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Do you have the tools you need to navigate personal auto claims?

According to the Insurance Institute for Highway Safety, total vehicle miles traveled rose 68 percent from 1985 to 2008. The increased number of vehicles on the road heightens the chance of collisions.

There are different types of insurance coverages for vehicle damages. Collision coverage insures against physical damage sustained in a crash if the driver is at fault. Property damage liability coverage insures against physical damage that at-fault people cause to another person's vehicle or property in a crash. Comprehensive coverage insures against theft or physical damage to the insured's vehicle that occurs for reasons other than a crash. Claim representatives need to have the proper tools to efficiently and effectively navigate through the ever-changing landscape of auto liability claims throughout the entire loss adjustment process.

In response to this need, The Institutes have developed the new Associate in Claims (AIC)—Personal Auto Track. This track will address issues such as fraud in auto claims and good faith claims handling practices. A study by the Insurance Research Council (IRC), a division of The Institutes, estimates that claim fraud and buildup added between \$4.8 billion and \$6.8 billion in excess payments to auto injury insurance claims closed with payment in 2007. The excess payments amount to between 13 percent and 18 percent of total payments under the five main private passenger auto injury coverages. Excess payments have increased from 2002, when they were estimated at between \$4.3 billion and \$5.8 billion, or between 11 and 15 percent of total payments.

The percentage of claims that appeared to involve fraud, defined as specific material misrepresentation of the facts of a loss, increased from 9 percent of bodily injury (BI) claims closed with payment in 2002 to 11 percent of closed claims in 2007. The percentage of personal injury protection (PIP) claims with apparent fraud rose slightly, from five percent in 2002 to six percent in 2007.

"Claim abuse continues to be a significant problem," said Elizabeth Sprinkel, senior vice president of the IRC. "The excess payments attributable to fraud and buildup help drive up the costs of insurance for everyone." The Institutes' AIC—Personal Auto Track will help insurance professionals improve effectiveness, enhance the ability to handle coverage disputes, help mitigate costly lawsuits, and reduce time and costs associated with personal auto claims. Better claim handling improves customer satisfaction, customer retention and the insurer's bottom line.

For more information on the AIC—Personal Auto Track, visit The Institutes' Web site at [www.TheInstitutes.org/AIC](http://www.TheInstitutes.org/AIC).

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# Navigating Personal Auto Claims Popow



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