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HARLEY-DAVIDSON VALUE...REAL OR FICTION?

THE HARLEY-DAVIDSON MYSTIQUE...It's everywhere

The insured says "I put all this money in special paint; accessories, engine work and here are the receipts. Just add it up and pay me". Most insured believe that highest value is created by total money spent or invested. In all but the rarest of cases, this is not true. But first, let's examine what makes the Harley-Davidson value such a disputed issue.

Harley-Davidson has had its ups and downs over the years, but is riding high now and has been ever since it was purchased from AMF. Harley-Davidson owners come from all levels of life. Their loyalty to the Harley-Davidson is without question. There appears to be two reasons for this. One is that Harley-Davidson is an American designed and built motorcycle and the other is its quality and distinct sound. Until recently, Harley-Davidson kept other companies from copying its sound. Due to large legal cost and a well-established reputation, Harley-Davidson has stopped the enjoyed protection.

What Harley-Davidson has done to create a strong selling market not only in new sales but used, was to build quality, retain the distinct sound and build one motorcycle short of the market demand. In establishing the "fair market value" or "ACV" of a Harley-Davidson, one must first ascertain what classification it falls into. A standard motorcycle with minor changes or improvements, a standard motorcycle with extensive personal prefer-

ence enhancing options with high quality replacement parts that is routinely driven on the highway, or a custom built highly



unique motorcycle that is not driven on the highway but is most often entered in shows. The further away from standard the motorcycle is, the more difficult it is to determine value and reach a settlement.

The major disputes focuses around the belief that everybody wants to buy their motorcycle and it is worth all this money, when in fact a personal preference enhanced motorcycle may have a negative effect on value. In other words, what you like, I or the majority of possible buyers may not, and having to make that change to my pleasure or others cost money, thus the value decreases. Explaining to a "Hells Angel" owner that his motorcycle is not worth what he believes it to be after it was destroyed by fire, or lost by theft, could be a little demanding and in some cases risky.

This appraiser has contacted numerous Harley-Davidson dealers relative to actual sales determined value and in most all instances the value of a standard personal preference enhanced motorcycle is about the same as a standard motorcycle. The estimated values of show quality motorcycles

were naturally higher but still not what specialized high-end dealers or nationwide publications would indicate a selling price to be. Local and national geographical location is a factor to consider in establishing a value. Standard Harley-Davidson value can and should be determined locally while those with more unique and show quality must be explored in a wider geographical area.

So is there a Harley-Davidson mystique as to value, and if so what can be done to make settlements easier? The Harley-Davidson mystique is definitely prevalent in the minds of the owners and that pride translates into value. What the claims adjuster has to explain to the insured is that a thorough investigation has been done relative to overall condition (which was obtained from disinterested sources), that the personal preference enhancement changes were considered as a possible value and that geographical consideration was given to similar motorcycles. Even with a reasonable replacement offer the insured most likely will not be happy and depending on his or her demeanor and forcefulness, an impartial appraiser may be best in explaining in detail the methods of the analysis for determining the ACV, which most often resolves the issue. If not and the appraisal clause is exercised, the ACV report will serve as the basis for the insurance company's position as to value.

by Thomas G. Bailey

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