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Fact vs Fiction - Collector Car Insurance Myths Debunked

American Collectors Insurance Debunks Common Collector Vehicle Insurance Myths To Help Consumers Make Informed Decisions on Protecting Their Collections

Cherry Hill, NJ (PRWEB) March 6, 2005 -- Thinking about insuring that new collector vehicle, but donÂ□t know the best way to protect your investment? Is your collector vehicleÂ□s insurance up for renewal? Have you read and researched information on the best way to insure your precious collection, but wonder what is fact and what is fiction? Well, American Collectors Insurance, an industry leader and innovator since 1976, is here to set a few of the very common myths straight.

Myth 1: ItÂ□s fine to insure a collector vehicle using a standard auto insurance policy.
Fact: This myth is only true if you are unconcerned about vehicle value. Standard auto insurance typically pays for a total loss based on Â□actual cash value,Â□ or replacement cost minus depreciation. Collector vehicle policies, on the other hand, typically pay an Â□agreed amountÂ□ for a total loss, or the full insured value of the vehicle, minus any applicable deductible (which is often zero).

In addition to providing broader coverage, collector vehicle policies are typically far less costly than standard auto insurance. In most cases, Â□unbundlingÂ□ classic-car coverage from passenger-car coverage is more economical.

Myth 2: Since collector car policies are so affordable, they must be inferior to a standard auto policy.
Fiction: Collector vehicle insurance costs less because collector vehicles pose a smaller risk of loss than cars that are used everyday. Not only do they tend to be the ownerÂ□s prized possession, but they are also driven on a limited, pleasure-only basis, so the chances of a claim are lower. Additionally, collector-car insurance providers have tailored their policy features to what collectors need and want, whereas standard carriers have naturally tailored their policies to the general passenger-car customer.

Today, there are some 14 million pre-1976 collector cars in the U.S., about half of which can be considered collectible. Of those, itÂ□s estimated that more than 50% are insured by standard auto policies. Unfortunately, collector cars are insured that way because of a lack of awareness among the insurance-buying public Â□ and, frankly, among insurance agents and brokers as well.

Myth 3: If a loss occurs to a collector vehicle while the owner is not Â□in attendance,Â□ the claim will not get paid.
Fiction: A much noticed but misleading advertisement from an insurance agency once alleged that a stop at a burger joint resulted in a Â□$23,000 tuna meltÂ□ sandwich for the collector car owner, because a loss occurred while he was inside eating lunch. However, no insurance department would allow a carrier to put such restrictive language in an auto insurance policy. A carrier that tried to deny such claims would certainly be in competitive jeopardy. The truth is that collector-car insurance providers do not want cars that they insure to be put at risk of the same perils as a personal auto that is used for everyday driving. So, they typically require at least one passenger car for every licensed driver in the household, and limit usage to hobby activities and pleasure drives. Other underwriting requirements typically include: 10 years of driving experience; a good driving record and storage of the car in a garage.

Myth 4: Only Â□antiqueÂ□ cars can be insured on a collector-car policy.

Fact: This myth is partly true. Most insurers will not apply collector rates to cars that are younger than the technical Â□antiqueÂ□ definition of 25 years old (i.e., model year 1980 or older). However, American Collectors Insurance has a market for collector vehicles as Â□newÂ□ as 15 years old (except in Massachusetts, where vehicles must be at least 25 years old). The list of acceptable vehicles includes classic cars and motorcycles, muscle cars, street rods & customs, antique fire trucks, antique farm tractors, collector vehicles from the 80Â□s and even amphicars!

Myth 5: Getting collector vehicle insurance through a specialty agency requires the owner to jump through hoops.
Fiction: Because collector vehicle insurance providers are so familiar with collector vehicles and their values, there are usually no Â□hoopsÂ□ to jump through for coverage. Generally, the owner needs to simply confirm that the vehicle is garage-kept and driven on a limited, pleasure-only basis. The actual application process usually consists of submitting a policy application, some recent vehicle photos and premium payment. While specialty providers reserve the right to request a vehicle appraisal, they are typically not required unless the vehicle is radically modified, of extreme high value and/or very rare.

Â□The collector-car business has blossomed into a $3.5-billion industry growing at a 10% annual clip,Â□ says Jill Bookman, CEO of American Collectors Insurance, Inc. Â□As it continues to grow, we at American Collectors feel it is important to debunk the commonly held myths that clutter the market for collector-car insurance. This way, in our eyes, consumers will be much better off and can make more informed decisions about what is best for them and their collection.Â□

About American Collectors Insurance
American Collectors Insurance, an industry leader and innovator since 1976, specializes in insurance for collector vehicles and collectibles. Based in Cherry Hill, NJ and licensed in 48 states, American Collectors offers products directly to consumers, as well as through independent insurance agents and brokers. For more information, visit www.AmericanCollectors.com or call 800-620-9223.

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