



Federated Insurance's Claim of the Month — Could it happen to you?

An insured auto dealership loaned out a vehicle to a customer while they had their own vehicle in for service. The dealership employee was in a hurry and did not verify that the customer had a valid driver's license and insurance in place. After the customer had left the dealership with the loaner vehicle they were involved in an accident, resulting in damage to the other vehicle and injuring two people, resulting in a loss for the dealership.

CLAIM AMOUNT: \$350,000 in total damages

Risk management advice: Consider the following to help keep your dealership, employees, vehicles, and clients safe:

- Require a copy of the client's valid driver's license and proof of insurance.
- Limit the number of loaner vehicles available.
- Designate a key person to authorize the use of a loaner vehicle.
- Limit loaner vehicles to drivers age 25 and over.
- Review vehicle operating and safety features with clients who will be using them.
- Require every client to sign a loaner agreement with the following requirements:
 - Provision that holds the customer responsible for damage to the vehicle or any accident or injury.
 - Operation of the vehicle is limited to the person who it is loaned to.
 - Establish the radius of operation and duration of the loan.

Keep in mind that the client's insurance coverage should provide both liability and physical damage coverage.

Federated Mutual Insurance Company is recommended by 19 state and national auto dealer associations for customized insurance programs and value-added risk management services, such as mySHIELD®, the Risk Management Resource Center, and the Federated Employment Practices Network®. Visit federatedinsurance.com or [contact your local marketing representative](#) for resources you can use to create or enhance your own risk management program.

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