

Shopping For Your RV Insurance--Where to Start

If you think insurance documents are difficult to read and shopping for insurance can be frustrating, you are not alone! Insurance policies are chock-full of technical jargon and legal language, and seem to be written in the smallest possible print.

However, it's crucial to set aside some time at least once a year, typically at your renewal date to read through your RV policy. By doing so, you'll understand your policy better, be familiar with your rights and responsibilities under the contract, and eliminate surprises come claim time. Here are the basics you need to know to ensure you're properly protected.

Reviewing your current insurance policy

Your Declarations Page is a great place to start when you review your current policy. It summarizes your insurance, outlines the amounts and types of coverage on your policy, your policy number, effective and expiration dates. Call your insurance representative if you have any difficulty interpreting your Declarations Page.

Questions to ask when shopping for insurance:

1. Is this a 6-month or annual premium? Auto companies tend to quote 6-months worth of premium; RV-specialty companies tend to talk in 12-month terms. Make sure you're comparing apples to apples when looking at price.
2. How will my settlement be calculated if I have a total loss on my RV? Will I receive the full-value for a new RV or be paid the depreciated value of my lost vehicle?
3. Are stolen or destroyed personal items within the RV reimbursed at replacement cost or the depreciated amount they are worth today?
4. Are my awnings, antennas and satellite dish covered?
5. Do I have comprehensive and collision coverage if I travel anywhere within Mexico?
6. Will you pay for my motel, rental car or a plane ticket home if my RV is unusable due to a covered loss?
7. Does the policy provide towing and roadside assistance?
8. What are my deductibles levels for comprehensive and collision coverage? Comp & collision are the most expensive portions of your policy, and you can reduce your overall premium if you are willing to assume more of the risk with higher deductibles.

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If you are speaking with a standard auto insurance company:

1. How will my personal contents be covered in the event of a loss? Be sure to specifically discuss the items in your RV, which are traditionally household items, such as clothing, radios, fishing equipment, jewelry etc.
2. What does full coverage truly mean? Is this referring to including all the coverage a company provides for an auto, or are you receiving the full replacement cost for your vehicle or contents without any depreciation included?

If you are speaking with your homeowner's insurance company:

1. What coverage do I have for my personal contents? What are the limitations on the amount of coverage if my items are not in my home? What if some contents reside permanently in my RV? Is there a time limit on how long items can be away from the home for coverage to still be in force?
2. What coverage do I have for personal contents (televisions, coffee pots etc.) should they be damaged in a collision? (Homes don't collide with things, so confirm you have coverage in that scenario.)
3. What are my deductibles on individual items? Keep in mind if you don't have enough coverage on your RV policy and need to file a second claim with your homeowner policy, you will be filing multiple claims, paying multiple deductibles, and dealing with multiple insurance adjusters.

Additional questions for full-timers:

1. What is the insurance company's definition of full-coverage? Do you mean I have all the coverage your policy has available or does the company truly understand the additional insurance exposures unique to full-timers?
2. Are there any exclusions in the policy if you are traveling for more than X months out of the year?
3. What is the definition of full-timer your company uses? (It is important to know and comply with this definition or it is fully within your insurance companies right to deny a claim if you are deemed to be a full-timer but didn't insure your vehicle that way. Not reporting full-timer status is a foolish way to try to reduce your premium costs.)
4. Does the policy include comprehensive personal liability if I do not have a homeowner's policy? (This is the homeowner's coverage that would be used if you accidentally injure someone.)

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What you can do if your premium is too expensive

If the premium you're paying is out of your price range, then ask what can be done to lower it. Even RV-specialty insurance providers are able to sell you a policy closely matching a standard auto policy. However, if you'd like to keep most of the extras offered by the RV-specialty policy but the premium is just too high, look at pricing for higher deductibles, lower liability limits, or for removing some additional coverage. For instance, most RV-specialty policies include Mexico coverage and towing and roadside assistance for a nominal charge. If you don't need this coverage, ask to remove them from your quote and see if the revised premium works better for you.

Disappearing Deductibles are another money-saving feature that specialty RV policies offer. Good drivers are rewarded with a 25% discount on their deductibles for every year they're claim-free. After four years without claims, the deductibles reach zero, meaning you pay no deductible for your next claim. As you earn credit, you can increase the amount of your deductibles to lower your overall premium but be sure to ask whether your disappearing deductible credit resets to the full value by doing so. Some carriers restrict this practice.

In addition, RV'ers often qualify for premium discounts for safe-driving course completion, rubber roofing or fiberglass siding, anti-lock brakes, in-dash airbags, supplemental braking systems or an anti-theft alarm system. If you are a member of an RV club, you are most likely eligible for an RV association discount.

How insurance rates are determined

There are multiple factors that contribute to each insurance company's rates. Each company uses the information gathered about you a little differently and uses its own policyholder claim history to determine where increased risk is present.

The government heavily regulates insurance rates. Every insurance company must file their rates and have them approved by the state Department of Insurance. A premium change must be justified with supporting data for the insurance commissioner's office to accept an increase or decrease in rates.

It is important to understand that often a rate increase or decrease is based on the combined loss history for all RV'ers in your particular county or state; most often a change has nothing to do with you personally.

All companies use a mix of the following factors:

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1. **Motor Vehicle Report:** A history of accidents or violations means higher insurance rates due to the increased risk of the driver. It is actuarially proven that drivers with even one accident are statistically more likely to have another than someone who has never filed a claim.
2. **Age of driver:** Young drivers and drivers over the age of 70 are statistically more likely to experience an accident. Increased risk mean higher insurance rates.
3. **Married or Single:** Single drivers cause more accidents than married drivers. Therefore, married drivers receive a lower premium rate.
4. **Credit Score:** People with good credit file fewer insurance claims than people with poor credit. Extensive studies conducted by the University of Texas and the Department of Insurance show conclusively that there is indeed a strong connection between how responsibly consumers manage their money and the likelihood of becoming involved in a vehicular accident.
5. **Market conditions:** When interest rates decline, investment income for companies also declines, which means companies may increase your premiums as one way to compensate or cancel policyholders with only one loss to protect future losses from occurring.
6. **Loss history:** Insurance companies use a report, generated by a national insurance industry databank, called CLUE (Comprehensive Loss Underwriting Exchange), to determine accurate loss data and risk on insurance applicants. A CLUE contains a five-year history of claims and payments, along with records of inquiries concerning coverage. An individual's loss history and CLUE results can positively or negatively affect their insurance premium.
7. **Rating base:** Vehicle rating values are calculated differently depending upon whether your vehicle is new or pre-owned. For brand new vehicles you can most often expect to be asked the purchase price of your RV, including tax, title and license. However, if your vehicle is several years old, you'll probably be asked about your vehicle's current market value. Different insurance companies use different methodologies to determine current market value, so don't be surprised if this figure differs on competing insurance quotes.

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Traditional RV-Specific Coverage Terms

Diminishing Deductibles

Each year you are claim-free, both comprehensive and collision deductibles decrease by 25% per year. After four claim-free years, you're deductible-free until your next claim. Once you submit a claim that is covered under your policy, your deductible is reset to 100% and the clock starts over.

Diminishing deductible is only affected by claims filed against comprehensive or collision coverage. Towing and glass chip repair claims don't count against disappearing deductible status.

With some insurance companies, your deductibles work independent of each other, meaning if you file a comprehensive claim, your credit earned toward your collision deductible remains intact, while your comprehensive claim resets following your claim.

Emergency Expense Allowance

Coverage begins once you are at least 50 miles away from home when an accident occurs, unless you're a full-timer, and reimburses you for expenses incurred following an accident or other covered loss. Pays for hotels, transportation or even a ticket home if your RV is unusable.

Full-Timer Coverage

Since you're on the road for months at a time, visiting and spending the night in public places, you are exposed to more risk than a person who RVs part-time. This coverage provides personal liability (bodily injury and property damage coverage) and medical payments coverage, so if you're held legally responsible for an accident you'll have financial help.

If you currently have a homeowner's policy, although a personal liability claim might be covered by your homeowner's policy your RV full-timer policy would also protect you, eliminating the need to file a homeowner's claim. If you don't own a home, full-timer coverage takes the place of the personal liability coverage typically included in a homeowner's policy.

Personal Contents/Personal Effects Coverage

Covers items that you take aboard your RV such as house wares, tools, and clothing for their full replacement value rather than a depreciated amount. Conversely, homeowner's coverage usually reimburses for losses based on depreciated values. Typically, homeowner's coverage also excludes damage caused by a collision and many times excludes items that are kept permanently

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away from your home. And for full-timers without a homeowner's policy to fall back on, without this coverage you'll have to replace items out of your own pocket if they're destroyed.

Total Loss Replacement Coverage

Many RV policies base a total loss settlement on an industry standard (blue book) value. In just one year, depreciation can take a huge toll on the original value of your RV. Thus, a traditional policy from most insurance companies could leave you with significantly less cash than you need to replace your RV. Total Loss Replacement Coverage is an innovative solution to this problem.

With Total Loss Replacement Coverage, if your loss occurs during the first five model years and you choose to replace your RV, you will receive full replacement value, protecting your investment from depreciation.

For example, say today you buy a new 2005 motor home for \$150,000. Two years down the road, your engine catches on fire. Before the fire department arrives, the entire motor home is engulfed in flames, rendering it a total loss. If you have Total Loss Replacement Coverage, you are entitled to receive a similar make and model vehicle to replace your lost RV.

If a 2005 model is unavailable, then a like-kind model may be substituted. If the same type of total loss occurs seven years later instead, you would receive \$150,000 as reimbursement towards the purchase of a replacement RV.

The intent of total loss replacement coverage is to get you back into another RV. However, if you choose not to accept a replacement vehicle, the insurance company will typically default to an alternate settlement like Actual Cash Value reimbursement. From the insurance company's standpoint, this approach removes any incentive (known as moral hazard) for an individual to destroy his or her own RVs once they're done RV'ing in order to receive a total loss replacement settlement, which would be more lucrative than selling a used RV at a depreciated cost.

Agreed Value Coverage

With custom or restored vehicles, there are no standard market values. This coverage is ideal for bus conversions, classic coaches, and motor homes (medium-duty trucks converted into motor homes) because it locks in the value of your vehicle up front with a qualified appraisal or bill of sale. An appraisal and photos of your vehicle establishes a market value and determines an amount for which to insure it.

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If your RV is declared a total loss, particularly in a fire where there would be nothing left but ashes to verify what you had, Agreed Value Coverage ensures you're paid the agreed-upon value of your RV, meaning the amount predetermined by your appraisal or bill of sale. There's no question by the insurance company about what your custom vehicle was worth.

Mexico Liability

While some RV-specialty insurance policies cover physical damage to your RV while traveling in Mexico, many American tourists make the mistake of assuming their United States RV policy will automatically cover them for liability as well. The Mexican Government does not recognize United States insurance policies and, if you get into an accident, you'll be required to provide proof of liability insurance from a Mexican insurance company. Without it, your vehicle may be impounded, or worse, you could be arrested.

Regardless of the length of time you plan to spend in Mexico, from one day to one year, purchase Mexico liability insurance to properly protect yourself.

Mexico Physical Damage (Collision/Comprehensive)

Covers your vehicle for comprehensive and collision damage while you travel in Mexico, provided you maintain Mexico liability insurance during your entire trip. Towing and Roadside Assistance is typically on a reimbursement basis.

ADDITIONAL COVERAGE TO CONSIDER

Umbrella Liability Insurance

Nearly anyone who owns assets or earns a reasonable income can become the target for a costly lawsuit. In today's society, where lawsuits are becoming commonplace, you could be sued for amounts far greater than the basic coverage carried on your homeowner's and vehicle policies, and you'd be responsible for paying the excess out of your own pocket. That means it's extremely important to have enough liability insurance to protect your assets and future earnings.

Umbrella coverage begins paying when all of your primary policy limits have been exhausted. For example:

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Special consideration for full-timers

The unique nature of the full-timing lifestyle is gaining more attention every year. However, many insurance companies, motor vehicle departments, and state regulators still have a difficult time deciding how to handle this unique breed of adventurers.

RV-specific insurance coverage takes into account that if your RV is damaged, you have not only lost your primary mode of transportation, but have been forced out of your home. Emergency Expense Allowance is available to help defray the costs of a hotel, rental car, or airfare should a covered loss, like an accident or fire, occur.

Most full-timers no longer have the comprehensive personal liability coverage a homeowner policy provides. This coverage would protect you, for example, if you accidentally hit someone with a golf club or if someone trips on your campsite and you're liable. Further, since the majority of full-timers store belongings while out on the road, a specialty RV policy can expand your coverage to include contents kept in storage.

Many insurance companies now consider RV'ers who are on the road more than five to six months a year, full-timers, regardless of whether the RV'er owns a home. It is extremely important that you report your full-time status to your insurance company and make sure that you comply with their definition of a full-timer. If you are a full-timer based on the definition your insurance company provides and you do not have full-timers coverage listed on your policy, your insurance company will very likely deny your claim due to fraudulent information on your application. It is penny-wise and pound-foolish to try to save money on your premiums this way.

If you are a full-timer with a homeowner's policy that provides personal contents coverage, it's nice to have additional contents coverage on your RV policy. If you do experience an RV claim, and personal items are damaged or lost, it's prudent to file your claim with one insurance company rather than two. You'll avoid paying for two deductibles and jeopardizing your homeowner insurance rate.

How to avoid the three most common claims

After years of uneventful RVing, it can be easy to let your guard down. However most accidents can be avoided simply by being mindful of the risks and taking steps to reduce them. Following are pointers for avoiding the three claims our customers most commonly experience: awning and antenna damage, damage resulting from backing an RV into an object, and tire blowout.

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Awning and Antenna Damage

Awning damage can occur easily in windy conditions. Fortunately, there are a few things you can do to reduce the likelihood of wind failure. First, confirm the awning locking mechanism is functioning properly. If you have to play with the lock for it to engage and disengage, it should probably be fixed. Also, always engage the travel latches or straps that secure the inner arm (rafter) to the main arm.

To fit the awning tightly against the vehicle, roll the awning up in the travel position and unlatch the right awning main arm from the lower mounting bracket. Be prepared to support the weight of the awning for a few moments. Pull the bottom of the awning arm away from the coach approximately one foot or until the ratchet lock clicks. Then put the awning arm back into the lower mounting bracket. As you do this, the roller tube is fixed to the arm and will rotate slightly with the arm as you move the arm back to the coach. This tightens the fabric and roller tube against the side of the coach. The next time you pull the awning out, the lock will be rather firm. If it is very stubborn, reverse the process to get the lock to release.

Awnings can also be damaged when left out in winds as mild as 10 mph. Wind gusts can thrust tree limbs onto it, as well as easily rip it from your RV. If you expect a storm, always raise the awning.

Antennas are also often subject to wind damage. Standard antennas measure three feet high and can be damaged easily when left up while driving at high speeds and in windy weather. Tie a piece of string to your steering wheel or use some other type of reminder when your antenna is raised. This will help you remember to lower it before you drive off. The antenna should be kept as low as it can go-almost flush with the vehicle-when the vehicle is in motion.

Backing Your RV

Before backing your RV, observe your surroundings. Confirm that there are no overhangs, low branches, or anything sticking out of the ground. Many hazards are not visible from inside the RV.

Back in, not out. It's much easier to back into an area than it is to back out. When you pull out front forward, you can see traffic conditions yourself. Most of the time it's easier to maneuver in tight places by backing in.

When backing in, try to align the vehicle as quickly as possible to the orientation of the parking space. Back up only until the point where after pulling forward you're able to back straight into the parking space. This allows you to back into

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the space in one straight motion and helps to prevent your backing into stationary objects.

An assistant can be very helpful and should be someone that you travel with frequently. Develop a set of hand signals or purchase inexpensive walkie-talkies so there's no misunderstanding. Even though you use an assistant, as the driver, you have the ultimate responsibility. If in doubt, stop and get out to look things over.

Back-up cameras offer an easy way to view dangerous objects behind the vehicle. Though back-up cameras can be very helpful in backing situations, you should know the limitations of your camera. Like convex mirrors, they can distort how close you are to an object, and you don't get a wide-angle view.

Tire Blowouts

Tires on an RV are subjected to a greater variety of conditions than those on an automobile. In fact, tires fail more than any other RV component, yet most tire failures can be prevented through simple, regular maintenance.

The most important factors in tire care are maintaining proper inflation pressures, avoiding excess loading, inspecting tires regularly, and driving with care at appropriate speeds. It is extremely important that tires be properly inflated. Failure to do so can result in uneven tread wear, difficulty in vehicle handling, and excessive heat build-up, which can cause tire failure. Recommended inflation pressures for your RV tires can be found on the vehicle certification label or in your owner's manual. Since RVs can be loaded in many different ways, the proper inflation pressure should be determined by actual tire loads, which can be determined by having your vehicle weighed.

Many accidents are unavoidable; however, when it comes to awning and antenna damage, backing your RV and tire blowout, you can play an important role in reducing the likelihood of experiencing one of these all too common accidents.

Coverage may vary by state and company. Coverage is controlled by the policies issued and is not modified, extended or revised by the descriptions contained herein.

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