

If you are a used car dealer and you carry comprehensive and collision insurance on your inventory, then you should take just a moment to consider how the right type of form on your garage policy can make a big difference in what you pay. The secret here is that if your policy is set up right, then you can pay for just what you use in any one time as opposed to having to insure for the largest possible calamity. But if your agent doesn't really understand how to insure used car dealers then he may not know to tell you about this little secret.

Not every company that writes garage insurance for car dealers is going to be able to offer you the blanket reporting form. And not all that do will be able to do it as efficiently as the best in the business. But if you can work out this form on your policy, you stand to cut your dealers open lot insurance costs by a lot.

One of the insurance companies that we offer has a program designed just for dealers with fluctuating inventories. Let's say your inventory can be as low as \$200,000 and as high as \$700,000. Since you don't know when the big fire or hailstorm will hit, you would want to just purchase \$700,000 of inventory protection to be sure that you have enough coverage if a large loss occurs while you have high inventory commitments. But, using the dealers blanket reporting form could allow you to only buy as much insurance as you need at any one time to cover the inventory that you have. The way this works is that the insurance company will base your policy premium on the average size inventory that you have during the policy year. You then complete a form each month to show the inventory that you had in that month. As long as the reports are filled out on time and are accurate, the insurance company doesn't limit the maximum amount of coverage that you have in the event of a loss.

Going back to my earlier example, let's assume that your inventory value reaches a low of \$200,000 for 2 months of the year, then is at \$400,000 for 6 months, then at \$300,000 for 2 more months and then jumps up to \$700,000 for one month of the year. Next assume that your insurance rate for dealers open lot is \$20 per \$1000 of inventory. If you had to carry \$700,000 for the entire year, then your premium would be \$700 times \$20 of \$14,000. By using the monthly reporting form you would pay the \$20 per \$1000 rate on the inventory amounts for each month based on actual inventory. In this case your average inventory would have been \$341,667 and using the \$20 rate your premium would be \$6833, a savings of 51%!

In addition, some companies even give a discounted rate at the onset for dealers who set up their policies on a blanket reporting form. This can make the discount percentage even higher.

As a used car dealer, you operate in a world of business insurance that is foreign to most insurance agents. Of course that doesn't mean they won't try to help you but in this area, inexperience can lead to financial disaster. This is not the place to do your brother in law or your friend a favor by letting them handle your insurance policy even though they don't insure any other dealers. [Clinard Insurance Group](#) insures over 300 dealers across 5 states, including NC, SC, GA, TN and VA. If you have questions about your garage insurance, please give us a toll free phone call at 877-687-7557 or visit us on the web at www.TheAutoDealersHelper.com

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