

## **Moving Insurance Guide**

Understanding your moving insurance is very important; we understand it can be confusing thus we have constructed the moving insurance guide below.

### **Why Insurance?**

Unfortunately damaged can occur at any point of your move i.e., when your possessions are being packed, being loaded or unloaded from the truck or during the transit. In most cases the insurance that is provided by the moving company is not sufficient coverage as it does not cover the full value of items. Therefore it is important to make sure your items are adequately covered.

### **Remember do the following:**

- Check the amount of insurance coverage offered by the moving company.
- Examine the contract to find out how the moving company estimates the value of your possessions.
- Ask what the maximum liability dollar value will be. Note that the maximum claim amount may be discounted due to factors like government regulations, taxes etc.
- Ask about the company's protocol in the event of any breakage, it's important to understand the process involved.
- Take photographs of all of your high valued items. In the event of breakage, this will help prove the condition of the item before the move took place.

**Valuation:** The insurance available through moving companies is based on something called valuation. It simply means the method of determining liability – by you and the mover. Basically there are three types of valuation.

**Declared value:** Take the total estimated weight of the shipment and multiply it by the per pound coverage offered by the moving company. i.e. you are covered by the moving company at \$.6 per pound and your belongings totaled 10,000 pounds, then the insurer would be liable to the extent of  $.6 \times 10,000 = \$600$ . Note that this value is the maximum amount the mover is liable, the claim is based on the depreciated value of the item(s) damaged.

**Lump sum value:** If the value of your shipment is greater than \$1.25 per pound, you can get additional coverage by declaring a specific dollar amount. If you say your 5,000-pound shipment is worth \$10,000, you might be charged \$7 per \$1,000 of assessed value, or \$70. It's a good idea to know the approximate value of the belongings and declare it in writing on the bill of lading.

**Full value protection:** This is the most comprehensive of the three different types of valuation; it covers almost all kinds of loss. It pays for the repair(s) or replacement of the items lost or damaged. To understand the difference between full replacement coverage,

let's assume you have a five year old TV that was broken by the movers. If you have actual cash coverage, the claim department will apply depreciation and pay you the value of a five year old TV. If you have full replacement coverage, you will be paid for a new TV. Note that there is a deductible (an amount compulsorily deducted from the claim)

## **The Difference between Valuation and Insurance**

Valuation, as defined in the moving industry, is the predetermined limit of liability imposed on the mover by the wording on its moving service contract (sometimes referred to as a bill of lading, work ticket, invoice, etc). "Carrier's liability" for all moves within Texas for example is a standard \$.60 per pound per article. This valuation comes at no additional cost to the consumer. This limit of liability may have no relationship to the actual value of the shipment.

The mover can increase their liability and this can take many forms, such as \$1.25 per pound, \$3.00 per pound, Actual Cash Value, or Replacement Cost. If the mover increases their liability they will charge you additional fees for this greater assumption of liability. In the event of damage to your goods the mover is responsible for the handling of your claim.

Insurance, whether for transit or storage, differs from Valuation in that the amount of the insurance must have a direct relationship to the value of the property being insured. Additionally, this insurance is a contract between the customer and the insurance company as described on the Policy or Certificate of Insurance. Insurance can be obtained through your mover or can be purchased from an outside source not affiliated with the mover. If you purchase insurance through the mover be sure to determine if the mover or the insurance company will handle your claim in case of damage.

### **IMPORTANT – If your pack yourself...**

If a carton is delivered in exactly the same condition as it was picked up and there is damage inside, you will most likely not be covered. The reason being if the carton is properly packed, there should be no damage inside with normal handling. Only when the exterior is damaged and interior too, then you will be covered. This is not the case when the packing is done by the movers themselves in which case you are always covered.

*If you need to make a claim, generally you have nine months to do so.*