

# The Advisor

## Minor claims can lead to major costs

### Things to consider before filing a personal insurance claim

An accident happens, causing damage to your home or your vehicle. Should you file a claim with your insurance company?

It might sound counterintuitive, but based on the circumstances of the situation, the best choice might be to cover the cost of the damage yourself. Filing too many claims – even small ones – can increase your premium and potentially hurt your ability to secure insurance coverage in the future.

No matter what, it's always important to consult your risk management advisor before deciding whether to file a claim.

### How do claims affect insurance coverage?

Insurers weigh several factors when setting your insurance rates, including the number of previous claims you've had. Generally, making an insurance claim increases your cost of coverage – because it indicates you are a higher risk to insure and are more likely to have a claim in the future.

In addition to raising your rates, making multiple claims during a short timeframe could lead to your policy being non-renewed, and it could impact your ability to get insurance coverage with a different provider. Any time you file a claim with an insurance company, it is logged in the national Comprehensive Loss Underwriting Exchange database. When you apply for insurance coverage, insurers can pull a report that will show up to seven years of your past claims, and they use that information to make coverage decisions.

### What to consider before filing a claim:

- **Is someone else injured, or was someone else's property damaged?**  
If the incident in question involved someone else, it's always best to file a claim, versus trying to settle the issue privately. This protects you in the event the person comes back seeking more money later.



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- **How much will it cost to repair the damage?**

If the cost to repair the damage is less than your deductible – or only slightly above it – it isn't in your best interest to file a claim, as the amount you receive from your insurance company to help cover the cost will be minimal. However, if the damage is major, making a claim might be the right decision.

- **For auto-related incidents: Do you have collision coverage?**

If you don't, filing a claim won't matter, because there isn't coverage in place to pay for the damage to your vehicle. If you do, it's once again important to weigh the cost of the damage against your deductible.

- **What does your policy say?**

Some insurance policies include provisions that forgive your first accident or limit the amount of time a claim will affect your premium. Your risk management advisor can help you determine the specifics of your individual coverage.

If you are in a situation where you think you might need to file a claim, the private client team at Schauer Group can help you determine the best course of action. **To discuss this issue further, please reach out to your advisor.**

## ABOUT SCHAUER GROUP

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## SOURCES

[Eight ways to make the most of your insurance dollars | The Hanover Insurance Group](#)

[Why are home insurance costs rising? | The Hanover Insurance Group](#)

[How to Know When to File a Car Insurance Claim | NerdWallet](#)

[CLUE \(Comprehensive Loss Underwriting Exchange\) | Office of the Insurance Commissioner Washington State](#)

[How Filing an Insurance Claim Can Raise Your Rates | Investopedia](#)