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The Loss of Use Damage Crisis in Fleet Subrogation Recovery

WEBINAR

February 2026

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What Are Loss of Use Damages?

LOU if your company's legal right to be compensated your vehicles downtime due to a not-at-fault accident, where the adverse insurance carrier has, admitted liability and paid for the physical damages costs to repair the vehicle. Also, the law states that even if you have a replacement vehicle and didn't lose any revenue or have any service interruption, you are still legally entitled to make a claim for LOU.

Key Characteristics

1. **Vehicle-Specific** – LOU damages relate solely to the type vehicle out of service.

2. **Third-Party Liability Paid** – Typically, these claims involve a third party, such as an at-fault driver or their insurance company – physical damages must have been paid.

3. **Defined Downtime** – Compensation is based on the exact time the vehicle is unavailable, based on the estimate of repairs (4hrs of repair is 1 day of downtime)

4. **Expense Recovery** – LOU claims often covers the cost renting replacement vehicle. The formula usually multiplies the number of downtime days by a daily replacement or rental rate, adjusted for local costs.

WHAT IF

You could “find” $50k-$1M in additional recoverable damages in your not-at-fault accident, annually, would those additional recovered dollars be of value to your company?

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The Challenge for Large Fleets Today – Costs Are Increasing!

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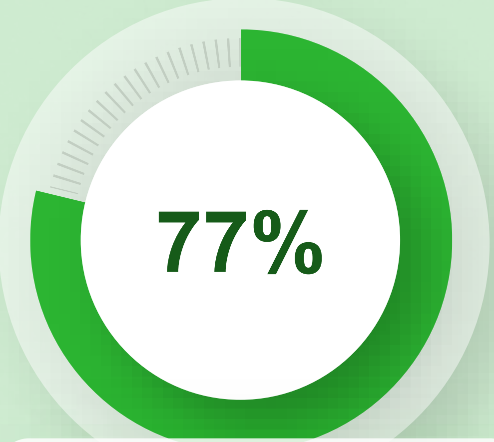
Rising Costs, Shrinking Bandwidth

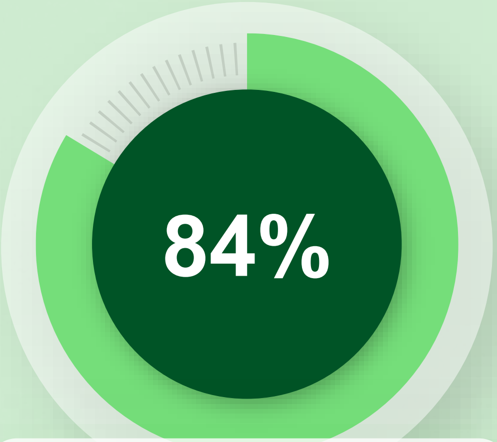
- Parts, labor, insurance, and fuel costs continue to climb.
- Accident frequency and severity have risen across regions.
- Many fleets are "doing more with less."
- Time spent chasing recoveries means time lost keeping vehicles operational.

Did you know?



77% of surveyed fleets named rising costs as their number one challenge

** Verizon Connect, 2025*



For 84% of fleet managers, cost savings is the most critical determinant of success.

** *Itefy*

The True Cost of Every Fleet Accident in 2024-2025

Escalating Costs Across All Categories

Average Collision Repair
$4,700 per incident — commercial vehicles 25-50% higher than passenger

Annual Insurance Premiums
$11K-$17K per truck for owner-operators; $20K+ in high-risk states

Repair Time Increase
+18-40% since 2023 due to complexity and supply chain issues

Average BI Payout Per Person
$29,100 — 36% increase since 2020; far exceeds most state minimums

Umbrella Rate Spike
+18% in 2025 for excess liability coverage across trucking sector

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The Fleet Liability Crisis: 2024-2025 By the Numbers

Nuclear Verdicts and Claim Severity Drive Unprecedented Cost Pressure

Average Truck Accident Settlement

$100K-$150K — 2.75x higher than passenger vehicles ($30K avg)

Bodily Injury Claim Severity

+9.2% year-over-year increase vs. just 1.7% general inflation

Nuclear Verdicts

$44M median jury award in major liability cases (2023)

Industry Loss Ratio

81% — insurers paying more in claims than collecting in premiums

5-Year Claim Payouts

$90.4B paid across 530,000+ liability claims (2021-2025)

What Should Be Your Subrogation Goals

To Maximize Recovery from Not-At-Fault Vehicle Accidents

1. APD & Towing-Storage
2. Loss of Use – NCUP
3. Diminished Value – NCUP
4. Administrative Fees – NCUP

Recover Every Dollar Owed!

But What Happens with Most Fleets Subrogation Process?

The PRIMARY FOCUS is ONLY on APD & Towing-Storage

How Do You Determine if You Can Recovery Non-Policy Covered Damages?

Audit historicall not-at-fault Subrogation results

- Close claims with APD Recovery
    - Collect LOU, DV and ADM
- Close claims with no APD Recovery
    - Collect ADD, LOU, DV and ADM

Implement Changes Changes!!!!

- Where Are the Gaps?
- How Much Money was Uncovered?
- Put process in place to collect these damages going forward

Maximize You Subrogation Recoveries

1 – 3 times!

Proven Results from Past Loss of Use Audits

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Client Name	# of Accounts	Auto Physical Damages Recovered	Cadex LOU and APD Recovery
Multi-National Transport Company	817	$1,919,293	$2,646,805
National Bus Company	478	$305,959	$985,803
National Bus Company	277	$354,137	$1,138,473
National Bus Company	222	$232,943	$303,666
Taxi Company	183	$96,947	$247,331
Taxi Company	148	$142,899	$76,289
National Bus Company	101	$229,895	$325,294
National Bus Company	100	$44,454	$147,187
National Transport Company	89	$451,831	$961,377
Local Taxi Company	83	$119,549	$197,987
Local Bus Company	82	$194,840	$195,373
Local Bus Company	75	$212,536	$434,273
Ambulance Company	75	$254,670	$286,532

How To Find Your Subrogation Gaps and Fill Them

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Have a 3rd Party Perform an Audit – For Missed LOU & APD

Have a specialist meticulously review your historical, closed not at fault accident files (as far back as the statute of limitations allows), and identify LOU and APD damages that were overlooked.

Change Ongoing Subrogation Recovery Process

- **Change Internal Process For APD & LOU Subrogation:** Update your internal process to include LOU and other damages demands – but know you're going to still see an 80% denial rate on LOU

- **Outsource APD & LOU Subrogation:** Submit your claims and have your specialist handle both APD and LOU recovery.

Turning Denials into Recoveries – Why Using a Specialist Matters

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Case 1 — Recalculated & Recovered

Client's original Loss-of-Use demand: **$11,405 (denied)**

Specialists' recalculation and statutory argument: **Recovered $29,875**

Client now refers all future Loss-of-Use claims for recovery support.

Case 2 — Documentation & Legal Support

Client's combined claim (PD, Loss of Use, Diminished Value): **$15,554 (denied)**

Specialist rebuilt demand with full documentation and case law: **Recovered $29,917**

Proved that supporting evidence and legal positioning drive outcome.

Case 3 — Portfolio Audit Impact

Reviewed **10,000 closed claims** → Identified **1,000+ viable Loss-of-Use cases** and **150 APD recoveries**

Over three years, generated $5M in total recoveries for a major school bus fleet.

Audit Results: Finding The Money That Was Left on The Table!

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Client

- Fleet of over 20,000 vehicles – high replacement value
- Utilized a TPA for subrogation, pursing APD and LOU

Challenge – didn't think LOU was getting focused on

- Over 10,000 closed claims needed to be reviewed – 3 years
- Missed opportunities in Loss of Use and additional Auto Physical Damages

Our Findings & Approach

- Found over 1,000 viable LOU and additional 150 APD cases
- TPA's Original APD Recovery: $3M

Cadex Insurance Recovery Results:

- **LOU: $4.5M (150%+ of PD)**
- **Additional APD: $541,612**

$5M

Total Recoveries

Why Subrogation Matters

One of the few sources of revenue to help off-set rising fleet costs

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Direct Financial Impact
Every unrecovered dollar reduces profit margin — insured or self-insured.

Broader Cost Impact
Recovers money paid or owed, helping offset rising fleet costs.

Loss Ratio Impact
Recoveries improve loss ratios, influencing premiums and total claim values.

Under-Recovered Categories
Loss of use, diminished value, and admin fees often exceed repair costs.

Hidden Costs
Claim handling, coordination, and compliance create invisible overhead.

Why Cadex Insurance Recovery?

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Access to EXPERT subrogation professionals who

- PE backed with an average over 20 years of hands-on subrogation experience across fleet and specialty vehicle claims.
- Build persuasive liability arguments and assemble the critical evidence needed to win tough recoveries.
- Overturn denials and accelerate resolutions through proven legal and negotiation strategies.
- Operate as an extension of your team with transparent communication and a no-recovery, no-fee model.
- Uncover overlooked recovery opportunities that others miss — consistently delivering higher-value results.

90% **Recovery on previously closed viable LOU claims.**

After the audit, ongoing services
To handle go-forward accidents and LOU demands

Continency-based services
No collection, no fee

No downside risk, only $ recovered
Offset costs for at-fault accidents
Offset increased insurance premiums

We get difficult DONE.

Read our Latest Whitepaper on our website

ARTICLES AND WHITEPAPERS

TPA Shortfall: Why Third-Party Administrators Miss the Mark on Loss of Use Recovery

Visit our website:

Cadexsolutions.com/knowledge-center