

How Long Should you Keep your Insurance Policies?



As, risk managers, we often get asked by clients, “what is the appropriate period to retain insurance policies” - the easy answer is “forever”... You are probably thinking that guidance seems a bit excessive, however quite a few types of policies, such as commercial general liability, may be triggered long after the policy has expired and thus should not be discarded but rather meticulously tracked.

While keeping policies forever used to be a daunting task, especially in the “old days”, keeping full policies today, in the digital age is relatively simple. If your organization still keeps paper copies of the policies, scanning and appropriately cataloguing them is a fairly simple process, that will not only give you peace of mind, but will also reduce clutter and help you easily locate a policy should the need arise.

This is certainly among the various risk management best practices we suggest and if your policies are currently well organized in paper version, this is easily accomplished. There are two important elements to this:

- Proper electronic file names
- A tracking sheet

As part of our client support, we retain and track our clients’ policies using a proprietary database. If you don’t have a risk advisor who organizes your policies, you can accomplish this yourself by using a simple Excel spreadsheet.

The file name is an important component and should clearly denote policy period, type of policy and policy number. The format we use at ALS is “**name of insured-type of policy-policy #-policy period**” if you buy insurance for various divisions having this name is useful – the file name looks like this:

ABCMfg – property - #123456789 – 09.01.2021-09.01.2022.pdf

The benefit of using such a format is that it provides the ability to, easily, identify all of the important points such as, type of policy, expiration date, etc.

This is a nice “4th Q Project” that will allow you to go into 2022 with a clear report showing all your policies. If you are missing some, ask your broker for FULL COPIES (including all forms and endorsements). While it may be tempting to discard policies in an attempt to “de-clutter” as Larry David said “curb your enthusiasm” – it is much better to take the time to scan and organize them for when you need them next.

If you have any questions regarding insurance policy retention or need help with any risk or insurance related issues, please contact Albert Sica, Managing Principal, at 732.395.4251 or asica@thealsgroup.com.