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ADVICE

3 Times You Shouldn't File a Car Insurance Claim

It's common wisdom that one of the first steps after an accident is to get a hold of your insurance company. But are there exceptions to that rule?

By [Jaime Netzer](#) | November 13, 2014

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Sometimes, after a car accident, it's obvious that you'll want to get ahold of your insurance company as quickly as possible. Major damage has been done, or someone is hurt. But the truth is, not all of the [10 million](#) car collisions that happen annually are serious—in fact, the vast majority of them are non-fatal. That means that tens of thousands of folks are inconvenienced on a daily basis by a minor accident.

Of the 10 million car accidents that happen annually, most are not fatal.



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Chances are, you've likely had someone offer to pay you out of pocket post-fender bender, or maybe you've even been the person ~~begging~~ proposing to avoid getting insurance involved. [Quoted](#) wanted to know: Is this ever a good idea? Are there some cases in which the possible rate increase might not be worth telling your insurance company about your accident over? As usual, we headed to the experts. Here's what we found about when to file a car insurance claim—and when to keep mum.

FIRST, A FEW POST-ACCIDENT REMINDERS

We have a [longer post](#) on what to do after a car accident that's worth checking out, but for this post, we spoke with [Christin Wiley](#), a personal risk advisor based in Tennessee, about the few things she always reminds her clients are critical *financially* after an accident.

"A couple little tips I tell my clients about filing accidents: First of all, I always suggest attempting to file a police report or an incident report, so that the other party won't be able to come back after the fact and try to twist the truth (I've seen that done all too many times). Second, I tell people to never discuss the details of the accident with anyone but the police and insurance company. It's up to the police and insurance adjusters to determine the fault of the accident, not you. I have heard of too many people saying, "Wow, I'm so sorry, I didn't mean to do X..."

Sound advice: Get the police and your insurance involved, and keep your mouth shut. But, Wiley adds, this isn't *always* necessary, depending on the accident.

...AND ONE GIANT DISCLAIMER

Wiley says she always tells her clients the same thing: Check your insurance policy documents. "**Many insurance policies state that you must notify the insurance company of anything that *might* lead to a potential claim.** Also, there are many different state and insurance company specific time limits to filing a claim; so, always know of any applicable time limits."

And of course, if anyone is even remotely injured, *always* file a claim.

Now that we've got that out of the way, though:

3 TIMES IT MAKES SENSE *NOT* TO INVOLVE YOUR INSURANCE COMPANY



To call your insurer, or not?

- 1.) It was a one-car accident and you're not injured, or if you are, you're able to pay for your medical expenses yourself.
- 2.) You can afford to pay for the costs of damage to your vehicle—or the costs of the repair are close to or not much over the cost of your deductible.

[Joseph Ritter Jr.](#), a Certified Financial Planner based in Florida, once had a

little damage done to his own car that ended up costing him much more than he expected. He explains:

*"About ten years ago, we were visiting relatives out of town when I noticed that someone had pried the emblem off our car and scratched the paint. Although it was vandalism, I didn't know where it occurred. Thinking I was protecting myself, I called our insurer. When we got back home, I went to a local body shop, and they gave me an estimate of less than \$100 to repair the damage. **That little incident stayed with us for 5 years.** Even though the claim had no monetary impact, just the fact that we made a claim affected our insurance rates. Most if not all insurers require prompt reporting of claims. However, for minor incidents not involving injury, property damage or when the vehicle is still safe to drive, my advice is to make a police report and obtain an estimate of the damage before contacting the insurer. Just be sure you do it promptly."*

So let's break down that math:

- The cost if Joseph had simply gotten it repaired: **\$100**
- The cost of 5 years of an additional \$100 tacked onto each six-month policy for the claim: **\$1,000**

Paul Moyer, an independent insurance agent based in Florida, was a bit more bold in his claim: "There are very many times that filing an auto insurance claim is a bad idea," Moyer says. "It really has to do with the math of the policy."

"I just had a client that backed into his own vehicle. He caused \$1,500 maximum of damage and \$1,200 minimum. His deductible was \$1,000 so he had to pay that before the insurance would kick in anything. So his maximum out of pocket would be \$500. If he filed the claim his rates would also go up and he would probably end up paying back that amount over about 12-18 months and then just get penalized from there on out. This happens frequently in small accidents where a driver could do much better by just paying out of pocket."

3.) There's little to no damage to someone else's vehicle or property.

This one is straightforward: If you happened to kiss a giant SUV and not leave any lipstick, so to speak, you might not need to get insurance involved. But serious smooches (aka actual accidents) require trading of personal details.

THE BOTTOM LINE

We think a safe rule of thumb is: When in doubt, involve your insurance company. One claim won't *always* set you back either—some auto insurance companies offer accident forgiveness, where the first time you file for a claim, it has zero effect on your rates. But it's also always good to keep in mind that the whole purpose of car insurance is to protect consumers from potential financial disaster—not a small financial inconvenience.

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Mia Boyd • 16 days ago

Thanks for the information. I had no idea that you probably shouldn't file for a car insurance claim for times like getting into a one-car accident and not getting hurt; do you think my insurance agency would be bugged if I even tried to file a claim for something like that? I recently tried to do that, and now I'm wondering if I made a huge mistake. I'll make sure I contact them and ask them what they think about that.

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