

AUTO SCHEDULING AND VALUATION



This resource provides helpful guidance to members of the League of Minnesota Cities Insurance Trust (LMCIT) for effectively tracking and managing their auto schedules and establishing auto values.

TRACKING AND MANAGING AUTOS

If you're finding it difficult to track and manage your auto schedule, use the Schedule Manager in the LMCIT Member Center to ensure your schedule is accurate and up-to-date.



www.lmc.org/insurance-trust/lmcit-member-center

Even though you're only required to update your auto schedule at renewal, it's good practice to report changes as they occur so you can reduce time and effort at renewal time, and you can easily do that with the Schedule Manager.

Once your policy has been renewed, the Schedule Manager is available to both you and your insurance agent. You can view your current schedule, make changes to it, and view any changes that have been submitted.

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Search:

New #	Year	Make	Model	Type	Value	VIN (last 4)	Phys Dmg	Repl Cost	Opt. Use
1	1974	CHEV	C65	TREE SPADE Truck - Public Works Department - Heavy	\$3,000	9808	Y	N	
2	1978	HENDRICKSON	SQUIRT	Fire Truck - Heavy	\$60,000	1896	Y	N	
3	1989	CHEV	C70 AERIAL	Truck - Public Works Department - Heavy	\$50,000	7473	Y	N	
4	1984	FORD	TANKER TRK	Fire Truck - Heavy	\$20,000	5460	Y	N	
5	1990	CHEV	KODIAC	Truck - Public Works Department - Heavy	\$17,000	2156	Y	N	
6	1992	FORD	F250	PICKUP Truck - Public Works Department - Light	\$6,000	8534	Y	N	

Autos can be added by clicking the "Add" button, deleted by clicking the trash can icon to the far right of the listed auto, or edited by clicking the pencil icon to the far right of the listed auto. The "Actions" button also allows you to export the schedule into PDF or Excel format.

When adding a new auto, required fields include:

- Year
- Make
- Model
- Type (or Department)
- Value
- VIN (you can choose to enter only the last four digits or the entire number)

ESTABLISHING VALUES FOR AUTOS

Establishing and managing values can be tricky. Here are some tools that may be useful as you provide appropriate values to LMCIT.

What exactly is the auto's value?

The value should be representative of the auto as it came standard from the factory. Any equipment added to autos that was not standard from the factory and will be removed prior to the sale of the auto is considered mobile property and should not be part of the value of the auto.

Should the auto have Actual Cash Value or Physical Damage Enhancement coverage?

If an auto is scheduled under LMCIT's Actual Cash Value coverage, that means that in the event of a total loss, you'd be reimbursed the auto's replacement cost minus depreciation.

LMCIT's Physical Damage Enhancement coverage is generally available for autos less than 10 years old. If an auto is scheduled under this coverage option, you'd be reimbursed the smaller of the following in a total loss situation:

- 200% of the actual cash value;
- The cost of an equivalent new auto without deduction for depreciation; or
- The limit stated on the endorsement

If the Physical Damage Enhancement limit is more than two times the Actual Cash Value, this coverage probably doesn't need to be in place.

How do I determine Actual Cash Value?

Finding the Actual Cash Value of an auto can be difficult, especially for older autos that have depreciated more, but here are some things that can be used when doing so.

Use a Depreciation Schedule

Each year that passes will decrease the value of an auto. If you know the original cost when the auto was new, a depreciation factor can be applied to find the value of that auto today. Here's a sample depreciation schedule.

Actual Cash Value = Cost New * Depreciation Factor											
Vehicle Years Old	0	1	2	3	4	5	6	7	8	9	10+
Depreciation Factor	1	0.85	0.74	0.63	0.52	0.43	0.34	0.29	0.23	0.2	0.15
<i>*Different types of autos may depreciate differently, and this schedule is not meant as the "correct" answer. For example, a five-year-old police vehicle will have likely depreciated more quickly than a five-year-old fire truck due to things like miles driven and wear and tear.</i>											

Use Online Resources

There are many websites that can assist with determining auto values based on specifics of an auto, some of which LMCIT's claim staff use.

These are useful for more ordinary used vehicles where numerous specifications can be entered.



Kelley Blue Book: www.kbb.com
Auto Trader: www.autotrader.com

These are useful when looking at heavy equipment such as tractors, loaders, or VAC trucks.



Equipment Trader: www.equipmenttrader.com
Machinery Trader: www.machinerytrader.com