

LEARNING FROM LOSSES AUTO

LOCATION:

Saskatchewan highway

CAUSE OF LOSS:

Collision with wildlife/livestock; and hit-and-run collision

COST TO REPAIR:

Total loss: \$80,000 (\$39,000 paid by basic plate insurance; \$21,000 depreciation; \$30,000 for replacement of rental vehicle)

DETAILS OF LOSS:

Insured purchased brand new SUV for \$50,000. After 18 months, he hit a cow and the vehicle was a total loss. The vehicle had 125,000 km at the time of loss so the customer received \$21,000 paid under the policy to cover the depreciation of the vehicle.

As well, while the SUV was being adjusted, a rental vehicle was obtained under the customer's loss of use (LOU) coverage. The next week, the insureds were in a serious hit-and-run collision with the rental vehicle. It was a total loss and the policy paid the full actual cash value (ACV) of \$30,000 as they signed the rental agreement that they would be fully responsible under Non-Owned Auto coverage, plus any downtime under LOU.

LESSONS LEARNED:

By purchasing Replacement Cost Coverage on a new vehicle you will be covered for the full value of your vehicle. Further, by having an auto extension policy, you are covered for a loss while driving a substitute vehicle, such as a rental.

