



# CLAIMS REPORTING MYTH-BUSTERS

Often times, Vanliner customers hold off reporting auto and injury claims due to various fears or claims 'myths'. Late reporting, however, can be detrimental to your overall claims performance and insurance premiums for many reasons. We want to set the record straight on claims reporting and ease your mind on why it is OK to report any and all claims in a timely manner. Prompt reporting benefits both your company and Vanliner in the long run.

MYTH	BUSTED!
If I report every claim, my premiums will go up due to frequency.	Vanliner underwriters do not include "report only" claims in their frequency count at renewal.
Reporting incidents where my driver is not at fault that requires defense costs only will raise premium costs at renewal.	Expense only claims reported for incidents in which your drivers were not at fault are weighted differently at renewal. Prompt reporting will help us prove your driver is not at fault.
I must have all of the facts of an auto accident and/or workplace injury before I can report it.	Prompt reporting is more important than getting all of the facts. Get as much information as you can and report the claim immediately.
We can always report a claim once it becomes problematic (i.e. an attorney is involved, suit is filed, bodily injury is claimed).	Many times, bodily injury is claimed and/or attorneys are hired AS A RESULT of a claim not being reported and processed in a timely manner. Timely contact with the claimant by our claims team is crucial to controlling claims costs. Benefit from our claims expertise.
It is best to let our driver head off a larger claim by making a quick cash payment at the scene.	Many insureds have fallen into this trap. Without proper processing and documentation of the claim and payments, you are setting yourself up for double payment of damages AND possible denial from Vanliner for late reporting. This payment by your driver might also be interpreted as an admission of liability.
If I know that my driver was not involved in an accident reported by a claimant; or an employee is claiming a "fraudulent" injury, I do not need to report this to Vanliner.	These claims should be reported immediately so that a thorough investigation can be completed and documented. Why? The longer it takes to report a claim, the less chance we have of putting together a strong defense.

Following are additional benefits for timely reporting of claims. For more information, please contact your regional loss control representative, check out our website at [www.vanliner.com](http://www.vanliner.com), or contact your producer. Thank you for working with us to keep your claims costs to a minimum.

## PLEASE REPORT BUSINESS AUTO CLAIMS PROMPTLY!

Vanliner's goal is to get all claims reported within a two day window from the date of occurrence. This will help to assure solid investigations, reduce risk of fraudulent claims, and ensure proper, efficient handling. As of 8/31/11, 2011 lag time report numbers were as follows for our business auto customer base as a whole. Numbers exclude interior property damage and physical damage claims: 42% of claims were reported in a 2-day window; 22% were reported within 3-7

days; and 37% were reported later than 7 days after the incident date. While these numbers were an improvement over 2010, we still have a lot of work to do! Below are a few facts that should be shared with your management staff and crews to help encourage timely reporting of your business auto claims:

**FACT:** Practically all insurance studies demonstrate late reporting increases claim costs. Peter Elliott of Telcom stated in a recent presentation that “average total costs of a claim increases 3% for every day of lag time; average cost increases 20% when reported after 7 days and 41% after 15 days”.

**FACT:** An important part of the claims investigation is talking with the claimant for two very important reasons: 1) obtain facts about the auto incident to ensure these match with all other facts provided, and 2) explain the claims process to ease the claimant’s mind about his/her vehicle, any injuries that occurred, etc. Fact is, if claimants do not hear this from our claims representatives, they will hear this or an alternate version from friends and/or attorneys, leading to increased claims costs. Check out the Internet; there are plenty of attorneys looking to “assist” anyone who has been in an auto accident and “protect” them from insurance companies.

**FACT:** It is important that even no fault claims be reported to Vanliner, even as ***report only*** claims, so we are put on notice and you can receive guidance as necessary. Often times, claimants will say there are no problems at the scene, then report to their insurance carriers and Vanliner at a later date that they were struck by your vehicle and were injured. Trying to piece together an investigation at that point might be difficult – your driver is no longer with you, witnesses cannot be found, the scene has changed, vehicles involved are long gone or repaired, etc. Many times, these are reported via attorney letter or lawsuit adding litigation costs to the claim. Report all claims in a timely manner to protect your company and Vanliner.

**FACT:** Even though your insurance premiums are paid to date, Vanliner can still deny a claim involving your driver/vehicle if it is not reported in a timely manner, thus impeding a full investigation. Timely reporting is a condition of your insurance policy. The goal here is not to avoid paying your claims – that is what we do. However, we depend on your assistance in handling claims properly and efficiently.

## **PLEASE REPORT WORKERS’ COMPENSATION CLAIMS PROMPTLY!**

As of 8/31/11, 2011 lag time report numbers were as follows for our workers’ compensation customer base as a whole: 31% of claims were reported in a 2-day window; 29% were reported within 3-7 days; and 40% were reported later than 7 days after the injury date. The good news is 2011 lag time improved over 2010. Let’s keep heading in that direction, with the goal being 100% in that 2 day window! Below are a few facts that should be shared with your management staff and crews to help encourage timely reporting of your workers’ compensation claims:

**FACT:** You are helping your employee by reporting his/her claim right away. Doing so helps to ***ensure proper timely medical care***, medical bill payment, lost time benefit payment, and peace of mind. Since the claims process is new to most employees, they may worry about how bills are to be paid, when they will receive benefits, loss of work, etc. It is important that they talk to our experts in order to get an accurate picture of how the process works. If not, friends and/or attorneys will give advice which may or may not be correct for the situation. Claims reported after one month are ***three times more likely to be litigated*** than claims reported on the day of an injury (Sutter, McLellan & Gilbreath, 10/7/10). Lynch Ryan reported that 47% of claims are litigated when they arrive more than 31 days after the injury date.

**FACT:** A study by The Hartford Financial Services found that claims filed more than a month after an injury cost an average of 48% more to settle than those reported in the first week. In its study of back claims, they found back sprain/strain claims reported in the first week saved at average of 25% of medical and lost-time costs. Other stats showed 35% savings. In either case, the savings are significant! Even a week’s delay showed an increase in costs by 10%; thus our goal of 1-2 days lag time.

**FACT:** Early reporting helps to combat fraud in workers’ compensation AND auto claims due to thorough documented investigations. Fraudulent or ‘trumped up’ claims are defeated through “attention to details”. If you think a claim is fraudulent, it is critical to report the claim immediately.

**FACT:** Added costs from late reporting not yet mentioned include penalties for late payment of lost-wages and medical bills; and for late reporting to the state. There is also increased risk of pushing the employee to an unauthorized or less qualified medical provider. This hurts everyone involved.

Our claims team is ready to assist you. Please take advantage our adjusters’ expertise and ***report all claims as soon as they occur.*** Vanliner has launched a campaign to reduce claim reporting lag time. Your participation is critical and is appreciated. Thank you for being a Vanliner customer!