Duty to report

Sounds like military terminology, doesn’t it?

Actually, many auto insurance policies contain this specific provision in the insurance contract or policy to ensure that any changes made to the policy during the policy period are reported. Although your “duty to report” can extend to a variety of changes, you will most commonly report changes such as: additional drivers; a change in address; or a modification to your vehicle.

Because the perception is that any change will result in a significant increase in premium, some people are hesitant to provide this information to insurers. The changes you actually make to your policy, however, often result in no change or only a minor change to the policy premium. These minor charges pale in comparison to the catastrophic costs of failing to inform your agent or insurer of any changes. Did you know that failure to report changes could allow your insurer to deny certain coverages if you get into an accident?

Some insurers include language in their auto policy permitting the denial of coverage on the physical damage portion of a claim if the policyholder does not inform them of certain changes (usually within 60 days). Imagine a situation in which you have a brand new car and your teenaged child—whom you failed to report as a driver to your agent—gets into an at-fault accident and totals the car. Under this duty-to-report provision, an insurer may be able to deny the collision coverage for the new car. If the car was financed, you would be solely responsible for that financed amount. If it wasn’t totaled, this means that you will have to pay the repair shop out-of-pocket to fix the damaged vehicle.

Our agency can help you determine which insurers have this language in their policies. So if you think that ad on TV sounds appealing and that you could save a lot of money on your insurance, understand that these “savings” could wind up costing you thousands, if not tens of thousands, of dollars.