



The Dangers of **Not** Having Agreed Value Coverage

It's a bright, sunny, and moderately warm Saturday morning – and the season is in full swing. You're looking forward to picking up a hot cup of coffee and cruising to the car show in your 1931 Ford, '47 Merc pickup, '72 Cuda, or whatever happens to rev your engine. You hop in your "baby" and off you go, barreling down the highway, nothing but you, your wheels, and the road. Suddenly, another motorist in the adjacent lane (who is probably sending a text message) drifts out of his line of traffic and into your car, instantly putting you both into the guard rail. When the smoke clears, everyone is okay but the same cannot be said about your mean machine - it's totalled. The only good thing about this situation is that you had the vehicle appraised and insured for a fair market valueright? Well, it might not be that simple.

It never ceases to amaze us at how many people insure their vintage vehicle under a standard automobile insurance policy. It can easily happen though, as many consumers are led to believe that the Stated Value Endorsement (OPCF 19), which can be added to a standard automobile policy, guarantees that they will receive the value stated on their appraisal. This is most definitely NOT the case.

At VINTAGE Auto Insurance, EVERY policy we provide includes Agreed Value coverage (OPCF 19A) – and it's important to understand why.

Generally, the best coverage you can secure through a standard automobile policy is the Stated Value endorsement (OPCF 19). If you haven't heard of it before, this endorsement benefits the Insurer more than it does you. It leaves room for the insurance company to consider other factors that can affect the value of your automobile, therefore allowing the Insurer to pay the lesser of the two;

1. Actual Cash Value of the vehicle (replacement cost of the vehicle, less depreciation.)
2. The appraisal amount.

To provide an example, let's say you purchased a 1955 Chevy 2 door post. You have had the car appraised at a fair market value of \$35,000. You then add the car to your existing automobile insurance policy, providing a Stated Value Endorsement for the appraised amount. Three years pass and you find yourself in the unenviable position of being involved in a collision. Both vehicles are beyond repair, and you report the claim to the insurance company. You would

expect that because the insurance company accepted the appraisal, you will soon be receiving a cheque in the amount of \$35,000.....but maybe not.

The issue with an OPCF 19 is that it essentially means the fair market value, even as short as a year after the time of valuation, can be subject to variables such as:

1. Additional mileage on the vehicle
2. Other forms of wear & tear.
3. Market down-turns in the desirability of that model. If the vehicle is now fetching \$25,000 on a good day at the auction block, your pocket could end up feeling \$10,000 lighter at claim time.

The simple way to prevent any of this from happening is to insist on Agreed Value Coverage (OPCF 19A). This is easy to remember because the "A" stands for "Agreed". This endorsement represents a guarantee by the Insurer that the valuation of fair market value is what will be paid in the event of a total loss, without the threat of any depreciation.

At Vintage Auto Insurance, we believe that your classic is an R.S.P. – a "Rolling Savings Plan". It is just as much an investment as it is a passion – and just like any other investment you would make, you need to be educated about your options. I hope that learning about the Agreed Value Coverage (OPCF 19A) can assist you in securing the right coverage for your vehicle and help you take steps toward better protecting your investment.

Drive safe out there and enjoy your ride!

Jason M. Wilson, RIBO

VINTAGE Auto Insurance



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