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Auto insurance for collectible cars

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Many drivers are saving money on car insurance by reclassifying their cars as a "collectible." Not every car -- or household -- will qualify for this cost-saving designation, but insurance agents say it's worth looking into to see if your circumstances might meet the collectible criteria.

For example, many insurers will not sell you a collector's policy unless you have more than one vehicle in your household. They might also limit the amount of miles you can drive annually in your collector car.

Here's what else you need to know to cash in on collectors' insurance savings.

What's the auto insurance difference?

A collectible auto insurance policy offers drivers the same coverage as a standard policy. "The same type of liability and comprehensive and collision coverage is available," says Mark Carrasquillo, an account executive with E.G. Bowman Co., an insurance broker in Manhattan.

"One of the biggest differences between a collectible car insurance policy and a traditional personal one is the way the policy is paid should there be the need to file a claim," says Spencer M. Houldin, president of Ericson Insurance Services LLC in Washington Depot, CT.

Collector-car insurance policies are written with agreed values. That means that the value of your car is predetermined and does not decrease during the term of your policy. Therefore, you won't be surprised at the amount of your insurance pay-off if your car is totaled. "If you have market value coverage, or "cash value," which is standard on traditional auto insurance policies, you are leaving the value determination up to the insurance company," says Houldin. When you do that, the car insurance company will determine the settlement amount using a combination of market value, replacement cost and depreciation.

"Depreciation of old cars can obviously take a lot off the settlement if applied aggressively, while agreed value removes any of those concerns someone might have about how much the insurance company will pay them," says Houldin.

Who agrees on the value?

Typically the insurance agent works with the car owner to determine the agreed value. So if you insure a car today for \$25,000 and it's totaled six years from now, Houldin says you'll still receive the full agreed upon value of \$25,000, "no questions asked."

A few other differences include:

- Most collector car policies provide coverage for a vehicle while it is being repaired or modified by an auto body shop. Standard auto insurance policies do not cover damage caused by the auto body shop or restorer.
- Most collector car policies include rental reimbursement for a rental car if needed while being repaired standard auto policy must have this added for an additional fee.

Standard auto insurance policies charge based on the number of miles driven annually. Some collector car
insurance policies allow unlimited miles throughout the year while others limit miles based on preset
number. You might be charge an extra premium if you exceed that limit.

Affordable auto insurance for collector cars

A collectible car insurance policy could help you save an average 60 to 80 percent a year on premiums depending on the state you live in and your driving record. "A vehicle worth \$25,000 can be insured for as little as \$214 a year," says Carrasquillo.

And since Houldin says there's typically no deductible on a classic car policy, you will also save money in the event of an accident or damage. "Although some carriers allow you to negotiate [a deductible] to lower the premiums even more," he adds.

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Defining a collector car

Carrasquillo says any vehicle can be considered a collectible if a few requirements are met. "Various factors such as a car's age, value, make and model are weighed, but the most important qualifier is how the owner of the vehicle intends to use it," he says.

If a car is driven for hobby use versus everyday commutes to school or work, or even to go to the grocery store or mall a few times a week, then it may qualify. "Usage is the most important factor used to determine if a car qualifies for a collector auto insurance policy," says Carrasquillo. If you can prove that a vehicle is driven sparingly, it may meet the test for a collectible policy.

"The collectible cannot be the only car you own," Carrasquillo adds. In order to purchase a collectible policy, you may have to assign a vehicle to each member of your household. For example, if you have three drivers, you may have to have three vehicles.

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