
Timely Communication of Losses to Insurers

Background

A subsidiary of The Brink's Company ("Brink's") incurred a theft loss in 2007 when picking up currency from a customer. Due to the circumstances during the incident, the subsidiary concluded that Brink's was not responsible for this loss. The customer agreed with Brink's and the customer filed a claim with their insurer. The customer's insurer paid the customer for the loss. However, during their investigation, the customer's insurer found evidence that they thought indicated Brink's was at fault for the loss. The customer's insurer subsequently sued the Brink's subsidiary for reimbursement of this loss plus interest in 2008. Court hearings and appeals continued into 2013.

Guidance

Based on the *Security Loss Reporting and Recording* policy, Risk Management and the Brink's insurance company should be informed within 24 hours of a potential loss. The subsidiary initially reported this loss in the PLR system in 2007, but indicated that the subsidiary was not liable for the loss. When the subsidiary became aware of the claim filed by the customer's insurance company in 2008, this was not communicated to Risk Management or their insurer so Brink's interests were not adequately protected during the investigation and litigation process. The subsidiary did not inform Risk Management or the insurer until 2013.

Lesson Learned

Because the subsidiary did not report this loss to BCO Risk Management or their insurer on a timely basis, the insurer was unable to appoint an appraiser to investigate this loss and was not a part of the litigation proceedings. Due to this and the fact that the statute of limitations has passed, the insurer will not provide coverage for this loss. As such, if the Supreme Court upholds the previous rulings and finds Brink's liable for this loss, the subsidiary will have to pay the entire amount to the customer's insurer and will not receive any recovery from their insurer.