

Coverage Corner

A question that is very often asked of the staff at my office is, “Should I submit this claim and if I do will it affect my rates. This is a two part question so let us tackle it one part at a time.

First, “Should I submit this claim?” The answer to that question is a personal one and will vary from case to case. The most obvious consideration is how much is the cost to repair the damage and does it exceed my deductible. Once our client knows how much the damage exceeds their deductible by, we review their recent claims history with them. If they have had multiple claims in the last 39 months we advise them that they might want to consider not putting it in and paying out of pocket. If not we advise them to go ahead and submit the claim then we assist in the settlement process.

It used to be that in the past companies determined your eligibility mostly by the severity of claims, however now more companies are looking a frequency of incidents without worrying as much about severity. What does that mean and what is an incident? An incident could be a/an:

- Accident
- Ticket
- Broken Glass
- Deer
- Towing etc...

In today’s world the question of will this claim effect my premium is much easier to answer. It usually is yes, but not as much as it used to. In the past it was straight forward if you were at least 66 2/3% at fault and there is over \$1000 in property damage or any bodily injury at all a company had the right to surcharge your policy. The amount of the surcharge varied from company to company but generally it was 40% of the premium for 39 months split between 2 cars. Now today with the credit based predictive modeling and multi variant, multi tier rating models at renewal the incidents are taken into consideration and the policy is re-tiered. The charge will be smaller but could affect the premium for a longer duration of time because the law allows the companies to tier based on a five year history whereas the surcharge model only allowed the companies to view 39 months of activity. Also know that for certain incidents for example larger accidents or some tickets you could be re-tiered as well as hit with that surcharge.

That is why we always advise our clients that in the event of a loss always call us, the agent on the policy, to discuss the claim before deciding what to do.

Thank you for reading and participating and remember “don’t be cornered by your coverage.”

This column is strictly for general insurance information please consult your local agent for the specifics of your insurance program.

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