

**Business Auto Insurance
(Lecture 12)**

Overview of Lecture 12 (Chapter 5, CPCU 4)

- I. Covered Autos***
- II. Liability***
- III. Physical Damage***
- IV. Conditions***
- V. Additional Coverages and Endorsements***

I. Covered Autos

- common definition - "Auto" means a land motor vehicle, trailer or semitrailer designed for travel on public roads but does not include "mobile equipment"

 - in choosing the definitions of a "covered auto," more than one symbol may be used
- A. Symbol 1 - Any Auto**
- broadest definition of auto

B. Symbol 2 - Owned Autos Only

- all autos the named insured owns

- used for liability when insured does not want liability coverage for hired or nonowned autos

C. Symbol 3 - Owned Private Passenger Autos Only

- often used by insureds who desire certain coverages (i.e. comprehensive or medical payments) for private passenger autos only

D. Symbol 4 - Owned Autos Other than Private Passenger Autos Only

- often used by insureds who desire certain coverages (i.e. specified causes of loss) only for autos that are not private passenger autos

E. Symbol 5 - Autos Required to Carry No-Fault Coverage

F. Symbol 6 - Autos Required to Carry Uninsured Motorists Coverage

G. Symbol 7 - Specifically Described Autos

- provides coverage only for the autos that are specifically listed on the declarations page

- 1. the insurer must already cover all autos that the insured owns for that particular coverage
- 2. the newly acquired auto replaces an auto which previously had that particular coverage

H. Symbol 8 - Hired Autos Only

- provides coverage only for autos that the insured leases, hires, rents, or borrows

I. Symbol 9 - Nonowned Autos

- provides coverage for autos that the insured does not own, lease, hire, rent or borrow that are used in connection with the insured's business

II. Liability

- duty to pay what the insured is legally obligated to pay because of bodily injury or property damage resulting from the ownership, maintenance or use of a covered auto

A. Who is an insured?

1.

2. Other permitted users

Some exceptions (not an exclusive list)

3. Anyone liable for other insureds

B. Out-of-State Coverage

- business auto form will conform to any financial responsibility law, compulsory insurance law, as well as any no-fault law in effect in a jurisdiction apart from where the auto is principally garaged

C. Liability Exclusions

1. expected or intended injury
2. workers compensation and employers liability
3. fellow employees
 - no coverage is provided for bodily injury to any fellow employee of any insured arising out of and in the course of employment
4. care, custody or control
 - no coverage for property in the care, custody or control of the insured
5. handling of property
 - bodily injury or property damage due to property being loaded onto an auto is covered only when the property is being moved from the place where it is accepted for such purposes by the insured
 - bodily injury or property damage due to property being loaded from an auto is covered only when the property is being moved from the auto to the place where it is finally delivered

6. **pollution**

- primarily eliminates coverage for pollutants being transported by a covered auto or someone hired to transport pollutants

7. **operations involving attached equipment**

- no coverage for the operation of attached equipment such as cherry pickers, pumps, generators, welding, building cleaning, etc. (CGL provides coverage for the operation of these types of equipment)

8. **completed operations**

9. **contractual liability**

- "insured contracts" include auto rental or lease agreements (however, this is with regard to liability for others' damage - damage to the leased or rented auto would be covered by showing a symbol 8 for physical damage)

10. war

11. racing

III. Physical Damage

A. Collision

B. Comprehensive

- losses caused by

- smaller deductible than collision

C. Specified Causes of Loss

- provides coverage only for losses caused by fire, lightning, explosion, theft, windstorm, hail, earthquake, flood, mischief or vandalism

D. Towing and Labor

E. Theft Coverage Extension

F. Rental Reimbursement Coverage

G. Exclusions

1. catastrophic
2. maintenance
3. electronic equipment
4. racing

H. Limits

- "stated amount endorsement" is added by the insurer to limit the insurer's liability for specialized types of vehicles whose value may increase over time

IV. Conditions

- when another policy covers the loss on the same basis, then the policy pays only its pro-rata share

V. Additional Coverages and Endorsements

A. Medical Payments

- provides first dollar payment (regardless of fault) for medical payments of an insured and others who are passengers in one of the insured's auto

B. Personal Injury Protection (No Fault)

C. Individual Named Insured Endorsement

D. Drive Other Car Coverage