

AFTER AN AUTO ACCIDENT: steps to take and pitfalls to avoid

By Bill DeBoer, General Manager, DeBoer's Auto, Hamburg, NJ
and
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Introduction

Whether "fifteen minutes could save you fifteen percent" or "you're in good hands" or you were sold your car insurance by a fast talking, problem solving woman with a headband, you still need to know what to do when an accident happens.

And they do happen! In Sussex county alone there were 3,709 crashes in 2012, according to the New Jersey Department of Transportation. There were 284,062 in 2012 in the entire state of New Jersey. That's 778 accidents a day!

As bad as it is to be in a fender bender or worse, the way you handle the aftermath can have major financial and practical effects. Should you call the police? When do you get in touch with your insurance or the insurance company of the other driver? Can you go to your favorite body shop or do you have to use the shop preferred by your insurance company?

Great questions! Automotive industry expert Bill DeBoer collaborated with insurance guru Richard Krasnomowitz, owner of U.S. Insurance Agency in Newton, NJ, for all of the right answers. Here is a short guide to help you through the process after you've been in an accident and how to handle both insurance companies and the auto repair shop involved.



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When you get into a car accident, it can be a scary time that may be filled with confusion and anxiety. It is important to follow the right steps so you aren't taken advantage of by the insurance company or the body shop that does the repairs on your vehicle.

Reporting the Claim

Imagine you're driving down the road, on your way to an appointment, and you run into some traffic.

After a few minutes of stop and go, it looks like it's been cleared. Your car begins to climb speeds until you hit the allotted speed limit. All of a sudden, more traffic is coming up quick.



You begin to slow down, when all of a sudden, you hear a loud crash and at the same time, you feel the impact. The vehicle behind you rear-ended you.

If the accident was only minor, all vehicles should be moved to a safe place, out of the way of traffic. If the accident was more serious, or if someone was injured, it is best to stay where you are until the police or other medical personnel arrive. Be sure to turn your hazard lights on.

Remember, even when the accident isn't life threatening, you need to call the local police. If you don't report the accident to the authorities, you may not know what insurance company covered the other party's vehicle. This may delay your claim adjustment.



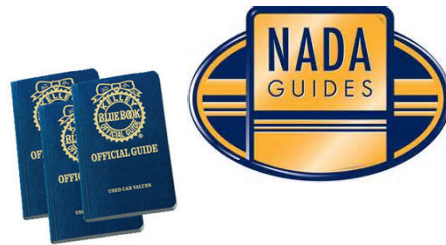
Always remain calm in an accident. Don't distress yourself by displays of anger at the other party. After kindly talking with them and checking to make sure everyone is okay, offer to exchange insurance information so you can get policy and telephone numbers from the party at fault.

Once the accident has been cleared and everyone involved is calm, the first step is to call your insurance agent. You need to talk with your agent about the circumstances surrounding the accident, such as who was at fault and what the situation was at the time of the accident. Your agent will be able to help you make a decision on whether the accident needs to be reported to your insurance carrier or the other person's insurance carrier. If you don't have an agent because you use an Internet direct insurance holder, then you need to call the toll-free number and ask a claims adjuster for advice.

Please note, the accident may not need to be reported at all, depending on the circumstances. If no one was at fault, then not reporting it could save you money on your overall insurance costs. This general discussion with your agent will not affect your future insurance rates. Since most standard deductibles are \$500 and \$1000, if the loss is less than that, it's usually not worth reporting to your insurance company.

Estimating the Value

Once you have taken the time to call your insurance agent or company, you will need to figure out a fair estimation of the vehicle's value.



If the car was taken to a storage facility at a mechanic or auto body shop, you can call them and ask to take a look at the car. This should be done as soon as possible. They should be able to give you some sort of estimate of how much the damage is worth. You, along with the insurance agent, should also look into how much the car is valued. This is a necessary precaution in case the vehicle is counted as a total loss. You can use KellyBlueBook.com or NADA.com to look up the total value of the vehicle.

Someone from the insurance company will come out to appraise the vehicle, but because they use a different system, which is called CCC or Triple C System, their appraisal will be significantly different than what you and your agent estimate. The adjuster's value will be much lower than what it will cost to replace the automobile, but it is a good idea to keep in mind the price you found online so you and the insurance adjuster can agree on a loss value. If you have an older vehicle, there typically isn't a lot of data to support the value of the car, so the difference between your estimate of the total value according to Kelly Blue Book and the estimate from the insurance adjuster could vary greatly.

If the automobile is being stored at a garage or body shop, beware of the insurance company trying to take possession of the vehicle. They will attempt to get the car towed out of the facility, since storage fees are being incurred. Once the insurance company takes possession, they then have control of the situation. It is not in their rights to take control away from the consumer. If you and the insurance company have already agreed that the automobile is a total loss, meaning the value of the car is less than the total cost of repair, possession of the property still won't be turned over until a settlement on the dollar amount is reached.

The vehicle itself should not be towed until the insurance company has sent someone out to look at the car and deem whether it is a total loss or repairable. Once it has been inspected and everyone has come to an agreement, only then will the car be towed away. Do not give up the vehicle until you are absolutely happy with the terms of the agreement.



Roadblocks

It is important to remember that a lot of insurance companies will throw up all sorts of roadblocks during this process. There may be tricks they try, such as intimidating the customer into believing the automobile has to be moved before they can adjust it. This is not true.

Also, you may be told you have to use the body shop recommended by your insurance company. That is again, untrue. While it's been said that claims tend to move faster when you use the recommended body shop, it is not a requirement. Your personal mechanic and even your insurance agent should be able to offer you two or three different shops in your area that have had success with other clients. As long as it is a licensed body shop, you can use whomever you trust.

The insurance company may try to say they won't cover the cost of repairs or warranty the repairs if you go to an outside body shop they don't work with. If this happens, you should contact the auto body shop you plan to use and find out what their warranty coverage is for the work they will be doing. In the end, even if your insurance company warrants the repairs, it is still the responsibility of the auto body shop for those repairs. Most shops will offer warranties on their work, but calling to double check won't hurt.

If you're looking for an auto body shop, and your personal mechanic or insurance agent didn't refer you anywhere, do some research online. You can use Google and Yahoo for customer reviews. You'll find out where the best and worst places are.

Total Loss

Once the vehicle has been deemed a total loss, an agreement on the total worth of the vehicle has to be reached between you, the consumer, and the insurance company.

When figuring out the total worth of your car, it's important to remember any receipts for recent repairs or additions and bring them to light. If \$2,000 worth of repairs were recently done to the car or if you just bought new tires, there will be an increase in the total value since these costs are considered investments. This is because these investments help make the vehicle run better and last longer. The receipts will prove this work was done recently and why the total value should be significantly higher than normal.

A vehicle is counted as a total loss when the repairs exceed the value. Even if the damage looks small, in the dollar sense, it is probably significant. Older cars tend to be counted as a total loss since parts are harder to find and repairs cost more. High demand older vehicles also tend to be counted as a total loss because they have a higher value on the insurance salvage market.



Gap Insurance

If there is a loan on your vehicle at the time of the accident, this would be the perfect situation to have gap insurance. Gap insurance is an optional insurance that may be added to your auto loan at time of purchase. If your car is deemed a total loss, your gap insurance may pay the difference between the balance left on your loan and what your insurance company pays. For instance, if you owe \$10,000 on a loan for a vehicle, and after settling with the insurance company, your car is only valued at \$8,000, you would still be responsible for the remaining \$2,000 to pay off the loan on the totaled car.

One of the problems with gap insurance is the settlement you will get will only be for the total value of the vehicle at the time of the loss, regardless of whether the accident was your fault. Gap insurance will only cover the cost of your leftover loan, not any costs towards a new vehicle. Another problem with this type of insurance is you may not have financed your vehicle through a dealership. You may have financed it through a credit union or local bank. Most times, this kind of financing doesn't include gap insurance, since it's just a straight loan. In this case, calling your insurance agent and finding out if they can provide coverage for gap insurance is an available option.



Rental Coverage

After the accident, you're left without a car. You need to find out whether you have rental coverage.

If the accident was your fault and you have physical damage coverage and rental reimbursement coverage on your policy, figuring out the limits on the policy is important.



In today's market for rental coverage, rates start at around \$40 a day. Ultimately, your insurance provider will tell you how long they'll approve rental coverage, based on how long it takes to repair your vehicle. Usually, if your vehicle is totaled, time will be given to shop for a new vehicle before provision for a rental car expires.

If the accident wasn't your fault, paying out of pocket for a rental car should be out of the question. After the accident, you need to call the other party's insurance company and make sure they have determined their insured was at fault. Then you need to set up arrangements for them to cover the costs of a rental car of the same quality as your vehicle involved in the accident. At that point, they should set something up through a local rental agency.

If the other party's insurance company won't cover your loss, a notice can be filed to have a third party adjuster review it. That adjuster would then determine whether the insurance company is liable. If you still aren't happy with that settlement, you could take them to court for your out-of-pocket costs.

How DeBoer's Can Help

Our sincere wish is that you are never involved in an automobile accident. But if you do find yourself in this stressful situation, we wrote this guide to shed some light on the process and make sure you are better prepared if and when an accident arises. At DeBoer's Auto, we want to help in any way we can, whether it's storing your vehicle after the accident, estimating the cost of restoration or making the necessary repairs.

With more than 30 years of experience, we offer the highest quality in repair services and are proud of our reputation for outstanding customer service. We have the certified technicians and top of the line equipment needed to get your car repaired and you back on the road.



Meet The Authors



Bill DeBoer has been in the automobile industry for more than 20 years.

He is a Master ASE certified technician with L1, C1 and X1 endorsements, and earned his bachelor's degree in business from Penn State.

As an accredited automotive manager by the ASA and certified master dealer by National Independent Automobiles Association, he knows what he is talking about when it comes to vehicles.

Rich Krasnomowitz has more than 28 years of experience in the insurance property and casualty field. He is the owner and operator of U.S. Insurance Agency in Newton, New Jersey.

He has been a certified insurance counselor with the Society of Certified Insurance Counselors for more than 25 years. He is licensed in the state of New Jersey for property, casualty, life and health insurance.



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