

August 2008

News you can use...for our Batteries Plus Franchisees

Molyneaux Insurance, Inc.
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Garagekeepers coverage – YES...you do need it.

Here's why...



GARAGEKEEPERS claims make up a significant portion of the claims we see filed by franchise owners. These claims occur when a customer's vehicle is damaged while the battery is being tested or changed. Although these claims are not normally severe in nature, we do see quite a few of them. Here are some common problems and some risk management techniques you can use to prevent them:

- **Reversing the polarity of the terminals and damaging the electrical system** - Make sure your employees are trained to double check that the positive and negative connections are correct.
- **Small fires caused by the temporary battery that is plugged into the cigarette lighter** - Never set the temporary battery inside the car!
- **Electrical arcs that damage other parts of the engine or vehicle including a spark that could put a hole in a brake line** - Be aware of the potential for sparks and take precautions to avoid. If a spark does occur, inspect the engine area thoroughly before the car is turned back over to the customer.
- **Installing the wrong battery** - The common problem is that the hood is closed causing dents through the back of the hood from the battery posts. Train your employees to double and triple check the battery type. Pay attention to how the new battery is fitting into the battery casing.
- **Physically dropping a battery on a customer's car** - We see many of these claims. Train your employees to keep their work area clear and to approach the vehicle with caution.

Remember that even though the policy includes deductibles for Garagekeepers losses, the deductibles only apply to collision, theft or vandalism. It is extremely rare that a deductible would be applied, but not every adjuster understands the coverage as they should. Never hesitate to get us involved if you are unsure about the answers you are getting for any type of claim.

A couple of other things to keep in mind:

- Under NO circumstances should your employees ever drive a customer's vehicle. You have coverage for the vehicle, but you have only the customer's coverage to rely on for any liability to a 3rd party.
- I recommend that you establish a company policy where you self-insure Garagekeepers claims up to a pre-established dollar amount. This could be as low as \$100 and reach up to \$500 depending on your attitude toward risk and the size of your operation. It is financially worthwhile to manage frequency as frequency of claims has a much greater effect on premiums than severity. Please let us know if you need help setting this threshold.

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