



MORRIS & REYNOLDS INSURANCE PRESENTS

**PERSONAL**

EDITION ONE : 2010

# INSURANCE PROTECTION COLLECTOR CAR INSURANCE



### UNIQUE COVERAGE FOR CLASSICS

Properly insuring an antique, exotic or collectible car takes special knowledge, a policy tailor made to the car of your dreams and an insurer that understands the unique nature of vintage vehicles.

Morris & Reynolds Insurance has offered broad, low cost, coverage for vintage, classic and exotic cars from quality insurers such as Chubb, Essentia and others since 1950.

We would be happy to help you with your own protection and are pleased to offer an overview on classic car coverage as well as tips on how to arrange your own coverage in this issue of PERSONAL INSURANCE PROTECTION.

### TYPES OF AUTO INSURANCE

There are two primary types of auto insurance; a traditional auto policy, designed for modern, daily use cars and a policy designed for trucks and collector car insurance.

Many insurers that offer the former pass it off as the latter. Don't be fooled. In order to have the correct coverage, and lowest cost, the owner of a collector car needs collector car insurance.

### AGREED VERSUS DEPRECIATED?

Suppose the unthinkable happens; your pride and joy is stolen, burned to a crisp, or totaled in a crash, and it's time to make a claim. Do you know what your insurance policy will pay you? You should. That's because a properly written collector car policy must have "agreed value" coverage. If you added your collector car to your standard, everyday, auto policy, along with your daily drivers, then you will be very disappointed when the insurer calculates and adjusts your loss.

In a standard policy, like you have for the rest of your modern cars, insurers settle physical damage claims for losses such as comprehensive (fire, theft, wind) and collision (an accident) by offering *actual cash value* (depreciated) payment. With *agreed value* coverage, you have set, "agreed", value at the onset of the policy, and if the insurer agrees with your valuation, that's the value assigned to the car. *Period.*

### REVIEW YOUR VALUES ANNUALLY

For more expensive cars, all collector car specialist insurers may seek a recent appraisals and photo documentation to substantiate the agreed value you request. Establishing pre-loss condition of your car is critical if you want to set the appropriate amount of agreed value.

This means that if you improve your car, you should adjust your agreed value appropriately. Unfortunately, once the car is wrecked, it is too late to make any adjustment to reflect improvements or an appreciating market for your car.

### MILEAGE AND USAGE

Most (but not all) collector's policies impose restrictions so you can't use the car as a daily transportation vehicle. Some insurers, however, do not restrict mileage (Chubb being the most prominent).

Because insurers that specialize in collector policies don't want the risk associated with a daily transportation type vehicle, collectors typically enjoy sizable savings by using a collectible car policy.



### REDUCING YOUR PREMIUMS

Collector car policies offer broad, tailored coverage at low rates. The combination of agreed *value* settlement and a quality insurer ensures you have the right coverage and a low cost. In fact, the savings can be hundreds (even thousands) of dollars per car, each year.

According to Chubb, a specialist in collector insurance, **prices for a collector car are about 65% less than insuring the same car on a standard policy.** The reason the savings are so large is that insurers know their risk is minimal. They know we keep these cars garaged, we seldom drive them and that we don't let them out of our sight when we do drive them.



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# INSURANCE PROTECTION

## COLLECTOR CAR INSURANCE

### COMMON POLICY RESTRICTIONS

Every collector car policy has, of course, some restrictions in exchange for the lower rates. For example, most collector car policies have traditionally restricted **mileage** to about 2,500 per year, which is an adequate allowance for most owners.

Other insurers, have no specific mileage limit, and simply require that a car be given only "limited use" during the year-meaning it can't be your daily transportation vehicle. Such policies are better, broader, in our view and suggested whenever possible over those with specific mileage limitations.



Common exclusions also include damage caused by **youthful drivers** under 25 years old. Kids and collector cars are like oil and water, they just don't mix.

If these restrictions and exclusions are too onerous, some companies offer agreed value coverage as an option on standard private passenger cars. In this case, customers always have the option of putting their collector car on a standard auto policy at a higher premium for the increased risk.



### (5) FIVE KEY QUESTIONS TO ASK

To be sure you have a real "collector car" policy, and not just an imitation, we suggest you review these five items:

1. **Settlement Basis.** Check your policy and confirm that it provides agreed *value*. If it doesn't, then you don't have the correct policy insuring your vehicle. If it is, make sure the value reflects current value. Finally, don't be fooled by a "stated value" policy-it is not the same as *agreed value*.

2. **Body Shop Choice.** Do you get to choose where your car will be repaired after a loss? Ask. It should be your choice to use your restorer, the one who understands your car and will take painstaking care to fix it to your specifications. Not the shop the insurer suggests. If the answer is 'no' then you don't have the correct collector car policy.

3. **Mileage Restrictions.** The pricing of a collector policy assumes the car has limited usage and is not your daily transportation vehicle. That said, a good collector policy shouldn't have draconian mileage or activity restrictions. You should be able to use your car in collector activities, exhibits, tours, vintage rallies, and parades.

4. **Newly Acquired Cars.** You just won the bidding for your new four-wheeled fantasy. Are you insured? Specialist collector policies automatically bind coverage for up to 30 days after the hammer falls.

5. **Off-Premises Coverage.** Is your car covered for fire, theft and other perils while in the repair shop? Your insurance policy should extend coverage to such places where your have your car serviced, repaired or restored.

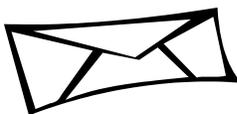
MORRIS & REYNOLDS INSURANCE



The Reynolds family has been in the insurance profession since 1910 and has operated its Independent Agency, Morris & Reynolds Insurance, since 1950.

Now in its third generation of family ownership, Morris & Reynolds offers trusted choices from over 100 of the world's leading insurers for all forms of coverage, as well as innovative care and service from a passionate, award-winning TEAM of professional people, the finest people in insurance.

Whether you need Personal Protection, Commercial Coverage or Employee Benefits, we are happy to help. Please contact us, today, at **305.238.1000**.



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