



WILL MY VEHICLE BE CONSIDERED A TOTAL LOSS?

The circumstances which a vehicle involved in a collision is considered to be totaled varies among insurance companies. Usually, cars are considered to be totaled when the repair costs exceeds the actual cash value (ACV) of the vehicle. However, it is not always practical to repair a vehicle particularly if there is a diminished value aspect to the claim as well. Insurance companies will typically consider a vehicle to be a total loss, even though the repairs are only 75% of the ACV.

If the insurance company determines the vehicle to be a total loss, you have the option of retaining the vehicle, plus salvage value by obtaining a salvage title. The salvage value is based upon quotes insurance companies obtain for the vehicle in its totaled condition. In settling the claim the insurance company will require the owner of the vehicle who retains the vehicle to obtain a salvage title before pay out.

The value of the total loss also depends upon the sources utilized by the insurance company to determine the value of the vehicle. The ACV is based upon what it would cost to replace a similar vehicle, in the same condition, the same options, and not the asking price but the buy price.

Some states dictate how high the damage ratio needs to be in order to declare a vehicle a total loss, which is the cost of repair/actual cash value. Other states utilize a total loss formula which is the cost of repair plus the salvage value that would be greater than the ACV. Arizona uses the total loss formula for regulating insurance companies and determining whether or not a vehicle is a total loss.