



CNA HealthPro

Insuring Your Leased Equipment

Perhaps you, like many dentists, have leased new equipment and financed it through a leasing company. These companies almost always require you to provide proof of property coverage for the leased equipment, and to name the leasing company as a loss payee on your insurance policy. If you do not provide proof of coverage within approximately 30 days, the leasing company will often provide it for you, which can be a costly proposition.

Our agency just received a request for proof of coverage from a dentist who leased some new equipment. The lease agreement stated that if the dentist did not provide property insurance for the equipment, the leasing company could bill the dentist for the premium and related service charges. To quote the agreement: "If you do not have your own property insurance, simply pay the [monthly] insurance charge of \$31.77 that will appear on each invoice or direct debit." Quite a hefty charge for \$15,000 worth of equipment!

We have seen several leasing companies that charge insurance fees without labeling them as such. One company's invoices, for example, include a so-called "valuemax" charge of \$15 or more, depending on the type of postage meter leased. This is the company's charge for insuring the meter, which can easily be waived if the company is listed as a loss payee on your PPP policy. Some dentists have paid this fee for months and even years without knowing what it was for.

What should you do? First, check all lease and finance agreements and invoices for charges that are less than clear. Then contact your PPP agent. We can help you avoid unnecessary charges that may be assessed against you. We can also review your current limits of property coverage to determine whether you already have enough blanket coverage to include the new equipment.

Remember, there is no charge to add a loss payee to your policy. Call your PPP agent if you have any questions about "required" lease fees or any other insurance-related topic.

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