

Insurance Policy Evaluation Checklist

Use this checklist when evaluating insurance policies to ensure you understand the coverage, identify potential gaps, and make informed decisions. The checklist includes sections for different insurance types and general evaluation criteria that apply to all policies.

For each question, check the box if the answer is "Yes" or the information is available and satisfactory. Use the notes sections to record important details for future reference.

General Policy Evaluation

These questions apply to all types of insurance policies and should be considered regardless of the specific coverage type.

Insurance Provider Assessment

☐ **Have you verified the insurance company's financial strength rating?**

Check ratings from agencies like A.M. Best, Standard & Poor's, or Moody's to ensure the company is financially stable and likely to pay claims.

☐ **Have you researched the company's customer service reputation and claims handling process?**

Check consumer reviews, complaint ratios from state insurance departments, and satisfaction ratings.

☐ **Is the insurance company licensed in your state?**

This ensures they're regulated by your state insurance department and you have recourse if there are problems.

☐ **Have you compared quotes from at least three different providers?**

Premiums can vary significantly between insurers for the same coverage.

Provider Notes:

Coverage Fundamentals

☐ **Have you identified all the risks you need to protect against?**

Consider your specific circumstances, assets, liabilities, and potential vulnerabilities.

☐ **Does the policy cover all these identified risks?**

Check for gaps in coverage that might leave you exposed to significant financial losses.

☐ **Are the coverage limits adequate for your potential losses?**

Consider worst-case scenarios and ensure limits would cover those costs.

☐ **Have you identified and understood all policy exclusions?**

Know what isn't covered and determine if you need additional protection for those exclusions.

☐ **Do you understand how deductibles work and the amounts?**

Higher deductibles lower premiums but increase your out-of-pocket costs when filing a claim.

☐ **Do you understand the claim filing process and requirements?**

Know the steps, timeframes, and documentation needed to file a claim successfully.

Coverage Notes:

Cost Analysis

☐ **Is the premium affordable within your budget?**

Insurance should be sustainable long-term without creating financial strain.

☐ **Have you identified all available discounts you qualify for?**

Ask about multi-policy, professional, safety feature, good student, or other discounts.

☐ **Have you evaluated the cost-benefit of different deductible options?**

Calculate premium savings versus potential out-of-pocket costs under different scenarios.

☐ **Do you understand how premium payments are structured?**

Monthly, quarterly, semi-annual, or annual payments, and any fees or discounts associated with each option.

☐ **Do you understand how and when premiums might increase?**

Factors might include claims history, policy renewals, age changes, or market conditions.

Cost Notes:

Specific Insurance Type Evaluation

These sections include questions specific to each type of insurance. Use the relevant section(s) for the policy you're evaluating.

Health Insurance

☐ **Are your preferred doctors and hospitals in-network?**

Check the provider directory to ensure access to healthcare providers you trust.

☐ **Are your current medications covered by the formulary?**

Check the prescription drug formulary and tier levels to understand coverage and costs.

☐ **Do you understand the deductible, co-insurance, co-payments, and out-of-pocket maximum?**

These determine your cost-sharing responsibilities and financial exposure.

☐ **Are the specific services you need covered (e.g., mental health, maternity, specialized treatments)?**

Check for limitations or exclusions on services you anticipate needing.

☐ **Is referral approval required to see specialists?**

Some plans (especially HMOs) require primary care physician referrals for specialist visits.

☐ **Are preventive services covered at 100%?**

Most plans must cover certain preventive services without cost-sharing.

Health Insurance Notes:

Auto Insurance

☐ **Are your liability limits adequate for a serious accident?**

State minimums are often too low to cover a serious accident. Consider limits that protect your assets.

☐ **Does the policy include uninsured/underinsured motorist coverage?**

This protects you if the at-fault driver has insufficient or no insurance.

☐ **Is comprehensive and collision coverage appropriate for your vehicle's value?**

For older vehicles, the premium cost might exceed the potential payout.

☐ **Are all regular drivers of your vehicle listed on the policy?**

Unlisted regular drivers might not be covered in an accident.

☐ **Do you have rental car coverage if your vehicle is disabled?**

This covers rental costs while your car is being repaired after a covered claim.

☐ **Does the policy include roadside assistance if needed?**

This covers towing, lockout service, flat tire change, etc.

Auto Insurance Notes:

Homeowner's/Renter's Insurance

- ☐ **Is the dwelling coverage sufficient to rebuild your home at current construction costs?**

Replacement cost often differs from market value or purchase price. (Applies to homeowner's insurance)

- ☐ **Is personal property coverage adequate for your belongings?**

Create a home inventory to determine appropriate coverage amounts.

- ☐ **Do you need additional coverage for high-value items (jewelry, art, electronics)?**

Standard policies have sub-limits for certain categories of valuables.

- ☐ **Is personal liability coverage sufficient to protect your assets?**

This covers injuries to others or damage to their property for which you're responsible.

- ☐ **Do you need flood, earthquake, or other specialized coverage not included in standard policies?**

Standard policies typically exclude flood and earthquake damage, requiring separate policies.

- ☐ **Does the policy include adequate additional living expenses coverage?**

This covers costs if your home becomes uninhabitable due to a covered loss.

- ☐ **Is replacement cost coverage included for both dwelling and personal property?**

Replacement cost pays to replace items at current prices, while actual cash value deducts for depreciation.

Homeowner's/Renter's Insurance Notes:

Life Insurance

☐ **Is the death benefit amount sufficient for your beneficiaries' needs?**

Consider income replacement, debt payoff, future expenses, and final expenses.

☐ **For term life: Is the term length appropriate for your needs?**

Consider your children's ages, years until retirement, mortgage payoff timeline, etc.

☐ **Are your beneficiary designations correct and up-to-date?**

Review regularly, especially after major life events like marriage, divorce, or childbirth.

☐ **For permanent life insurance: Do you understand the cash value component and how it works?**

Understand growth, access options, and implications for the death benefit.

☐ **Do you understand any policy riders and their costs/benefits?**

Common riders include waiver of premium, accelerated death benefit, and guaranteed insurability.

☐ **Is the policy convertible (for term life) if your needs change?**

Conversion options allow you to switch to permanent coverage without medical underwriting.

Life Insurance Notes:

Disability Insurance

- ☐ **Is the benefit amount sufficient to cover essential expenses if you can't work?**

Typically 60-70% of pre-disability income is recommended.

- ☐ **Do you understand the definition of disability used in the policy?**

"Own occupation" covers inability to perform your specific job, while "any occupation" only covers inability to work in any suitable job.

- ☐ **Is the elimination period (waiting period) appropriate for your financial situation?**

Longer elimination periods reduce premiums but require more emergency savings.

- ☐ **Is the benefit period sufficient for a long-term disability?**

Options typically range from 2 years to retirement age. Longer periods provide more protection but cost more.

- ☐ **Does the policy include residual/partial disability benefits?**

This provides partial benefits if you can work but with reduced hours or capacity.

- ☐ **Is the policy non-cancelable and guaranteed renewable?**

These features ensure the insurer can't cancel your policy or raise rates as long as you pay premiums.

- ☐ **Does the policy include cost-of-living adjustments (COLA) for benefits?**

This increases benefit amounts during long-term claims to account for inflation.

Disability Insurance Notes:

Red Flags to Watch For

Be cautious if you encounter any of these warning signs when evaluating an insurance policy:

- Unusually low premiums compared to similar coverage from other insurers
- Pressure tactics or limited-time offers requiring immediate decisions
- Vague or confusing policy language about coverage and exclusions
- Difficulty getting clear answers to your questions
- Poor financial strength ratings or consumer satisfaction scores
- Excessive limitations, exclusions, or waiting periods
- Complaints about claims handling or payment delays
- Unlicensed agents or companies not regulated by your state insurance department
- Missing or incomplete policy documents

Tips for Effective Policy Evaluation

- **Read the actual policy document**, not just marketing materials or summaries
- **Take your time** and avoid rushing into decisions
- **Ask questions** about anything you don't understand
- **Document conversations** with insurance representatives
- **Consider working with an independent agent** who can compare options from multiple insurers
- **Review your policies annually** and after major life events
- **Keep an inventory** of insured property with photos and documentation
- **Store policy documents** in a secure, accessible location