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Trip To Insuranceville

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Fortunately, Rick Swope purchased good insurance before he needed it.

Insurance—which one best describes you? “Insurance, no problem! I have more than enough!” Or, “Insurance—just a bunch of B.S.! I have only the minimums required by state.” Or, “I have ‘Full Coverage’.” Or, “I don’t ride enough to really need to buy insurance.” Or, “I have completely studied my policy, and I am completely familiar with all the various endorsements, limitations and exclusions.” Chances are we all fall into any of the categories above, except perhaps the last one.

In over two decades, I have met many riders who knew they had insurance, but have not met many who knew exactly what insurance they had! Perhaps by the end of this article, we all will be much better aware of what we have or, more importantly, do not have! Insurance is a simple concept. Something happens—a company pays to fix it or right it. What has become complicated is the list of exclusions that prevents the basic premise from happening. Policies that don’t cover accessories, lack medical payments, do not provide for towing or storage, exclude family under guest passenger liability—the list can go on and on! So, what is the answer? Learn about your policy before you need it. There is an old saying: “Only two things are certain—death and taxes.” Well, I am here to tell you that three things are certain—the aforementioned two and that “learning about your insurance during a claim will get your heart pumping to levels you never knew possible!” Sit down, get a cup of coffee and get ready for a little tour. Today we are riding to Insuranceville!

Comprehensive and Collision

Comprehensive and Collision coverage is what most of us have on our cycles. This is the insurance that will pay if the cycle is stolen, vandalized, hurt, damaged, destroyed, etc. There usually is a deductible involved here. The deductible is the money you get to pay into the repair of your vehicle. It can be as low as \$0 or as high as \$1,000 or more. The higher the deductible, the lower the cost of this type of coverage. Why? Simple. With a \$0 deductible, there is the possibility that every time an overweight fly hits your paint job, you may be putting in a claim. However, with a \$500 deductible, the insurance company won't be hearing from you until something much larger starts hitting your cycle.

Since the comp and collision part of the policy pays for the repair and replacement of your cycle, this would be a good time to talk about accessories. So, let's examine the number-one misunderstood coverage around cycles. I have been around cycles for more than 25 years as a salesman, an insurance agent, an avid enthusiast and a traveler. In that time I have spotted Bigfoot on one riding trip and the Loch Ness monster on another, but I have never spotted a Wing without accessories. I hear that they exist—friends have told me stories, even showed me photos (they looked fake), and have even sung songs about them. But I have never seen one! Fact is, most Wing owners have spent a small fortune adding trailers, helmet headsets, paint schemes, racks, trim, lights, global positioning satellites, or something to their trusty steeds. However, many insurance policies do not cover these items. Some companies may have a \$1,000 accessory coverage standard; some don't. Some may allow for accessories to be added to the policy for a fee; some don't. Some charge as little as \$2 per hundred for accessory coverage; some charge as much as \$18 per hundred. Some require photos and receipts; some don't. Some limit the amount of accessories to \$5,000; some don't. Some cover chroming; some don't. Got the picture?

(MIKEY NOTE #1. Call agent and ask, "Do I have accessory coverage? YES/NO. If NO, how much is it and how do I get it?)



Appearances can be deceiving. A broken fairing may not look expensive, but it is.

Limiting Your Liability

While comp and collision deal with the physical side of insurance, the other side is the liability. Liability basically is the part of the policy that pays outward for any damage you do to others in the operation of your cycle. This can include physical damage to other vehicles you may harm in an accident, or the payments to any *guest passenger* on the back of your cycle, or any other person you may have harmed in an accident. The key thing to most liability coverage is that the mishap (sounds better than “accident”) must be your fault. In short, if you goof up (lose control, skid out, bump into, go down, etc.), your company will pay *up to the limit of the policy* for damages done.

Read that last sentence again....I'll wait.

Up to the limit of the policy can be either good or bad. If you bought basic limits of liability (that is \$15,000 per person, \$30,000 per accident, \$5,000 property damage here in California), you pray that any situation you may create is minor at best. Should you hit another car, it is not unheard of for a 700-pound Wing to do more than \$5,000 of damage. God forbid a passenger comes off your cycle—\$15,000 can go fast in any hospital. When these basic amounts are exhausted, you become liable for the remainder. And, if you are the average, typical, mature Wing owner, you most likely have several tens of thousands of dollars in equity in your home, a retirement fund, a pension plan, a couple of cars paid for, a certificate of deposit and stock portfolio. In short, out here in California, you are quite worthy of being sued. After all, you have much wealth to attach! So, what does one do?

Increased limits of liability means exactly what it says. It increases the amount of your liability coverage to \$50,000 per person, or \$100,000 per person or even \$250,000 or more. How much is enough? Only your accountant and you know for sure! I personally hold the following view for my own insurance. I feel that I can always get a new cycle.

(Yeah—it may hurt, but it won't kill me!) But, like most Californians who have been in their homes for more than six hours, I have a fair amount of equity that has popped up out of nowhere. I also own my own business, have a couple of cars, a cycle, three turtle doves, two French hens, and a partridge in a pear tree. I keep liability amounts equal to the total value of my equity and business value. Heck, I can always buy a cycle, but I can't replace the value of my business or my equity. I jokingly say that I don't insure my cycle anymore, I insure my butt!

(MIKEY NOTE #2. Call agent and ask what limits of liability I have. Decide how much I really need and get a price for that!) In most cases, increased limits of liability can be as low as \$28 a year to perhaps \$100 a year. In short, it is too cheap to ignore!

Is The Rear Seat Covered?

I briefly mentioned guest passenger liability. This is the coverage that pays your passenger (Co-Rider) *up to the limit per person of the policy* for any damages that may happen to them while on your cycle (if it is your fault). This coverage excludes immediate family!

Go ahead, read it again...I'll wait.

WHY? Good question. Basically, most insurance companies do not provide coverage for you under medical. The philosophy here is you, as an experienced rider, know the risk involved in swinging a leg over a cycle. Your family also knows that risk because, no doubt, you have explained it to them. Also, most of us have our own medical insurance (Blue Cross/Blue Shield, etc.) so why pay extra for dual coverage?

The reason this little exclusion becomes such an eyesore on your motorcycle policy is because it is so contrary to our average auto policy. On our auto, we probably have medical for everyone in the vehicles as well as their first born offspring and past life personalities. So, the idea of them being excluded under the liability (on our car policy) never really shows up because we can fix everyone under the medical part of the auto policy. Why do companies offer medical on auto policies? Simple. You are enclosed in a computer-aided-designed, near womb-like surrounding assisted with passenger restraint systems and air bags. The prospect of injury is considerably less than it is with a cycle. So, the end result is cycle policies with either very low medical limits (\$1,000 to \$2,000) or no medical.

In fairness, I will say that there are insurance companies that offer medical coverage up to \$10,000 or more. But, think about this, why buy medical coverage only for the short time you are on your cycle? Wouldn't it make better sense to purchase a real medical policy for the whole family that would cover you all the time?

(MIKEY NOTE #3. Call agent. Ask if I have medical coverage. If so, how much? Is more available? And cost?)

Be aware! I have had people call me and say they have medical coverage on their policy just to find out it is capped at \$500! Yeah, the agent can say, "Sure Mr. Wing Owner, you have medical coverage, don't worry!" Fact is, he is right. But truth be known, at that \$500 limit, it is lousy medical coverage! What happens to some of the less-than informed, is the mixing up of the terms "medical coverage" and "bodily injury." This mix-up can cause some high anxiety.

Liability Coverage is listed as Bodily Injury (BI). There have been cases where people reading their policies have seen Bodily Injury \$15,000, or \$25,000 or \$100,000. This

somehow gets translated to them that they have that amount of coverage if their body is hurt. The truth is, BI is damage to *anybody else's body but yours* (and the immediate family thing again). Bodily Injury is not "Medical-4-U."

Read it again...it is important!

Liability Only: Bargain Or Bust?

Many states are now requiring you to have at least liability only insurance. In a nutshell, it means you do not have to cover your own cycle, you do not need to get medical, theft, collision or anything else. It means you must have insurance to cover anyone you may hurt while operating your cycle. For your second cycle, or your older, use-it-only-for-parades cycle or whatever, liability only may be the way to go. Again, make sure your limits of liability cover your family assets.



How much to repair a scratched saddlebag and chrome? More than you think.

Guard Against The Other Guy

Another area of misunderstanding comes from Uninsured Motorist (UM) coverage. UM coverage pays you and your passenger (no family exclusion here) for loss of wages, pain and suffering, and medical, up to the limit you purchased, in the event you are hit by someone who does not have insurance. This coverage can cost anywhere from next to nothing to as high as your first born male and right arm. Most cycle insurance companies know that there are certain areas (such as any large metropolitan city) where there could be a high number of people without insurance. Some estimates in California have been as high as 50 percent! Should you reside in such an area, chances are your UM premiums will be very high. Statistically, every insurance company knows that when a cyclist is struck by an uninsured vehicle, there will be much money to pay. After all, you are not in your steel-reinforced, computer-aided-designed, passenger restraint and air bag- assisted urban assault vehicle. You are on top of a motorcycle! Is there a difference? You bet! If you get hit in your car at 30 mph, you hop out afterwards and exchange information. If you get hit on your cycle at 30 mph, I don't think you will be looking for your wallet and registration for a few days!

Also, be aware, some states allow policies to be quoted and sold without UM insurance. When you get a rate from any agent, always ask if it includes UM. UM can be purchased in various levels (with some companies it is capped at 15/30—\$15,000 per person,

\$30,000 per accident). Is UM needed on your policy? Ask yourself the following. If you were, God forbid, hit one Sunday and had to spend the next three months on your back, what would happen to the family budget? In my case, I would be hurting a little bit. I do not have disability insurance (so much for being self-employed!), and my business would have to close down. Not good for me. So, I do have UM. In fact, I have enough of it (and I pay dearly for that amount) to float a small third world country for about six months. ***(MIKEY NOTE #3. Call agent. Do I have UM? How much? Is that really enough? Can I get more? What's the cost?)***

“Usually” Not “Always”

A little side note to the single riders out there. I recently started riding with a young lady who has two kids. She is a working mom living very close to the bone. I felt it was only right for me to have very high limits of guest passenger liability as well as very high limits of UM coverage. Why? Well, I can choose to screw up my own life, but I just thought it would be right to make sure she would be able to have more than enough money to handle her family should anything happen out there.

I would venture to say that, percentage-wise, Gold Wings probably have more trailers and sidecars attached to them than any other group of motorcycles. So, let's quickly check this out. Liability of the trailer and sidecar usually (I say “usually” because “always” is too strong and final, and it never fails that there is some guy somewhere who will tell me about some defunct company based out of Wehokken, West Dakotalina that does exactly what I just said will not be done....) usually the liability of sidecar and trailer is automatically there once attached to the cycle. This means should your trailer tire come off, bounce down the street, fly up and bust someone's windshield, the liability coverage would fix it. However, if the trailer comes loose, falls down a mountain and gets turned into modern art, it will not be fixed unless Accessory Coverage was purchased! Got it? Good, there will be a quiz on Friday! ***(MIKEY NOTE #4. Call agent and find out about sidecar and/or trailer.)***

How To Get The Most For The Least

Every day I get many calls asking me for rates on insurance. People are shopping, comparing ABC to XYZ, trying to save a buck, looking for a better deal. Fine. I believe we all have an inherent right to find ways to save our hard-earned money. But what becomes apparent is the callers' lack of understanding of the differences in policies. One company may offer Liability Limits of \$100K per person, \$300K per accident (100/300 as it is written), yet only have 15/30 for the passenger. Another company will offer the 100/300 and also extend those amounts to the passenger. (A little thing to note if you are single and riding your “main squeeze” on back!)

Now that we know what parts of a policy add to the cost, let's examine some of the things that will reduce the cost of your insurance. It goes without saying that most companies have a “preferred” rate if you qualify for the Good Driver category. This usually mandates proper licensing (if your state has motorcycle licenses) for a minimum of three years. If you are not properly licensed, go do it right now. The savings over the years are well worth it. Each company has a varied idea on what other discounts (if any) to offer. Some of the discounts I have seen offered over the century or two I have been involved in this have included, MSF training discount, AMA member discount, HOG

discount, GWRRA discount, senior discount, multi-vehicle discount, experience discount, good driver discount, alarm discount, garaging credits, transfer discount and claim-free renewal discount. The point being, there are discounts available—ask! Now that we know more about insurance than we ever thought we wanted to, how do we go about finding good insurance or good agents? Simple—start with the people who insure your car. After all, they know you. And, in some cases, cycles are considered for multi-vehicles discounts.



Rider Education courses at GWRRA rallies can help reduce your insurance premiums.

The Informed Shopper

Decide specifically what you need and then shop for it. Example, “Hello, I am Willy Wingowner. I would like an insurance bid for my 1997 Gold Wing. I would like Comp and Collision with \$500 deductibles, \$2500 of accessory coverage, 100/300 liability with guest passenger of that same amount, and UM of at least 30/60. By the way, do you give discounts for proper training and AMA membership?”

After you get a rate, call your local cycle stores and ask if they know any insurance agents. (Bet you they do!) Call and ask the same stuff.

Look in your favorite cycle magazine and call those ads. In a matter of a few minutes, you will have several bids, and they will all be for the same type of insurance—hopefully. Maybe one company will not do 100/300 on the passenger. Or maybe one will not do \$2500 of accessories. But, you will know all of this now because you are a MIKEY graduate of insurance!

When shopping for your insurance there are a few things to be wary of. If anybody’s quote comes in unbelievably low—find out why! Ask for the name of the carrier. If the agent will not give it to you—pass! Each state has some type of Department of Insurance or Insurance Bureau. If you are hearing something that seems too strange, check it out with the Department of Insurance.

Also, be alert to how much you are paying in extras. A few years ago, insurance was mandated on all vehicles in California. Cute little Honda 50s and Trail 90s that went on the back of motor homes could not get registration unless insured. These \$50 minimum policies were a sudden hit, with broker fees of as high as \$100. A broker fee is a legitimate charge that started when someone needed their building insured. When an agent had to piece together glass coverage from one place, liability from another, building coverage from another, and workmen’s comp from another, he would usually charge a fee for all the research. However, some agents got carried away with it in a good

market. Ask if there are any broker fees being charged. The big boys, State Farm, Allstate, Farmers, etc., do not charge these because of home office philosophies. It is the independent agent. Always ask!

As our trip to Insuranceville comes to an end, I hope everyone sees one important lesson. Knowing your insurance before having to use it is relatively easy and painless. By examining our policies and asking questions of the agent, we know what we are buying and what we are protecting against. The words used are not hard, and they are not trying to hide anything. They simply have definitions that we need to understand and apply to our own needs and our own vehicles.

If I have stopped one reader from asking for “Full Coverage,” I have done my job. If all you understand is how incomplete that term is when applied to insurance, your trip to Insuranceville was very successful. As I always say in every article and lecture, the smart buyer is the educated buyer!

Safe riding.

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