

It's a big day for almost anyone. Driving home from the car dealership in that brand new car is thrilling to say the least. And even if you are buying a gently used car, it's still new to you and that can be very exciting. But before you head over to visit your friends and relatives to show them your new ride, be sure that you settle all of your insurance issues related to this new vehicle.

Car dealers want to make the process as painless as possible for their buyers. For this reason, they often agree to call in the car change to the insurance company on your behalf. After all, they have plenty of other paperwork to do on this transaction and they know what has to be done. But as an insurance agent with thousands of family clients, let me add my warning. Don't leave this job to your car dealer or to the finance company that is loaning you money for the car. Mistakes and oversights happen and we are finding more and more cases where we discover that one of our clients purchased a car several months back and no one has ever notified us of this change. If you find out that this wasn't done after your car has been totaled in a wreck then you could be out a large sum of money. This particularly boring part of buying a car is your responsibility and something that you should do yourself and not delegate to a third party.

With that in mind, just what are the rules in your policy regarding how much time you have to notify your insurance company of a change of vehicles? Let me preface the following by saying that this blog is oriented around the North Carolina Personal Auto Policy form and if you are in another state, or if your vehicles are covered by a commercial policy then what you read below may not be accurate for your particular situation. Also, let's keep the attorneys happy here by saying that whatever you read in this blog may or may not be accurate for your particular situation and that there is no substitute for reading your policy as what is written there will supersede anything that you read in this blog.

Whew, with all of those disclaimers out of the way, let's move on to what the NC Personal Auto policy says regarding vehicle changes. First of all, the policy form addresses this issue by setting up two different categories of vehicle changes, which I will call replacement vehicles and newly acquired vehicles. The replacement vehicles language refers to the situation when you are replacing one vehicle with another one. Newly acquired vehicles will refer to the situation where you have added an additional vehicle and kept all of the existing vehicles. Let's look at each situation separately.

For replacement vehicles, the policy reads as follows: "If a newly acquired auto replaces a

vehicle shown in the Declarations, it will have the same coverage as the vehicle it replaced except that coverage, if any, under Part D – Coverage For Damage To Your Auto applies only if you ask us to insure it within 30 days after you become the owner. “ What that means to me is that if you replace one vehicle with another then your liability insurance will apply to the new vehicle no matter if you forget to tell the insurance company or not. But your physical damages coverages under coverage D, the collision and comprehensive coverage, will not apply to the new vehicle unless you remember to tell your insurance company within 30 days of you becoming the owner of the new vehicle. So in this instance if your car dealer forgets to call in the car change, and you don't realize it, then after 30 days you will have no comprehensive or collision insurance on that vehicle if it replaced a vehicle that had comprehensive and collision coverage. Of course if the replaced vehicle only carried liability insurance, then that is all that you will ever have on the replacing vehicle unless you contact the insurance company to let them know of the change and to request additional coverage.

What about the case where you add a vehicle but it doesn't replace any vehicles on the policy? In that case the policy reads this way: “If the newly acquired auto is in addition to any shown on the Declarations, it will have the broadest coverage we now provide for any vehicle shown in the declarations if you ask us to insure it within 30 days after you become the owner.” Here you can see that your comprehensive and collision coverages will be automatically applied to the new car as long as at least one other car on your policy has these coverages. But no coverage at all will be in force for that new car if you don't ask the insurance company to add the car to your policy within 30 days.

The bottom line is that it is your responsibility as the car owner to notify your insurance agent or insurance company of your new vehicle right away. Leaving this detail to a car dealer might put your protection and thus your assets in jeopardy.

Clinard Insurance Group, located in Winston Salem, NC insures thousands of families all across North Carolina. If you need help with your auto or home insurance, please feel free to call us, toll free, at 877-687-7557.