



Department of Business Regulation

Insurance Division

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Consumer Alert

What is an Insurance Endorsement or Rider? Understanding Changes in Your Insurance Policy

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 provision to your home insurance policy. Or, as a small business owner, you add a provision to your insurance policy that would exclude or eliminate coverage for your particular type of risk to your company. Both of these examples require making a change to your current, existing insurance policy; you can do that with an endorsement. An endorsement, also known as a rider, adds, deletes, excludes, or changes insurance coverage. An endorsement/rider can also be used to increase standard limits of coverage and take precedent over the original agreement or policy.

TOP CONSIDERATIONS

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

You can have an endorsement/rider on your homeowners, renters, life, and auto insurance policies. It can include adding or deleting people and locations to your current insurance policy. Endorsements/riders are important because they address issues or items not 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.

HOW TO PROTECT YOURSELF

Be informed of any insurance policy changes. An endorsement can vary depending on the insurance company and the type of insurance the endorsement is applied to. If you receive a document stating 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 fine, expensive jewelry, like your diamond engagement ring or a vintage necklace left by a family member, you might want to consider an endorsement/rider. It will take over and protect these items, where a traditional home insurance policy might end. This includes not only jewelry; it also includes 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. They're 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

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