

If you are in the car business, or thinking of getting into the car business, one area in which you will want to develop some expertise is [used car dealers insurance](#) . Insurance for a used car dealer is a bit of an unusual animal in the insurance world and there are many agents who don't fully understand how it works. So how can a non-insurance person get it right? This article will give you the tips you need to get started in this important facet of your business. Note, the information in this article is aimed at NC used car dealer insurance, but most of the basics remain the same in other states as well.

Insurance for a used car dealer is different from a lot of business insurance policies because your inventory moves around. Not only that, your inventory is being driven by customers before they buy and is capable of inflicting huge damages on others. These factors alone make your insurance solution very unique from most other mom and pop businesses out there. So, to keep this simple, we will take these items one at a time and break it down for you.

**Garage Liability** – This is the place to start. You will need a garage liability policy in order to get your dealer tags. In NC, these policies are rated based on the number of tags you have and the number of salespeople you have. Also, if you furnish a tag to yourself or some other member of your family or an employee, then that will increase your premiums as well. The basic garage liability section of the NC garage insurance policy is designed to protect your business from damages done by your vehicles to other people or their property. Be very careful here to check the limits of liability that you are purchasing on your garage liability coverage. You don't want to just chase the lowest price without considering your liability limits. The rule of thumb should be to purchase the highest liability limits that you can afford as you are trying to protect against large, unknown loss values that threaten to wipe out your business completely. Also be careful to choose adequate limits for your uninsured motorists and your underinsured motorists coverages.

**Dealers Open Lot Coverage** – This is protection for your cars themselves, your inventory. Here you need to select a limit that at least covers your highest level of inventory. Also, you should choose the highest deductible that you can afford in the event of a loss. Higher deductibles will reduce the costs of this insurance protection. And, if you work on cars that are owned by others, you need to consider garagekeepers insurance as well. To read more about that situation, see my blog on [garagekeepers for car dealers](#).

**Workers Compensation** – If you hire employees I highly recommend that you purchase [workers compensation insurance](#)

. I find that in North Carolina, many dealers skip this coverage when they only have one or two employees. This is a dangerous approach and has the potential to bring your very business down.

[Please take a moment to read my blog on work comp for car dealers](#)

Dealer Bond – In NC each car dealer has to post a \$50,000 bond with the state of NC in order to obtain and maintain a dealer's license. You can purchase this bond through your insurance agent. [You can read more about this regulatory requirement here.](#)

Property Coverage – If you own your building, or if you have business personal property that you need to protect, be sure to purchase the commercial property insurance to cover these items. Often doing this reduces your garage insurance costs as some companies will give you a multi policy or package discount for combining these policies into one package.

Now that you have a better understanding of which types of policies you should consider, I want to spend a moment on how you should choose your agent. Insurance is a funny business because it is the one business that I can think of where hiring a specialist will generally cost you less money. This is not true of doctors and lawyers of course, the more specialized they are, the more it costs you to hire them. But to add to this oddity, there is also a danger. While most doctors and lawyers will refer you on to a specialist when you are dealing in an area that requires one, few if any insurance agents will refer you to a specialist if they don't know much about insuring your business. The scary thing here is that they will actually try to help you, and learn on your nickel. This, as you can imagine, can be downright dangerous for the unsuspecting used car dealer. Just because you have a friend or relative in the insurance business, doesn't mean that they are qualified to help you correctly insure your business. And best of all, insurance agents who specialize in used car dealerships generally have the lowest rates available to you.

When selecting your agent, do a little homework. Google their name with the words car dealer insurance. Do they appear active in this niche business? Do they seem to understand exactly how to insure used car lots? When you talk to them, ask them how many dealers like you they insure now. If they don't insure at least 25 or more, you can bet they aren't specialists. If you find one that insures hundreds, then you have probably found the guys with the knowledge and the rates to really help you get the best deal at the best price.

At [Clinard Insurance Group, in Winston Salem, NC](#) , we insure over 300 car dealers across North Carolina, South Carolina, Georgia, Tennessee and Virginia. We want our dealer clients to be informed insurance consumers and to protect their businesses in a careful and considered way. If we can help you with any of your questions, please feel free to call us, toll free, at 877-687-7557 or visit us on the web at [w.theautodealershelper.com](#) [ww](#)

.