



PROFESSIONAL INSURORS  
AGENCY, LLC

# What is a Reservation of Rights Letter?



You file a claim with your insurance carrier. The carrier acknowledges the claim and starts their investigation.

A week or so passes and you receive a Reservation of Rights letter. What is it and what does it mean?

**A Reservation of Rights letter will typically mean one of three things:**

1. The carrier is investigating the claim and may think you are not liable for the claim. In this instance, you would have had coverage if you were liable so they mostly likely will continue to defend you if a lawsuit arises.
2. The carrier needs more time to investigate. This ties in with #1; however, the claim might be moving quickly and the carrier wants to make sure their investigation is thoroughly completed.
3. The carrier has noted in the letter that policy language could cause this claim to be denied, but they are still moving forward until that can be fully determined.

Insurance policies are complex contracts. Reading your policy when you receive them is a best practice, and is always recommended. At a minimum, read the headings on the exclusion pages. If something concerns you, call your agent for an explanation.

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