

Organizing Insurance Policies and Records



Insurance records take up space and are rarely used. Why is it so important to keep your insurance records on hand then? The truth is that sometimes we'll need to produce insurance records with very little notice so that we can protect ourselves and our loved ones.

Insurance certainly is a crucial part of modern life. Your stuff, your well-being, and your loved ones all need protecting against the unexpected. Aside from claims information, most insurance policies don't generate a huge amount of paperwork. Since insurance records are really important pieces of paperwork, you need a solid system for keeping it all organized.

A General Rule Of Thumb

All of your original policies, regardless of the type of insurance, should be stored in a safety deposit box or fire safe. You may certainly keep copies in your everyday files for quick reference – but the originals require a higher level of protection. Just be sure to let anyone who would need access to these policies (should something happen to you) know where they are stored. You can put the monthly/quarterly/annual premium bill in your “paid bills” folder, to be cleaned out at the end of each year.

Health Insurance Records

If you're like most people, you get a pile of paperwork from your insurance company every time you have a doctor visit – explanation of benefits, a bill from the medical office, notices from your supplemental insurance programs, etc. But what they all boil down to is determining who pays for what. With that in mind, there are only 4 reasons to keep health insurance records for more than the current tax year:

- because you are in the middle of filing a claim
- because you have a dispute over a bill
- because you take a medical tax deduction
- because you need to prove that you have met your deductible for the year



Set up one folder labeled “current claims” for those items that are still in process. Clip all the documents relating to a procedure or visit together as they arrive in the mail, and store them in this file until you have heard from all parties involved and gotten your final bill.

This way you can review everything at once to make sure there are no mistakes or miscalculations. If you are satisfied with the final result, you can pay the bill and file the stack in your permanent “completed claims” folder. If you have a question or concern, you can move the stack to your “claims to dispute” file, to be dealt with accordingly. Separating your paperwork according to the stage of the process prevents confusion about what has been paid and what hasn't.

Medical Reference Files

If you manage to rack up enough out-of-pocket medical expenses to warrant a tax deduction, you will need to include your claim records and medical bills with your supporting tax documents for that year. These files will be kept for 6 years, in case you are audited by the IRS. If you have not, any completed claims can be purged from your files in January, when your deductible calculation starts over for the new year.

Life Insurance

These days many of us have multiple life insurance policies. We might have one through work, a couple of private term life policies, some life insurance annuities, and even those “freebie” accidental death and dismemberment plans that come with your credit card or bank accounts. The easiest way to organize these is to simply place all of your policies in one “life insurance” file and store it in your safe deposit box or fire safe. You can put the annual premium payment notice in your “paid bills” file.

Property Insurance

You may have your property insurance policies – car, home, umbrella, etc. – with several different companies. Unless there is a strong reason for doing this, it is better to consolidate them all under one provider. Not only will you receive better rates, but your paperwork will be drastically reduced. Your company may even lump all of your policies together in one document each year. Be sure to keep your original policy, the current year's amendments, and any claim information in your safe deposit box. Again, the premium payment notice is stored in your “paid bills” file.

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