

With a declared value policy, as a result of a write off, will the full declared value be paid, regardless of market value at the time. (eg. declared value \$22500 market value \$18300.)

The maximum that ICBC can pay as the result of the total loss of a vehicle (rate group or declared value) is its actual cash value (ACV) - i.e. its market value.

The ACV is the amount that a buyer would reasonably have paid for the vehicle, inclusive of taxes, immediately prior to the accident.

This condition is included in Division 8, Section 5(4)5 of the ICBC Autoplan Optional Policy:

(5) The liability of the insurer for payment of indemnity for loss or damage to the vehicle is limited to the amount by which

(a) the cost of repairing or replacing the vehicle and its equipment or any part of it with material of a similar kind or quality,

(b) the declared value of the vehicle and its equipment, if appropriate, or

(c) the actual cash value of the vehicle and its equipment, whichever is least, exceeds the deductible amount set out in this contract.

Therefore, if the declared value was \$22,500 and the ACV was \$18,300, ICBC would pay \$18,300 less the applicable deductible.

Conversely, if the declared value was \$18,300 and the ACV was \$22,500, the maximum payable would also be \$18,300 less the applicable deductible.

ICBC requires a declared value for certain vehicles in order to accurately assess the insurance premium for the vehicle. Declared value vehicles are vehicles that cannot be readily placed in a standard rating category based on their year, make and model, due to unusual features, such as modifications and additional equipment that significantly alters the value of the vehicle. In such cases we rely on the vehicle owner to accurately declare the value and pay the appropriate premium.

It is important that the vehicle owner knows the value of their vehicle, and that they review it on a regular basis and update it, for example when they perform upgrades or additional modifications, or as it depreciates. This ensures that the owner has enough insurance coverage for the vehicle but is not overpaying.