

# What is agreed value and why is it important?

The *agreed value* of your antique or collector car is a value that both you and the insurance company underwriters can agree on.

Using photographs, receipts, repair documents, and other information, both parties come to an agreement that the car is currently worth a certain dollar amount, and should be covered for a maximum of that amount in the event the car is totaled.

The agreed value is different from the actual cash value, which is based on the age, mileage, and overall condition of the vehicle as well as other factors, including depreciation.

The reason agreed value is important for an antique or collector car is that you are the only one who really understands how much you have invested in your vehicle. It takes into consideration the amount of time and money you have spent restoring the car, as well as how much you might charge if you sell it.

Normally, insurance carriers are willing to offer you the amount of coverage you desire; however, the greater the coverage, the more expensive your premium will be.

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## How can I qualify for vintage

# car insurance?

Every auto insurance carrier has its own criteria for defining collector cars. What one carrier considers an antique vehicle may not meet the criteria of another company.

Typically, if a car is at least 20 years old and is in near factory condition, most carriers will consider it antique or classic. Classic cars with considerable customization may be categorized as modified. It all depends on the individual insurance provider.

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## What is antique collector car insurance?

The main difference between traditional cars and collector cars is that collector cars usually don't depreciate. In fact, they often increase in value. Moreover, collectors often add customized parts to the vehicle, not to mention hours of time improving the car.

Thus, collector car insurance must be based on the "agreed value" of the vehicle at the time the policy is issued. The agreed value includes your entire investment in the car.

Moreover, rates for antique collector car insurance are normally cheaper than they are for traditional coverage, since collectors tend to take better care of the vehicle and drive it less than they do a car meant strictly for transportation.

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# What kinds of cars are eligible for collector car insurance?

Several types of cars are eligible for car collector insurance. These typically include vintage and antique cars, classics, "modified cars," and "exotics."

- "Vintage or antique" cars are usually at least 20-25 years old. They must be as close to original condition as possible.
  - "Classic" cars are usually between 15 and 20 years old; like antiques, they must also be in original (or near original) condition to be eligible for collector car insurance.
  - "Modified" vehicles are classic cars that have been altered in some way from their original condition. Most carriers allow up to three significant modifications to the vehicle. Any more than that disqualifies the car from vintage car insurance coverage.
  - "Exotic" vehicles are typically less than 15 years old, but nevertheless are already beginning to appreciate in value.
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# What does business umbrella insurance cover?

A business umbrella policy will provide additional liability insurance above and beyond your underlying liability insurance policies. Coverage will start once your underlying coverage limits have been met.

For example: If your company has delivery trucks, then you will have a commercial auto policy that most likely has a limit of a million dollars. Your umbrella policy would provide an additional million dollars above your auto policy that would start once the auto policy limits have been exhausted.

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# Is business umbrella insurance necessary?

For some companies, business umbrella insurance is mandatory. For example, the federal government requires businesses such as oil companies to have umbrella policies. For the general business owner, business umbrella insurance may not be required unless a contract, client or landlord requests it.

However, even if business umbrella insurance is not mandatory, it is a necessary coverage to obtain for your operation. Without coverage it's likely your business would suffer extreme financial loss.

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# How is business umbrella different than regular business insurance?

Your business should have a general liability or business owner's policy in place to start with. If you have company vehicles titled in the business name then you should also have a business auto policy. Those are the basic policies that a business umbrella policy would go over.

Business umbrella insurance provides additional coverage to all the underlying policies that you hold for extra protection. The excess insurance can be anywhere from one million to several million dollars.

When your benefits get exhausted by a large claim on your underlying policies, then business umbrella coverage will start. Some business umbrella policies have a deductible that would need to be met prior to coverage starting.

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# What is business umbrella insurance?

Business umbrella insurance is an extension of your general liability or business owners insurance policy. Providing your

business with additional liability coverage above and beyond your underlying liability policy in the event, your limits get exhausted.

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## Examples of umbrella liability claims

Umbrella liability claims are no different than regular liability claims, other than the underlying policy doesn't have high enough limits so the umbrella kicks in. The most common types of claims that need to dip into an umbrella include:

- **Serious car accidents:** Thousands of people die in car accidents each year, with thousands more having serious hospitalizations. The bill for these types of accidents can easily exceed \$500,000, which you would be on the hook for unless you have an umbrella policy.
- **Dog bites:** Most dog bite claims are adequately covered by homeowners liability limits, but if there's a tragic death involved, you could be sued for more than that.
- **Trampoline accidents:** Similar to dog bites, if there was a tragic accident that resulted in a death, you could be sued for more than what your homeowners insurance liability covers.
- **Swimming pool accidents:** Serious injuries, paralysis, or death could result in you being sued in the hundreds of thousands of dollars or more, meaning you'd need an umbrella policy to cover those costs.

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# What does umbrella insurance cover?

Umbrella insurance covers lawsuits, settlements, and legal defense costs that you're involved in, as long as the reason for the lawsuit is covered in the policy. The lawsuit must be a civil lawsuit, known as a tort, and not a criminal one.

Simply put, if you're involved in a lawsuit that one of your primary insurance policies is paying for, such as an at-fault auto insurance claim, then your umbrella policy would act as an extra source of liability money.

For example, many people buy a \$1 million umbrella policy. Let's say your underlying auto insurance limits are \$100,000 per person and \$300,000 per accident. If you're involved in an accident with four people and all four of them have serious injuries totaling \$250,000 for each person, then you'd owe a total of \$1 million in injury claims.

Your auto policy would pay out \$100,000 to three people for a total of \$300,000 paid from your auto policy. But it won't pay more than that, since your limit is \$300,000 per accident.

Without an umbrella, you would be on the hook for the other \$700,000. But since you have a \$1 million umbrella policy, then it will pay for the remaining \$700,000 from your accident.

**Note:** It's possible that your umbrella policy would pay for a claim that your homeowners or auto insurance doesn't, though these type of umbrella policies aren't as common today.