

# 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 are liability auto insurance limits? Plus: An example

Your auto liability insurance coverage will typically have three limits: bodily injury for each person, bodily injury for all persons involved, and property damage. Your insurance company will pay up to that established limit. If costs exceed your limit, you will have to pay out of pocket.

If you have a 30/60/15 policy, this means your insurance company will pay up to \$30,000 for one person's bodily injury costs, up to \$60,000 for all bodily injuries in the accident, and up to \$15,000 for property damage.

Note that some insurance companies issue "single limit" liability policies, instead of split limit policies. A single limit policy would cover the costs of injuries and property damage together, up to the total limit.

For example, a 300 policy would cover \$300,000 of bodily injury and property damage liability *combined* after an accident.

If you cause a crash in which people are injured and the other vehicle is damaged or totaled, here is how your insurance will pay the costs if you have a 30/60/15 split limit policy:

- Your liability insurance will pay up to \$30,000 for any one injured person, including hospitalization, treatment and lost wages.
- It will pay up to \$60,000 for all injury costs if multiple people are injured.
- It will pay up to \$15,000 for all property damage you

cause.

If the total costs of the accident amount to \$100,000 for all injuries and lost wages, and \$20,000 in property damage, the out-of-pocket costs you will be responsible to pay are:

- \$40,000 in bodily injury costs
- \$5,000 in property damage costs
- Totaling \$45,000 out of pocket

***Based on your policy, you would have to pay \$45,000 in out-of-pocket costs to cover your legal responsibility.***

Unfortunately, many people purchase only the minimum liability coverage required by their state, leaving them exposed to enormous expenses if they cause an accident. Be sure to talk with your agent about the appropriate amount of liability coverage for your financial protection.

You may also want to consider an “umbrella policy,” which can provide excess liability coverage that can protect you if your legal responsibility in an accident far exceeds your auto liability coverage limits.

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## **What does liability insurance cover?**

If you cause an accident or cause injury to another person or their property with your vehicle, your liability insurance will help to cover your legal obligation, up to the limits of your policy.

There are two types of legal obligation:

**Bodily injury liability:** If you cause an accident that harms another person, your liability coverage will pay for “pain and suffering” claims, medical expenses including hospitalization and surgery, and even lost wages for the injured parties, up to your policy limits. Bodily injury liability typically has two limits: one for each person injured, and one for the total injury costs of the accident.

**Property damage liability:** If you cause an accident that damages or destroys another person’s car or truck, your liability insurance will pay for the repairs to the other driver’s vehicle, up to your property damage limit. Likewise, if you run into a building or drive into a hedge, your property damage liability coverage will cover the costs of replacing or repairing the damaged items.

Liability insurance also helps to cover the costs of lawsuits arising from an accident. If an injured driver or passenger files a lawsuit against you, your liability insurance will help to pay for your legal defense. Note that you will probably need legal defense in court, whether or not you are found at fault for the damage.

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## What is liability insurance?

Liability is defined simply as legal responsibility for one’s acts or omissions. Liability insurance can cover people for things they neglect to do in addition to mistakes they make.

With regard to car insurance, liability is nearly always associated with a driver's actions. If you cause an accident, whether by driving aggressively, running a red light or not paying attention, you are responsible – or liable – for that accident.

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## **How does my deductible affect my insurance premium?**

If you select a higher deductible, you will be responsible for paying more out of pocket. However, you'll typically pay a lower policy premium. The opposite is true if you select a lower deductible option: because the insurer will pay a larger portion of any loss, you'll typically pay a higher policy premium.

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## **What is a deductible?**

A deductible is the amount you're responsible for in the event of a covered loss. In most covered loss cases, you are responsible for any amounts up to your deductible level and your insurance would cover anything beyond that up to your coverage limit. For example, if you select a \$1,000 deductible and have a \$4,200 covered loss, you would receive a claim payment of \$3,200 after deducting the \$1,000.

A deductible applies to each claim. If you have more than one

claim in a policy period, you will be responsible for the deductible amount for each individual claim regardless of the number of claims you have during that policy period.

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## **What is the difference between collision physical damage coverage and comprehensive physical damage coverage?**

Collision is defined as losses you incur when your automobile collides with another car or object. For example, if you hit a car in a parking lot, the damages to your car will be paid under your collision coverage.

Comprehensive provides coverage for most other direct physical damage losses you could incur, including theft. For example, damage to your car from a hailstorm will be covered under your comprehensive coverage.