

Choosing between actual cash value and replacement cost coverage

By Tiffany Woods

The WCIA Auto Physical Damage Program is an optional coverage choice for members that own, lease, or rent automobiles and want to insure the automobiles from any type of direct accidental loss or damage. The program allows for two coverage options, Actual Cash Value (ACV) or Replacement Cost coverage. All vehicles are eligible to be insured for ACV coverage, but Replacement Cost coverage has restrictions and limitations the membership should be aware of before choosing this option.

Actual Cash Value

ACV coverage provides the member the actual cash value of the damaged or stolen property as of the time of the “loss” or the cost of repairing or replacing the damaged or stolen property with like kind and quality.

Replacement Cost

Replacement Cost coverage is an available option for member owned vehicles ten years old or newer (for 2025 they must have a model year of 2015 or newer) **and** valued at \$50,000 or more. The \$50,000 threshold can be reached by including optional equipment added to the vehicle aftermarket, such as equipping a police cruiser with light bars, radio, and sirens, as long as the vehicle’s total value exceeds \$50,000.

Replacement Cost coverage means that WCIA will either 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 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 has up to twelve months from the date of loss to replace the damaged vehicle and its attached equipment.

Members get to choose and decide which vehicles they want listed for either ACV or Replacement Cost coverage. If the vehicle is eligible and the member chooses Replacement Cost coverage, the vehicle’s value on the member Auto Physical Damage Vehicle Schedule should reflect the cost to replace the vehicle fully equipped with the same equipment as if it were purchased new using current market pricing to the best of the member’s ability. See the [2025 Auto Physical Damage Coverage Document \(PDF\)](#) and the [2025 Auto Physical Damage Joint Protection Program \(PDF\)](#).

Vehicle Assessment

ACV and Replacement Cost coverage have the same rate. Selecting Replacement Cost coverage will usually cost the member more because the vehicle's value is part of the assessment calculation and vehicles listed for replacement use the current pricing for a brand-new vehicle rather than the value for the vehicle when it was added to the schedule.

Leased or Rented Vehicles

Leased or rented vehicles do not qualify for Replacement Cost coverage as this option is only available for "member owned" vehicles so members should review the contract language under the terms and conditions of the lease or rental agreement to know what they are responsible for if a loss were to occur.

If a leased/rented vehicle is scheduled and involved in a total loss, the member will receive the ACV minus their auto physical damage deductible from WCIA.

What happens if the amount left owed on the lease is more than the ACV amount? The member may have to pay the remaining amount owed on the lease to the finance company depending on the terms and conditions of the agreement.

Some past WCIA newsletter articles on this topic are: ["Totaled vehicles - should I lease a new one?" May 2024](#), ["Do you suspect one of your vehicles is a total loss?" August 2023](#), and ["How much is that car in the window?" July 2023](#).

WCIA staff are here to assist members if you have questions before purchasing a vehicle and weighing the Auto Physical Damage coverage options as well as to assist you after a loss occurs. Feel free to reach out to your WCIA Risk Management Representative, WCIA Claims Adjuster, or Tiffany Woods, tiffanyw@wciapool.org.