



Large Claims Lessons Learned



Line of Business: Auto Liability Topic: Inexperienced Drivers

Claim scenario

A dealership had a high-performance vehicle for sale and wanted photos taken off-site for marketing purposes. The dealership asked a 19-year-old employee to take the vehicle off-site to take the photos.

The employee took the vehicle and proceeded to pick up two 18-year-old friends. The employee was driving the vehicle at an estimated 94 mph, lost control, and hit a tree. The driver and one of the friends survived the crash, the other 18-year-old friend did not.

Financial Impact:

This claim may have a financial impact of up to **\$4,000,000**.



Lessons learned

It is imperative that dealerships fully understand their exposure when placing inexperienced drivers in any vehicles, and equally important to understand there is increased exposure when inexperienced drivers drive “high performance” vehicles. It is important that producers and underwriters understand this exposure, and communicate the increased exposures to customers to ensure they understand the potential financial and reputational ramifications.



Action needed to prevent this type of loss

- It is imperative that dealerships execute rental/loaner agreements 100% of the time in order to protect their dealership and increased exposure to financial and reputational loss.
- It is important that producers and underwriters understand the risks related to inexperienced drivers and help dealership representatives create protocols to protect the dealership.
- Written procedures should be implemented, and dealership staff should be trained to have a review process when completing any transaction that results in releasing a vehicle to an inexperienced driver.



Loss prevention / Risk management Resources

Zurich offers guidance and best practices for mitigating risk related to inexperienced drivers. A key first step is understanding your risk then putting procedures in place to minimize. Read Zurich's loss prevention bulletin, [Inexperienced Drivers Increase Risk](#), to learn more about strategies for protecting your dealership from auto liability exposures.

Zurich

1299 Zurich Way, Schaumburg, IL 60196-1056 800 382 2150 www.zurichna.com

The information in this publication was compiled from sources believed to be reliable for informational purposes only. All sample policies and procedures herein should serve as a guideline, which you can use to create your own policies and procedures. We trust that you will customize these samples to reflect your own operations and believe that these samples may serve as a helpful platform for this endeavor. Any and all information contained herein is not intended to constitute advice (particularly not legal advice). Accordingly, persons requiring advice should consult independent advisors when developing programs and policies. We do not guarantee the accuracy of this information or any results and further assume no liability in connection with this publication and sample policies and procedures, including any information, methods or safety suggestions contained herein. We undertake no obligation to publicly update or revise any of this information, whether to reflect new information, future developments, events or circumstances or otherwise. Moreover, Zurich reminds you that this cannot be assumed to contain every acceptable safety and compliance procedure or that additional procedures might not be appropriate under the circumstances. The subject matter of this publication is not tied to any specific insurance product nor will adopting these policies and procedures ensure coverage under any insurance policy.

©2023 Zurich American Insurance Company

A1-P0543272-A (06/23) P0543272

