



Diminished Value Coverage

When does this pay?

Diminished value coverage pays the difference in trade value after an insured loss, even though the vehicle is fully repaired and supposedly as good as or better than it was prior to the loss. There still is a loss if you were to trade it after the repair.

How much does it pay?

A car dealer or, "if needed", several dealers in the area are consulted and they then advise what the trade difference is between your repaired auto and the value of your vehicle if it never had been damaged. This difference is then the diminished value. It can be as much as 10% of the vehicles value sometimes more, sometimes less.

Which would you pay more for... Your auto undamaged or your auto damaged but now fully repaired after an accident?

How much does it cost me in premium to buy this coverage?

You have two physical damage coverages called comprehensive and collision. Look at the premium for these two coverages. The cost is about 10% of these premiums to add this coverage.

When is it logical to buy this coverage?

If you maintain a newer vehicle and trade less than every five years then you might consider purchasing this coverage. A vehicle valued at \$25,000 might after an accident have a trade value of \$22,500, depending on the accident. If you are about to trade, then this could be a real loss.

When should I NOT buy this coverage?

If your vehicle's value is low or you plan on continuing to drive it until it becomes low, "low might be a value of \$4,000 to \$8,000", then maybe not purchase this coverage.

Recommendation:

If your auto is ever in an accident and you are collecting from the person or their insurance company because the accident is not your fault, don't forget about diminished value or car rental. You may be entitled to both as an additional payment. Your time to go get estimates is also a possibility.