

# Car Insurance

## What you should know when you get your car repaired.

by Peter D. duPre

Except for our homes, a car is the biggest single purchase most of us ever make. Keeping this investment in top resale condition, therefore, is important. With regular maintenance and some TLC, this generally isn't a problem.

Once your vehicle has been in an accident, however, the scenario can change dramatically. Even a minor fender-bender can substantially reduce resale value - unless you can restore it to pre-crash condition. This is not always easy because car insurance companies often dictate repair terms in an effort to keep costs down. They decide who to insure, the amount of coverage and how much to pay on a claim. They may have clauses that say the use of imitation and used parts is acceptable, or, they can make you visit their claims center where they lowball the cost of repairs. Here's what they may not want you to know:

- **It's not your driving record that counts.** Many companies use credit ratings to determine whether to sell you insurance and what they will charge. Your driving record, vehicle type and neighborhood still figure into the equation, but they aren't always the primary factors. The thinking is that a poor credit risk is a poor insurance risk. Sounds crazy, doesn't it? Some state insurance regulators think so, too. Currently, it is illegal in 12 states to use credit ratings to determine the amount of coverage. Credit ratings can be used to decide if they will supply insurance, but not to determine the amount of coverage or the premium. Ask your state's insurance commissioner if there are regulations about using credit ratings in your state and question your agent about the policies of his company.
- **You don't need three estimates.** Insurance carriers commonly ask for three or more estimates before they approve a repair. They may tell you to use the shop with the lowest price or will only pay based upon the lowest estimate. However, in most cases you can have your vehicle repaired anywhere you want. Almost all insurance companies have appraisers who will go to the vehicle and examine the damage. A smart appraiser consults with the shop estimator over complicated repairs to give you a fairer estimate and a better repair.
- **Claim centers lowball repair costs.** Some companies ask you to visit a drive-in claims center for an estimate before the car is repaired. You usually aren't required to do this, but if you go to a drive-in claim center you may be offered on-the-spot compensation so you can get your car fixed immediately. Be aware, however, that drive-in claims centers often offer only 65 percent to 80 percent of actual repair costs. Bring real-world estimates along in case their appraisal is significantly different from yours. Then, ask questions and demand answers.
- **You decide where the car is fixed.** Some carriers want you to use a particular shop because they make deals to keep their costs down. These deals may mean that inferior parts and cheap materials are used in the repair. Remember, the insurance company does not own your vehicle. You do. You can have it fixed by whomever you wish.
- **The big secret.** Just because your vehicle looks like it did before the accident doesn't mean it is worth as much as before. The mere fact that it has been in an accident may lower its value, even if the repair has been properly made. This is called diminished value and you are entitled to be compensated for this difference on top of any compensation received for repairs. If your vehicle suffered major damage, ask to be compensated for diminished value. Insurance companies pocket billions in diminished value every year simply because customers don't ask for it.
- **You may not have to use imitation parts.** Collision repair parts come in three categories: original equipment parts or OEM, imitation or aftermarket parts, and used parts. OEM parts are made by vehicle manufacturers for use on their vehicles. Imitation or aftermarket parts are parts made by someone other than the original vehicle manufacturer. Used parts are parts recovered from a salvage yard. They can be OEM or aftermarket.

In order to lower repair costs, your policy may require the use of imitation or used repair parts. The use of these parts, however, may not fully restore the vehicle to its pre-accident condition and value; they are often inferior in quality to OEM replacement parts. Not all aftermarket parts are of poor quality, but they may not have the corrosion protection of the original or fit properly when installed.

Used parts offer a whole new set of problems. A used fender may have previous damage that has been repaired. Usually, you do not have to accept a used part that has been previously repaired for use on your vehicle unless the original part on your vehicle has had similar repairs or no other parts are available.

*Peter duPre has been writing about cars and car care for over 30 years. He has authored automotive technical manuals and been published in numerous automotive magazines.*