

Insurance Riders and Endorsements

Tips on How to Use Them

You've just purchased a beautiful, expensive piece of jewelry that you want to protect if lost, damaged or stolen. So, you ask your insurance agent to add a condition to your home insurance policy. As a small business owner, you make an addition to your insurance policy that would exclude or eliminate coverage for your company's particular type of risk. These examples require changing your current, existing insurance policy and you can do that with an endorsement.

An endorsement, also known as a rider, adds, deletes, excludes or changes insurance coverage to increase coverage by way of an endorsement/rider. The endorsement/rider takes precedence over the standard limits of coverage over the original agreement or policy.

TOP CONSIDERATIONS

How an insurance endorsement/rider works. An insurance endorsement/rider is an amendment to an existing insurance contract that changes the original policy's terms. An endorsement/rider can be issued at the time of purchase, mid-term or at renewal time. An endorsement may affect insurance premiums, and premiums may change as a result.

You can have an endorsement/rider on your homeowners and renter's policy, life insurance, and auto insurance policies. Endorsements/riders may include adding or deleting people and locations to your current insurance policy. Endorsements/riders are important because they address issues or items not included in the original contract or policy.

- Additional Coverage - An endorsement that adds or includes coverage that would otherwise be excluded.
- Exclusions - Some endorsements exclude coverage for certain types of claims.
- Modification of Coverage – An endorsement can expand the scope of existing coverage.

WHAT YOU SHOULD KNOW

Be informed of any insurance policy changes. An endorsement can vary depending on the insurance company and the type of insurance to which the endorsement applies. If you receive a document stating there is an endorsement to your policy, be sure to compare it to your original policy, and talk with your insurance agent or representative about the changes to make sure you understand them.

Educate yourself on how an endorsement can protect your belongings. If you have expensive jewelry, like a diamond engagement ring or vintage necklace, you might want to consider an endorsement/rider. It will take over and protect these items, where a traditional home insurance policy might end. Other things worthy of an endorsement/rider may include antiques, fine art, and priceless stamp or coin collections, to name a few.

Many home insurance policies exclude coverage for mold or sump pump overflow. An endorsement to your insurance policy could give you that added protection.

An optional endorsement that protects the rebuild cost of your home is an inflation guard endorsement. These endorsements are common and automatically increase the amount of insurance on your home by a certain percentage each year to account for the disparity caused by inflation.

THREE THINGS TO REMEMBER

- An endorsement/rider alters the policy and becomes part of your legal insurance agreement, and it remains in force until the contract expires. An exception exists if the endorsement/rider has a specific or limited-term to which the endorsement is valid. The endorsement/rider may renew under the same terms and conditions of the rest of your policy.
- Always keep a copy of the new document after making the policy change that specifies the new endorsement.
- When an endorsement reduces or increases coverage, that can have an impact on your premium.

MORE INFORMATION

If you have insurance-related questions or concerns, contact the Department of Insurance Consumer Affairs Division at 1-877-564-7323. Additional insurance information is available on the Department of Insurance website at www.doi.nebraska.gov.