



# Large Claims Lessons Learned



## Line of Business: Auto Liability Topic: Demo Vehicles

### Claim scenario

A Dealer Principal had taken a demo vehicle for a drive and upon returning to the dealership, encountered a motorcycle coming the opposite direction. The motorcycle was going 60-mph in a 30-mph zone. The dealer, going 5 mph, hit the motorcycle, threw the driver 50 feet where he ended up lodged under a vehicle. The Dealer Principal was cited for careless driving. The motorcycle driver, in his early 30's, had his left leg amputated above the knee, acute blood loss and a lacerated liver.

### Financial Impact:

This claim may have a financial impact of up to **\$6,000,000**.



### Lessons learned

It is a common practice for dealers to drive demo vehicles. This example is a reminder of the increased exposure a dealership faces when company-owned vehicles are used. Even though the motorcycle was going almost double the posted limit, it did not matter in this case, the dealer was cited for careless driving.



### Action needed to prevent this type of loss

As dealers think about who takes possession of a demo, always consider the increased exposure for the dealership, including reputational risk. Evaluation of driver experience and ability can factor into decisions. In addition, determine whether there are alternative solutions to a demo vehicle that the dealer can take to still provide a benefit, but reduce the exposure at their dealership such as a Personal Auto Policy.



### Loss prevention / Risk management Resources

Vehicle accidents are common loss leaders among claims made by dealerships. Zurich offers a variety of risk management insights to help you minimize your risk. Start with Zurich's loss prevention bulletin [Hitting the Brakes on Demos](#) and visit Zurich's [Automotive Resource Hub](#) to access all of Zurich's loss prevention resources.

Exposures are still present even when strict processes and protocols are in place, however, these actions and a commitment to diligence in driver training and skill assessment can reduce the propensity for losses.

## Zurich

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A1-P0543269-A (06/23) P0543269

