

From a true story.

The insured has a brand new Lexus, less than 12 months old. He gets a dent in the hood. It's covered by his auto policy. The body shop has the hood off of the car when ***the staff adjuster*** from the insurance company comes to inspect the damage.

The adjuster tells the body shop that they can "bang out the dent" and repaint the hood. The body shop owner has a different idea. He feels that the dent is big enough that it will not "bang out to a smooth finish." He wants a new hood for the insured. He does not want the insured to think he got a shoddy job.

After much "discussion", the adjuster acquiesces, and to be certain that the hood is not to be reused he proceeds to jump on the hood while it is on the ground. He does this a few times and the hood damages the Mercedes parked next to it. *I guess the adjuster did not want the body shop to re-use the hood.*

The adjuster is forced to call the company's claims manager, who then visits the body shop owner. The claims manager tells the body shop owner to fix the Mercedes and add the labor to the bill for the Lexus. The body shop owner says "no way, that's dishonest." You have to pay for the damage to the Mercedes.

What are the ethical issues involved in this discussion?

Talking points:

1. Was the adjuster right in destroying the hood?
2. What are the pros and cons of the claims manager's decision to add the Mercedes bill to the Lexus?
3. Was the damage a result of the process of adjusting and should this be paid by the claim's loss adjustment expense or by the insurance company's GL policy?
4. How does the doctrine of "*Respondeat superior*" apply (principle responsible for its agents)?
5. If it is found that the additional loss is part of the adjusting process, should the Lexus owner be charged for the damage as additional points of surcharge? Should the agents' loss ratio reflect the additional damage?