learned:

1. **Not all insurance is equal.**

Insurance policies come in different formats, covering different things. You can get the least expensive, plain-vanilla policy or the gold plated version. Surprisingly, the gold plated version often costs only a little bit more—but will cover you for things the basic version won't.

2. **You can get help choosing the right insurance.**

Work with an insurance agent who provides excellent personal service. Personal service is tough to get from those giant insurance companies that you can only contact via an '800' number. Local is usually better.

3. **It's possible to customize many policies with added coverage.**

This is key: find out what isn't covered by the standard policy. Consider paying a little bit more for insurance 'riders' to provide extra coverage.

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**FOR ALL YOUR ALBERTA REAL ESTATE LEGAL NEEDS,
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