



Consignment Coverage and Your Dealership

BY: LARRY THUM

Do you have a consignment lot on your dealership? If you don't have one, here are a few reasons why consignment may be beneficial to your bottom line.

Work/Income for Service Department

Having a consignment lot will provide an additional source of work and therefore, income for the service department as many units will need reconditioning or other work done before they sell. The parts and sales departments will also increase with the added foot traffic. This also provides an additional source for extended service contract sales.

Attract First-Time Buyers

A consignment lot also attracts more first-time buyers. These are customers who might want to try the RVing lifestyle with a cheaper unit before making a large cash outlay on a brand new unit. If that customer is happy with the service buying the consigned unit, they will be back when they are in the market for an upgrade.

Sales Commission

To the average individual trying to sell their RV, an RV dealership is a great alternative to placing ads in the paper and online because an RV dealership can streamline the sales process. The dealership attracts customers, schedules appointments to view the RV, handles financing for the sale to the new customer, and has the advertising resources to reach a large group



What many customers don't know is that most insurance policies have an exclusion that will not cover loss to a vehicle that occurs while it is in the custody of someone else for the purpose of selling it.

of potential buyers. The dealership removes all of the hassles for the seller, by doing what they do best, selling RVs. The cost of the RV increases by a flat rate or percentage to compensate the dealership for their role in the sale of the RV.

Beware of Insurance Exclusions

What many customers don't know is that most insurance policies have an exclusion that will not cover loss to a vehicle that occurs while it is in the custody of someone else for the purpose of selling it. Most customers don't read the fine print in their policies and assume their RV is covered. On the other hand, they assume that the dealership's coverage will extend to their RV. This is important to address with your customers

placing their RVs on your lot for consignment.

The policy, still written in the registered owner's name and in the registration state, can cover the unit while under consignment. It is as simple as completing and signing an application along with providing a copy of the consignment agreement.

If you need a template for a consignment agreement, Thum Insurance Agency, L.L.C., can provide that for you.

Some states require special licensing to have a consignment lot at your dealership. Be sure to look into your specific state's requirements as the regulations vary.

For more information on consignment, order, *How to Operate a Successful RV Rental Program* through the RV Learning Center by visiting www.rvlearningcenter.com.

For more information on this product or the company, call (800) 866-0777 or visit www.thuminsurance.com. ♦