

LOSS LESSONS *in Trucking and Agribusiness*



Timely Claim Reporting

Description of the Accident:

While driving eastbound on I-70 in the right-hand lane, another vehicle slowly merges in front of your company truck. Your driver decides to change lanes in order to allow the other vehicle into the right-hand lane and pass the slower moving vehicle. Unfortunately, a third vehicle is approaching fast in the left-hand lane at 90 mph and texting on his phone. When the driver of the third vehicle finally looks up and sees your company truck merging into the left-hand lane, he slams on his brakes and veers left, impacting the concrete side wall and eventually coming to a stop on the shoulder. Your driver pulls over as well, and goes over to check on the other driver, who says that he only has bumps and bruises and there's only minor damage to the side of his vehicle. The other driver doesn't want to report it to the police or his insurance company because he doesn't want his rates to go up. Your driver, who is worried about having an accident on his record and thinks it's the other driver's fault anyway for not paying attention, says "sounds good to me", gets back in your company truck and drives away. Your driver doesn't report the accident to you or to the insurance carrier.

A month later, your company gets a call from John B. Attorney, with Cheatum, Dewey & Howe, advising that he represents the driver of the other vehicle. John B. Attorney advises that his client has sustained major damage to his vehicle and severe injuries as a result of the recent accident. He further advises that his client has incurred several thousand dollars in medical expenses, and demands that you report this to your insurance carrier.

The Claim:

You call the insurance carrier to report the claim immediately after the call from John B. Attorney. A claim is set up, and a local adjuster contacts you that afternoon to discuss and obtain additional information. The claim adjuster advises that due to the delay in reporting the claim, they weren't able to conduct a timely investigation into the facts of the claim, including missing out on the opportunity to speak with the claimant, obtain photographs of the accident scene, etc., which will most likely result in having to settle this matter for a significant amount of money.

The Lesson:

Most insurance policies contain language that requires the insured to report all claims, *and even potential claims*, as soon as practicable. When reporting you'll typically be asked for your company policy number, name, primary contact, and the who, what, where, when, and how details relating to the accident. If you don't have all the information that's ok – provide what you have at the time. Train your drivers on the proper claim reporting procedure for your company, and emphasize the importance. Depending on the circumstances of the accident, the insurance carrier may assign an investigator and/or towing company right away.

If you would like to confirm the correct claim reporting information for your policy/company, please contact Cline Wood at ph 888-451-3900 and we will be happy to assist.

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