

“How much is that car in the window?”

By Tiffany Woods

In recent years, the cost of purchasing both used and new vehicles has increased greatly. This is impactful on the membership when obtaining fleet vehicles and for WCIA when members have a loss for a scheduled vehicle. Vehicles, like properties, must be scheduled with WCIA for coverage and these schedules need to be updated on an annual basis to reflect both inventory and valuation changes that occur with these assets.

WCIA offers members two options for insuring vehicles for physical damage. Members can choose either Replacement Cost, if it qualifies (see below), or Actual Cash Value (ACV) coverage. Replacement Cost coverage is if the vehicle is damaged beyond repair and considered a total loss by the WCIA adjuster, the member could receive the value of a new replacement vehicle and its equipment. Actual Cash Value coverage provides the member either the cost to repair/replace the vehicle with like kind and quality, or the actual cash value for the vehicle as determined by the claim adjuster assigned to the loss. Keep in mind the cost for repairs and the price for used vehicles have risen significantly and vehicles are depreciating less than they used to.

Criteria for Replacement Cost coverage:

1. The vehicle and equipment values (combined) need to meet a minimum threshold of at least \$50,000; and,
2. The vehicle/equipment values need to reflect the value of what it cost the member to replace the vehicle with a new vehicle and equipment using current market conditions.

If the make/model of vehicle is no longer being made but is listed for Replacement Cost, you must use the value of what you would use to replace the vehicle with by reviewing comparable vehicles to come up with the new value.

How often should you update your vehicle schedule?

Member vehicle schedules should be reviewed and updated at least annually and/or whenever the member makes changes to their vehicle inventory. The annual changes should include reviewing all vehicles listed at Replacement Cost and updated to reflect the increased value to purchase the vehicle/equipment new. Likewise, vehicles listed for Actual Cash Value (ACV) need to reflect the cash value for the vehicle if it were to be sold that year taking into account the vehicle's condition, mileage, and depreciated value. In recent years WCIA is seeing used vehicles depreciating less than in the past, you'll want to keep this in mind when reviewing the ACV values.

All vehicles must be listed on your WCIA Auto Schedule for coverage. When members acquire new vehicles WCIA has a thirty-day grace period to include the vehicle on the member's schedule. Members will not be billed separately for adding new vehicles throughout the policy period and similarly members will not receive a refund for deleting vehicles mid-year. Members are only billed once per year based on the Auto Schedule and chosen deductible at the end of the policy year (early December). If a member is renting a vehicle, please add the vehicle to the schedule within ten days of taking possession of the rental and delete the vehicle from the schedule when returned.

How can I see who in our agency is updating the vehicle schedule and the frequency?

In Origami, if you have access to the vehicle/property schedules, then you will be able to see all changes submitted since WCIA started using Origami in 2018. To see changes, log into Origami and hover over Policies/Proposals and click on Policy Changes. Here you will see all changes submitted. The "Changed By" column will let you know the Origami users name and the "Entry Date" will let you know the date the update was submitted in Origami.

Why do we need to keep the vehicle values updated?

WCIA does not use a "Stated Values Policy" for the property and vehicle schedules and must rely on our members to adequately reflect the appropriate valuations. In the event of a loss the "stated value" on the schedule is not the claim payment the member receives as the loss will be adjusted by WCIA's claim staff and the actual payment will be calculated using the member's choice of coverage (ACV or Replacement Cost). Some may wonder, since it isn't a Stated Values Policy why does it matter what value we use on the schedule? Even though WCIA does not have a Stated Values Policy for the schedules it is still important to list everything appropriately using the correct values so that WCIA can collect the appropriate amount of assessment to pay for the claims incurred during the policy year. If there are too many undervalued losses (something is a total loss, and it is listed on the schedule for less than what it ends up costing to replace it) then WCIA's vehicle/property insurers start to question the program jeopardizing WCIA's ability to purchase insurance above the WCIA self-insured retention limit.

Does listing a vehicle for replacement cost coverage cost us more?

The vehicle's assessment is based on the vehicle's value times the rate of the member's chosen deductible. Each deductible option has a different rate based on the option chosen. All members pay the same rate for the same deductible regardless of the vehicle's coverage option, both Replacement Cost and Actual Cash Value (ACV) coverages have the same rate. The assessment (premium) is calculated by the rate per \$100 of the total value. Usually, a vehicle listed for replacement is valued higher than one listed at ACV therefore vehicles listed for replacement may cost more to insure as their replacement (new) value is part of the calculation.

What happens when there is a total vehicle loss?

In the event of a loss, WCIA follows the [2023 Self-Insured Coverage Document Auto Physical Damage](#) document. Excerpt:

C. LIMIT OF COVERAGE

1. The most we will pay for “loss” in any one “accident” is the lesser of:
 - a. The actual cash value of the damaged or stolen property as of the time of the “loss”;
or
 - b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.
2. With respect to autos valued \$50,000 or greater and if the Member’s Schedule of Values on file with WCIA specifies replacement cost coverage, we will, at our option:
 - a. Pay for the cost of repairing the damaged or stolen property with a part or parts of like kind and quality, without deduction for depreciation; or
 - b. Reimburse the member for their cost to replace the entire covered auto and its permanently attached equipment with a new comparable auto and new comparable attached equipment. The member shall have twelve (12) months from the date of loss to replace the damaged vehicle and equipment.

Should we list vehicles on the schedule that are below our deductible?

Whether to list an individual vehicle on the schedule so it is covered for a physical loss when the vehicle value is below the deductible is up to each member. For most situations, the vehicle deductible is per vehicle. However, if a single covered loss (i.e. fire, wind, hail) happens to where the total loss is above \$250,000 then the deductible is per *occurrence* instead of per individual vehicle.

See also the [2023 Auto Physical Damage Joint Protection Program](#) document. Excerpt:

A. COVERAGE LAYERS

There are three layers in the Auto Physical Damage Program:

1. The first layer is an *Individual Member Deductible* where each member has a choice of individual deductible layers for each program.
2. The second layer is the *WCIA Self-Insured Auto Physical Damage Retention Layer*, which attaches from the individual deductible.
3. The third layer is the *Insured layer*, which provides \$100,000,000 per occurrence limits which attaches at \$250,000 per occurrence above the *Self-Insured Auto Physical Damage Retention Layer*.

Also, vehicles listed on the schedule have the deductible waived for glass repair and damage caused by fire or lightning.

Thank you to everyone for keeping their vehicle schedules updated. Please reach out to Tiffany Woods, tiffanyw@wciapool.org, (206) 687-7905 or your assigned WCIA Risk Management Representative with any questions.