



NEWS OF VALUE

INSURANCE BILLS AND REQUESTS FOR INFORMATION: WHAT YOU NEED TO KNOW

In this “paperless” society we live in, we realize that notifications from insurance companies seem to have multiplied, and that most managers receive many of these types of correspondence each day. One of the most critical items involving the placement of insurance is to ensure that payments are made in a timely fashion and that requests for information are dealt with as quickly as possible. Failure to do so could jeopardize future premium levels, payment terms, coverage availability, and perhaps continued insurability.

Below are the most commonly asked questions we receive regarding insurance bills and information requests.

I've received a premium invoice from the insurance carrier that reflects a specific due date. Is there a grace period for submitting our payment to them?

The due date shown on a carrier's premium invoice is the final date a payment can be received in their office before a policy becomes subject to cancellation for nonpayment of premium. Repeated late payments can affect an association's ability to obtain favorable payment terms in the future. Insurance premiums must be paid on time, every time.

I received a bill from the insurance company that indicates I should mail the payment to them. Do I send my payment to them?

YES! Read the bills you receive carefully and follow the instructions on the bill. If it indicates the payment is to be sent to the carrier, send it to the carrier. Many payments are delayed because they are sent to the wrong place.

Our insurance premium is due to the carrier in a couple of days. Can I just send the check to you so it will get to the company more quickly?

Despite what you might think, insurance agents do not have a direct line to the company to have a payment applied. In fact, sending a premium payment to the agent can delay your payment and result in a notice of cancellation for nonpayment. If you have a payment due in the next few days, the best course of action is to send the payment electronically or via overnight mail to the carrier.

I've received a cancellation notice from the carrier. Does this truly mean the association's coverage has been cancelled, or should I just file this?

Never, ever file a notice of cancellation. This is a serious situation that requires immediate attention. A cancellation notice means that coverage has ceased as of the indicated date and any losses that occur once coverage has been cancelled will not be covered. You must attempt to have the coverage reinstated immediately.

Requests for information must be dealt with as quickly as possible and payments must be made in a timely fashion.

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The insurance carrier has sent us a letter advising of various recommendations generated from their recent loss control survey. Do we need to respond to this letter, or is it for informational purposes only?

It is extremely important to respond to the carrier on any loss control recommendations. This applies even if the response is just to advise the carrier that the recommendations must be discussed by the board at its next meeting. An open line of communication with the carrier is vital. If a carrier does not receive a written response to a loss recommendation letter, the policy may be cancelled or it may not be renewed.

What if we receive a request for underwriting information? Do we really need to provide all that information?

The request for underwriting information is very important and should be complied with as soon as possible. Underwriting guidelines have become increasingly stringent in recent years, and underwriters are requiring more information. Underwriters are asking for all sorts of information now, such as the latest date for renovations to the plumbing, electrical, and HVAC systems. Many of the questions being asked by the underwriters have not been asked before. If a community association does not answer the questions posed by the underwriter, it may not be able to secure a quote on the requested coverage.



What should we do if we are audited?

Workers compensation policy premiums are estimated based upon projected payroll and are subject to audit. When an insurance carrier requests information to confirm actual payroll, it is imperative that it be provided. Failure to comply with the audit process can often result in an overstatement of payroll by the carrier and corresponding premium charge for not only the audited time but for the renewal policy as well.

Where should I go for more information?

If you receive requests for information, documentation, or payments that you are not sure about, please contact your Account Manager for assistance. If you have any questions or need further information, please contact Steve Dickerson (703-205-8788 or Steve.Dickerson@usi.biz) or Theresa Melson (703-205-8753 or Theresa.Melson@usi.biz).

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