BUSINESS AUTO EXPOSURES AND COVERAGE

SANDI KRUISE INSURANCE TRAINING
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BUSINESS AUTO

BACKGROUND

Almost every commercial venture has some exposure to automobile liability or physical damage as a result of their operations. In response to the need for comprehensive auto liability and physical damage coverage for commercial risks, the Insurance Services Office (ISO) developed the Business Auto Policy and its three other major business auto counterparts—the Garage Policy, the Trucker’s Policy and the Motor Carrier Policy—to service those needs.

Any commercial or business venture with an auto liability or physical damage exposure is eligible for one of the four business auto coverage forms.

ISO BUSINESS AUTO COVERAGE FORM

The business auto coverage form (CA 00 01) is used to insure the majority of commercial enterprises against losses arising out of the ownership, maintenance, or use of automobiles. The coverage form affords both liability and physical damage coverage.

The coverage may be provided either on a monoline or a package basis. In either case, the components for providing coverage consist of the common policy conditions (IL 00 17), nuclear energy liability exclusion endorsement (IL 00 21), business auto coverage form (CA 00 01), (applies when the business auto policy is included in a package format), and business auto declarations (CA DS 02 or CA DS 03).

Declarations and Symbols

This course covers the current business auto coverage form, CA 00 01, with a review of the declarations page, the form, the coverage symbols, and endorsements.

Format

Like other ISO coverage forms, the business auto coverage form (BAP) is combined with coverage form declarations, common policy conditions, and any applicable endorsements to be used as either a monoline policy or as one coverage part in a multi-line, or package, policy.

Declarations

The declarations page contains six items, the first of which includes the named insured’s name, address, and form of business, as well as the dates of the policy period. Item two contains a schedule of the coverages that can be provided under the auto form. Next to each coverage is a space for indicating the covered autos, limit of insurance, and premium for that coverage. Indicating covered autos in item two is accomplished by entering the appropriate numerical coverage symbol or symbols next to each coverage.
Item three is a schedule of covered autos owned by the named insured. All autos owned by the named insured at policy inception are described here (unless, of course, no coverage is desired on a particular auto). The applicable classification data are also listed, as well as the premiums, limits, and deductibles for each owned covered auto. Item four is a schedule of hired or borrowed auto coverages and premiums, for both liability and physical damage insurance. Item five is a schedule for nonownership liability coverage. Item six is a schedule that is used only for public autos and autos of leasing or rental concerns that are rated on the basis of gross receipts or mileage.

The scope of coverage in the business auto policy can be either broad or narrow, depending on the coverage options chosen. Many of these coverage options are shown on the business auto declarations. The declarations page is extremely important to both insureds and insurers. Like the declarations of many other types of coverage forms, the business auto declarations states that the policy provides only those coverages where a charge is shown in the premium column. The declarations schedule contains space for limits that govern how much the insurer will pay for any one accident or loss. Unlike most other forms, however, the business auto declarations schedule also contains a column titled “Covered Autos” which governs to which vehicles the various coverages apply.

**COMPONENTS OF THE ISO BUSINESS AUTO POLICY**

The following forms are used to structure a business auto policy when it is part of a package policy.

<table>
<thead>
<tr>
<th>Number</th>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>IL 00 17</td>
<td>Common Policy Conditions</td>
</tr>
<tr>
<td>IL 00 19</td>
<td>Common Policy Declarations</td>
</tr>
<tr>
<td>IL 00 21</td>
<td>Nuclear Energy Liability Exclusion Endorsement</td>
</tr>
<tr>
<td>CA 00 01</td>
<td>Business Auto Coverage Form</td>
</tr>
<tr>
<td>CA DS 02</td>
<td>Business Auto Coverage Form Declarations</td>
</tr>
</tbody>
</table>

The following forms are used to structure a monoline business auto policy.

<table>
<thead>
<tr>
<th>Number</th>
<th>Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>IL 00 17</td>
<td>Common Policy Conditions</td>
</tr>
<tr>
<td>IL 00 21</td>
<td>Nuclear Energy Liability Exclusion Endorsement</td>
</tr>
<tr>
<td>CA 00 01</td>
<td>Business Auto Coverage Form</td>
</tr>
<tr>
<td>CA DS 03</td>
<td>Business Auto Declarations</td>
</tr>
</tbody>
</table>

Since 1987 the business auto coverage form has been revised four times—in December 1990, June 1992, December 1993, and again in July 1997.

This form is not typically used to cover auto dealers, garages, and trucker’s. The garage coverage form (CA 00 05) is specifically structured to address the needs of auto dealers and automobile service operations; and the trucker’s coverage form (CA 00 12) is often used for insuring trucking operations. A motor carrier coverage form (CA 00 20) was introduced December 1993 as an alternative to the trucker’s coverage form.
The Business Auto Coverage Form has five sections within the form itself. What follows is an overview of the coverages, limitations and exclusions applicable to the Business Auto Coverage Form.

Each of the sections (Covered Autos, Liability Coverage, Physical Damage Coverage, Business Auto Conditions, and Definitions) in the business auto coverage form is analyzed separately in this course. The actual policy wording of the July 1997 business auto coverage form is shown inside a box with the discussion of a particular provision directly beneath the policy wording.
POLICY INTRODUCTION AND COVERED AUTOS
(SECTION I)

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to SECTION V—DEFINITIONS.

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This introductory section is designed to encourage the insured to read and consider the entire policy in order to answer coverage questions.

The second paragraph of this provision defines the two parties to the contract (the insurer and the named insured). While the majority of definitions pertaining to the business auto coverage form are found in Section V of the form, the words referring to the named insured and the insurer are defined here. The third paragraph refers the reader to the section of the form where other definitions are located.

**Named Insured**

Throughout this policy, the words “you” and “your” refer to the Named Insured shown in the Declarations.

This definition has special significance when used within the auto policy form. When an exclusion applies to “you”, that means that only the named insured is affected by the exclusion. This is true also when an insuring agreement or a condition refers to “you” or “your”; only the named insured is the affected party.

**Insurer**

The words “we”, “us”, and “our” refer to the Company providing this insurance.

These words refer to the insurance company. These terms and the ones discussed previously appear at the beginning of the auto coverage form as opposed to the rest of the defined terms that appear in section V.
Section I—Covered Autos

Section I of the business auto coverage form sets out the symbols that may be used in the declarations to indicate autos that are "covered autos" for purposes of the policy. Considering the significance of these symbols in determining how the policy applies, it is extremely important that both the insured and insurer understand them.

The following symbols for covered autos may be used to signify the various coverages available in the BAP.

SYMBOLS

1. Any Auto
2. Owned Autos Only
3. Owned PP Autos Only
4. Owned (Other Than PP) Autos Only
5. Owned Autos Subject to No-Fault
6. Owned Autos Subject to UM
7. Specifically Described Autos
8. Hired Autos Only
9. Nonowned Autos Only

Item Two of the Declarations shows the "autos" that are covered "autos" for each of your coverages. The following numerical symbols describe the "autos" that may be covered "autos". The symbols entered next to a coverage on the Declarations designate the only "autos" that are covered "autos".

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Symbols for Covered Autos

This section describes all the symbols that may be used to denote coverage, while the declarations schedule displays by its use of these symbols which description of covered autos applies. Nine symbols are listed, some of which are only used to denote a particular type of coverage. Endorsement CA 99 54 may be used to describe a unique symbol to fit a particular need, using symbol 10.

A coverage symbol must be shown beside coverage for that coverage to apply.

Each of the symbols relates to "auto" as "a land motor vehicle, trailer or semitrailer designed for travel on public roads but does not include mobile equipment." This is a very broad definition encompassing vehicles ranging from motorcycles to large tractor-trailer rigs. However, "mobile equipment" will not qualify as a covered auto. The policy definition of "mobile equipment" and the available methods of insuring mobile equipment are discussed later in this course.
The description of covered auto designation symbols are as follows:

Symbol 1—Any Auto

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Description of Covered Auto Designation Symbols</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Any “Auto”</td>
</tr>
</tbody>
</table>

Symbol 1 (any auto) is used to denote that any auto is a covered auto for purposes of this policy. The symbol, intended to apply only to liability coverage, affords liability coverage to the insured for bodily injury or property damage resulting from the ownership, maintenance, or use of any automobile whether it is owned, hired, borrowed, or used.

Any auto that the insured acquires during the policy period is automatically covered and need not be reported to the insurance company before the insurer conducts an audit of exposures, which is ordinarily at the end of the policy period.

Symbol 1 (any auto) affords the broadest liability coverage available under the business auto policy, and in most cases will be the preferred symbol from the insured's standpoint.

Symbol 1 may only be used to activate liability coverage. When this symbol applies, no other symbols need to apply to the policy's liability coverage.

Symbols 2, 3, and 4—Owned Autos, Owned Private Passenger Autos, and Owned Autos Other than Private Passenger

2 Owned “Autos” Only. Only those “autos” you own (and for Liability Coverage any “trailers” you don’t own while attached to power units you own). This includes those “autos” you acquire ownership of after the policy begins.

3 Owned Private Passenger “Autos” Only. Only the private passenger “autos” you own. This includes those private passenger “autos” you acquire ownership of after the policy begins.

4 Owned “Autos” Other Than Private Passenger “Autos” Only. Only those “autos” you own that are not of the private passenger type (and for Liability Coverage any “trailers” you don’t own while attached to power units you own). This includes those “autos” not of the private passenger type you acquire ownership of after the policy begins.

Symbols 2, 3, or 4 may be used to activate liability, physical damage, medical payments, and uninsured/underinsured motorist coverage.
These three symbols refer to automobiles the named insured owns. When any one of these symbols alone is used to afford coverage, the policy's coverage does not extend to hired, borrowed, or nonowned autos (except liability for substitute autos and for trailers attached to the named insured's own power units). Coverage does, however, apply for newly acquired vehicles of the type described.

In the case of physical damage coverage, when either symbol 2 (owned autos only), 3 (owned private passenger autos only), or 4 (owned autos other than private passenger only) applies, symbol 8 (hired autos only) may also be used to extend the physical damage coverage to hired or borrowed automobiles. This activates the broadest possible physical damage coverage.

Symbol 2 (owned autos only) is used to denote coverage for all autos that the named insured owns, and for liability insurance, nonowned trailers attached to the named insured's own power units. Also with regard to liability coverage, the symbol may be used in conjunction with either symbol 8 (hired autos) to provide hired auto liability coverage or symbol 9 (nonowned autos) to provide nonownership liability. The combination of the three symbols would almost be equivalent to symbol 1 (any auto).

More commonly, symbol 2 is used for providing "automatic" physical damage insurance on a fleet of owned autos.

Symbol 2 (owned autos) may also be used to provide automatic uninsured/underinsured motorist (UM/UIM) coverage for all owned vehicles. When the insured wants to purchase such coverage whether it is mandatory or not, symbol 2 (owned autos) is used in lieu of symbol 6 (owned autos subject to a compulsory UM law). The two symbols should not normally be used together for UM/UIM coverage.

Symbol 3 applies to owned private passenger autos only, including private passenger autos which the named insured acquires during the policy period. This symbol can be used for any coverage under the auto form. An application might be for uninsured motorist coverage where the insured only wishes to have the coverage on its private passenger vehicles.

Its most common use, however, is to activate auto medical payments coverage and physical damage comprehensive coverage for the named insured's private passenger vehicles. Another use might be to indicate coverage for towing and labor.

The combination of symbols 3 (owned private passenger autos), 8 (hired autos), and 9 (nonowned autos) affords automatic liability coverage for any vehicle except owned autos that are not private passenger vehicles.

Symbol 4 (owned autos other than private passenger) is used to designate coverage for all the named insured's owned vehicles that are not of the private passenger type. If it is used to activate liability coverage, it may be used in conjunction with symbols 8 (hired autos) and 9 (nonowned autos), in combination or alone.

The most frequent application of symbol 4 (owned autos other than private passenger) is probably for physical damage specified causes of loss coverage. It would rarely be used to afford UM/UIM or medical payments coverage.
Symbol 4 includes autos of the same type that the named insured acquires during the policy period. Symbol 4 also includes nonowned trailers or semitrailers while attached to power units owned by the named insured, for liability coverage only.

With respect to physical damage comprehensive or specified causes of loss coverage, symbol 2 (owned autos) is rarely used. Instead, symbol 3 (owned private passenger autos) is most often used to activate comprehensive coverage, while symbol 4 (owned autos other than private passenger) is more likely to be used to designate specified causes of loss coverage. The reasons include the difference in premium costs between comprehensive and specified causes of loss coverage as well as the difference in exposures to loss between the types of vehicles.

Symbol 5—Owned Autos Subject to No-Fault

5 Owned “Autos” Subject To No-Fault Only those “autos” you own that are required to have No-Fault benefits in the state where they are licensed or principally garaged. This includes those “autos” you acquire ownership of after the policy begins provided they are required to have No-Fault benefits in the state where they are licensed or principally garaged.

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Symbol 5 is for owned autos that are required to have no-fault benefits in the state where they are licensed or principally garaged. Autos that the named insured acquires ownership of during the policy period are automatically covered if they too are required to have no-fault benefits. Symbol 5 (owned autos subject to no-fault) is used when no-fault coverage is to be afforded automatically for all eligible vehicles.

Symbol 6—Owned Autos Subject to Compulsory UM Law

6 Owned “Autos” Subject to a Compulsory Uninsured Motorist Law Only those “autos” you own that because of the law in the state where they are licensed or principally garaged are required to have and cannot reject Uninsured Motorist Coverage. This includes those “autos” you acquire ownership of after the policy begins provided they are subject to the same state uninsured motorist requirement.

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Symbol 6, used only for uninsured (and underinsured) motorist coverage, insures owned autos subject to a compulsory uninsured motorist law, including autos that the named insured acquires during the policy period that are also subject to a compulsory uninsured motorist law. If the named insured is not required to carry uninsured motorist coverage or can reject the coverage, another symbol -- 2, 3, 4, or 7 -- must be used to provide uninsured motorist coverage, if it is desired.

Symbol 6 will afford automatic coverage, but it may be used only in those states with mandatory uninsured motorist laws that do not permit the right to reject such coverage.
Symbol 7—Specifically Described Autos

7      Specifically Described “Autos” Only those “autos” described in Item Three of the Declarations for which a premium charge is shown (and for Liability Coverage any “trailers” you don’t own while attached to any power unit described in Item Three).

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Symbol 7 signals coverage for specifically described autos only (autos described in item three of the declarations). The symbol may be used to activate any of the coverages in the business auto coverage form. Symbol 7 coverage is extended to an auto the named insured acquires after policy inception only if (1) the insurer already insures all autos that the named insured owns for the coverage being sought or the newly acquired auto replaces an auto previously owned by the named insured that had that coverage; and (2) the named insured asks the insurer, within 30 days after acquiring the auto, to insure it for that coverage. With respect to liability coverage, symbol 7 also covers trailers or semitrailers that the named insured does not own, while attached to any power unit described in item three of the declarations.

When this symbol is used, it is up to the insured to make sure that coverage is in place; therefore, the symbol should be used with extreme caution. Since the coverage that symbol 7 provides for newly acquired autos is inferior to the coverage that comes with any other coverage symbols, symbol 7 should if at all possible, be avoided by insureds.

Symbol 8—Hired Autos

8      Hired “Autos” Only. Only those “autos” you lease, hire, rent or borrow. This does not include any “auto” you lease, hire, rent, or borrow from any of your “employees,” partners (if you are a partnership), members (if you are a limited liability company) or members of their households.

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Symbol 8 applies to “hired autos only,” including only such autos that the named insured leases, hires, rents, or borrows, and not including autos owned by the named insured’s employees, partners, or members of their households. (Liability for use of employees’ autos is insurable under symbol 1 or 9).

If the named insured’s liability coverage indicates symbol 1, hired autos coverage is automatically included and symbol 8 need not be shown. If, however, any symbol except 1 is used for liability coverage, symbol 8 must be shown beside liability coverage to provide coverage for hired or borrowed autos.

The other insurance clause on CA 00 01 states that for hired auto physical damage coverage, any covered auto that the named insured leases, hires, rents, or borrows is deemed to be a covered auto that the named insured owns; meaning that coverage under the BAP is primary under those conditions.
Although Symbol 8 (hired autos) is not intended to be used in conjunction with uninsured/underinsured motorist coverage, changes in the statutes in a couple of states over the last few years may indicate a trend that could lead to a change in that respect.

Symbol 8 may be used to activate liability and physical damage coverage. However, hired auto physical damage coverage does not apply to an auto leased, hired, rented, or borrowed with a driver, unless a separate endorsement (CA 20 33) is attached to provide such coverage.

**Symbol 9—Nonowned Autos**

- **Nonowned “Autos” Only** Only those “autos” you do not own, lease, hire, rent or borrow that are used in connection with your business. This includes “autos” owned by your “employees,” (if you are a partnership), members (if you are a limited liability company), or partners or members of their households but only while used in your business or your personal affairs.

Symbol 9 (nonowned autos) is designed to afford liability coverage for autos the named insured does not own, hire, lease, rent, or borrow that are used in connection with the named insured's business. Autos that are owned by employees, partners, or members of their households are included in this definition if such autos are used in connection with the named insured's business. The coverage afforded herein applies only for the benefit of the employer and not the employee, partner, or member of their household. If coverage is to be afforded for the employee, the employees as insureds endorsement (CA 99 33) would be used.

If symbol 1 has been used for liability coverage, symbol 9 need not be shown as well. However, if any other symbol is used, symbol 9 will need to be shown alongside that symbol for "nonowned autos" liability coverage to apply.

The symbol 9 (nonowned autos) is not intended to be used for any type of coverage other than liability; however, in some states UM/UIM coverage may apply to nonowned autos as well as to owned autos.

**Miscellaneous**

**Newly Acquired Autos**

B. Owned Autos You Acquire After the Policy Begins

1. If symbols 1, 2, 3, 4, 5 or 6 are entered next to a coverage in Item Two of the Declarations, then you have coverage for "autos" that you acquire of the type described for the remainder of the policy period.

2. But, if symbol 7 is entered next to a coverage in Item Two of the Declarations, an "auto" you acquire will be a covered "auto" for that coverage only if:
a. We already cover all "autos" that you own for that coverage or it replaces an "auto" you previously owned that had that coverage; and

b. You tell us within 30 days after you acquire it that you want us to cover it for that coverage.

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Paragraph B of this section of the business auto coverage form deals with coverage for autos the named insured acquires during the term of the policy after the inception date. The extent of the policy’s coverage for newly acquired vehicles depends on the numerical symbol used to denote each of the coverages available under the policy.

If any of symbols 1 through 6 are used, the named insured has automatic coverage for autos of the type described until the end of the policy period. If symbol 7 (specifically described autos) is used, any automatic coverage available is limited to 30 days. It is necessary to report newly acquired autos to the insurer to arrange coverage beyond the 30-day grace period provided by the policy.

The insured is advised not to take advantage of automatic coverage to the extent that failure to communicate with the insurer could damage an ongoing business relationship.

**Trailers, Mobile Equipment, and Temporary Substitute Autos**

C. Certain Trailers, Mobile Equipment and Temporary Substitute Autos

If Liability Coverage is provided by this Coverage Form, the following types of vehicles are also covered "autos" for Liability Coverage:

1. "Trailers" with a load capacity of 2,000 pounds or less designed primarily for travel on public roads.

2. "Mobile equipment" while being carried or towed by a covered "auto".

3. Any "auto" you do not own while used with the permission of its owner as a temporary substitute for a covered "auto" you own that is out of service because of its:
   a. Breakdown;
   b. Repair;
   c. Servicing;
   d. "Loss"; or
   e. Destruction.

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Paragraph C. refers strictly to auto liability coverage and extends the coverage to certain trailers, mobile equipment, and temporary substitute autos if liability coverage is provided under the policy.

The trailers to which the extension applies are those with a load capacity of 2,000 pounds or less designed primarily for travel on public roads. Mobile equipment qualifying for the extension is that which is being carried or towed by a covered auto.

Also, any auto that is being used as a temporary substitute for a covered auto that is out of service is also covered for liability insurance. The covered auto may be out of service because of breakdown, repair, servicing, "loss" as defined by the policy, or destruction. For purposes of this provision, the temporary substitute auto may be leased, hired, rented, or borrowed; but it must not be owned by the named insured. Auto statutes in a number of states govern how insurance applies, primary or excess, when a loss involves an auto that is being used as a temporary substitute auto, especially when that auto is owned by an entity in an auto business.
LIABILITY COVERAGE (SECTION II)

Section II of the business auto coverage form sets out the terms and conditions dealing specifically with liability coverage. It includes the insuring agreement, "who is an insured" provision, coverage extensions, exclusions, and limit of insurance provision.

**Insuring Agreement**

**COVERAGE**

We will pay all sums an "insured" legally must pay as damages because of "bodily injury" or "property damage" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of a covered "auto".

We will also pay all sums an "insured" legally must pay as a "covered pollution cost or expense" to which this insurance applies, caused by an "accident" and resulting from the ownership, maintenance or use of covered "autos." However, we will only pay for the "covered pollution cost or expense" if there is either "bodily injury" or "property damage" to which this insurance applies that is caused by the same "accident".

We have the right and duty to defend any "insured" against a "suit" asking for such damages or a "covered pollution cost or expense". However, we have no duty to defend any "insured" against a "suit" seeking damages for "bodily injury" or "property damage" to which this insurance does not apply. We may investigate and settle any claim or "suit" as we consider appropriate.

Our duty to defend or settle ends when the Liability Coverage Limit of Insurance has been exhausted by payment of judgments or settlements.

The insuring agreement states the insurer's promise to pay sums that an insured becomes legally obligated to pay as damages because of injury or damage resulting from the ownership, maintenance, or use of a covered auto and also the insurer's obligation to settle or defend suits asking for such damages.

The bodily injury or property damage must be caused by an accident and must result from the ownership, maintenance, or use of a covered auto. The determination of what is a covered auto is detailed in the policy's declarations and Section I of the coverage form.

The second paragraph states the insurer's promise to pay pollution cleanup costs when the cleanup is in conjunction with a covered bodily injury or property damage loss. By exception to the pollution exclusion, the business auto policy (BAP) affords some coverage for bodily injury and property damage arising out of the escape of pollutants. When such bodily injury or property damage coverage applies, the BAP also covers pollution cleanup costs. In order for pollution cleanup costs to be covered, the costs must arise as the result of an accident and must also result from the ownership, maintenance, or use of a covered auto. The insurer will only pay
for the pollution cost or expense if there is either bodily injury or property damage to which the insurance applies that is caused by the same accident.

The insurer has the right and duty to defend any insured against a suit seeking damages or pollution cleanup costs. However, there is no duty to defend against suits for liability or cleanup costs that are not covered by the business auto coverage form. The insurer has the right to investigate and settle any claim or suit as it considers appropriate. The insurer and not the insured controls the investigation and settlement of claims and suits. The insurer's duty to defend or settle ends when the limit of liability has been exhausted by payment of judgments or settlements. The insurer does not have the right to tender its limits and walk away from its duty to defend.

As a general rule, the duty to defend is broader than the duty to pay damages. If the allegations of a complaint against the insured are potentially within coverage, even if they may be false or fraudulent, the insurer is ordinarily obliged to defend. If a complaint against the insured contains numerous allegations, some potentially within policy coverage and others that are not, the insurer will still usually be required to defend.

The promises to pay damages and to defend any claim or suit asking for those damages are separate and independent promises, and defense costs are considered to be in addition to the limit of liability. However, the insurer's duty to settle or defend ends when the limit of liability has been exhausted by payment of judgments or settlements.

### Who is an Insured

The following are "insureds":

1. You for any covered "auto";

2. Anyone else while using with your permission a covered "auto" you own, hire, or borrow except:
   a. The owner or anyone else from whom you hire or borrow a covered "auto". This exception does not apply if the covered "auto" is a "trailer" connected to a covered "auto" you own.
   b. Your "employee" if the covered "auto" is owned by that "employee" or a member of his or her household.
   c. Someone using a covered "auto" while he or she is working in a business of selling, servicing, repairing, parking, or storing "autos" unless that business is yours.
   d. Anyone other than your "employees", partners (if you are a partnership), members (if you are a limited liability company), or, a lessee or borrower or any of their "employees", while moving property to or from a covered "auto".
   e. A partner (if you are a partnership), or a member (if you are a limited liability company) for a covered "auto" owned by him or her or a member of his or her household.
3. Anyone liable for the conduct of an "insured" described above but only to the extent of that liability.

The definition of "insured" is broken into three segments—the named insured, permissive users, and anyone liable for the conduct of an insured.

Under Paragraph a. of the "who is an insured" provision, the named insured has liability coverage available for any auto that is covered under the liability portion of the business auto coverage form (owned, nonowned, or hired autos). The designation of covered auto is shown in the declarations and described in Section I of the coverage form.

Paragraph b. provides coverage for anyone using a covered auto with the named insured's permission. An employee of the named insured would also be an insured when he or she is using an auto owned, hired, or borrowed by the named insured. An employee with a company car who borrows a neighbor's auto is not an insured under the employer's BAP for that borrowed auto.

The omnibus clause contains exceptions that are listed in the five subparagraphs which follow paragraph b. of the "who is an insured" provision. The first exception is for anyone from whom the named insured hires or borrows a covered auto, unless the covered auto is a trailer connected to a covered auto owned by the named insured. Unless there is an agreement to the contrary, the owner of the hired or borrowed auto is expected to purchase insurance or otherwise be responsible for his or her own liability in connection with the auto. (When a lease or rental agreement calls for the lessee to furnish primary liability coverage to protect itself and the lessor against the auto liability exposure, this exception may be removed by the additional insured—lessor endorsement (CA 20 01), or the hired autos specified as covered autos you own endorsement (CA 99 16).

WHO IS AN INSURED—BUSINESS AUTO POLICY EFFECT OF COMMON ENDORSEMENTS

- With the individual named insured endorsement (CA 99 17), members of the named insured's household become insureds for autos that are not owned by them or furnished for their regular use. The endorsement is mandatory if the named insured is an individual who owns a private passenger auto. It requires no additional premium; coverage would be excess.

- With the optional drive other car coverage—broadened coverage for named individuals endorsement (CA 99 10), the individuals named in the endorsement (and their spouses) become insureds while using autos they do not own. There is a premium charge for the endorsement; coverage would be excess.

- With the optional employees as insureds endorsement (CA 99 33), employees become insureds while they are using their own autos in the named insured's business or personal affairs. There is a premium charge for the endorsement; coverage would be excess.
With the optional social service agencies—volunteers as insureds endorsement (CA 99 34), volunteers and owners of loaned autos become insureds while using the covered auto in activities necessary to the named insured's business. There is a premium charge for the endorsement; coverage would be excess.

With the optional employee as lessor endorsement (CA 99 47), employees become insureds while their owned auto is leased to the named insured. The auto is treated as an owned auto rather than a nonowned auto, therefore, coverage would be primary. There is a premium charge for the endorsement.

With the optional designated insured endorsement (CA 20 48), persons or organizations who qualify for insured status under the policy may be listed by name. The endorsement requires no additional premium.

The second exception to the omnibus clause is that an employee of the named insured who uses his or her own auto in connection with the insured's business is not an insured with respect to that auto. Therefore, if an employee is involved in an accident while driving his or her own auto in the business of his or her employer, the employer's business auto policy will cover any liability imputed to the employer; however, the employee is expected to have a personal auto policy to cover his or her personal liability. The employee as a permissive user of a company-owned vehicle, or any hired or borrowed vehicle that does not belong to the employee or his or her family, is an insured under the employer's BAP. (If the insured employer agrees to provide primary liability coverage on an auto that is owned by an employee, the employee as lessor endorsement (CA 99 47), is used to provide coverage.)

Paragraph b.(3) excludes coverage for persons using a covered auto while working in the business of selling, servicing, repairing, parking, or storing autos unless that is the business of the named insured. The types of businesses listed in this paragraph are eligible for coverage under the garage coverage form, with liability coverage that extends to autos in their custody because of the business.

The fourth paragraph, b.(4), excludes coverage for anyone other than the named insured's employees, partners, members, a lessee, borrower, or an employee of a lessee or borrower while loading or unloading the covered auto.

The ownership, maintenance, or use of a covered auto includes the loading and unloading of that vehicle.

Paragraph b.(5) pertaining to partners and members of a limited liability company states that a partner or member is not an insured for his or her own automobile. The partner or member is expected to purchase personal auto insurance to respond to his or her liability for that auto. When an individual partner's auto is being used in the business of the partnership, the partnership but not the individual partner is an insured for liability coverage.

Paragraph c. of the "who is an insured" provision extends the liability coverage to anyone who is liable for the conduct of an insured. The coverage is limited to the extent of that vicarious liability.

Since this provision gives additional insured status for an entity that is liable for the conduct of an insured, it is not necessary to specifically add an additional insured endorsement for that
entity; however, an optional designated insured endorsement (CA 20 48) exists for the purpose of doing so.

**Coverage Extensions**

2. Coverage Extensions

**Supplementary Payments**

a. Supplementary Payments

In addition to the Limit of Insurance, we will pay for the "insured":

1. All expenses we incur.

2. Up to $2,000 for cost of bail bonds (including bonds for related traffic law violations) required because of an "accident" we cover. We do not have to furnish these bonds.

3. The cost of bonds to release attachments in any "suit" against the "insured" we defend, but only for bond amounts within our Limit of Insurance.

4. All reasonable expenses incurred by the "insured" at our request, including actual loss of earnings up to $250 a day because of time off from work.

5. All costs taxed against the "insured" in any "suit" we defend.

6. All interest on the full amount of any judgment that accrues after entry of the judgment in any "suit" against the "insured" we defend, but our duty to pay interest ends when we have paid, offered to pay or deposited in court the part of the judgment that is within our Limit of Insurance.

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The first paragraph of the "coverage extensions" provision in the liability section of the business auto coverage form sets out the supplementary payments, or claims handling expenses, for which the insurer will be responsible. The most important of these is the defense cost coverage. These supplementary payments are coverage extensions that apply in addition to the liability coverage's limit of insurance.

In the first paragraph, the insurer agrees to pay all expenses incurred by it for the insured. This would encompass all necessary costs incurred by the insurer in investigating and defending a claim, such as legal fees, accident reports, estimates, court costs, and the like.
The second paragraph of the supplementary payments provision does not require the insurer itself to furnish bail bonds, but it does require the insurer to pay up to $2,000 for the cost of these bonds. The provision includes bail bonds as well as bonds for related traffic law violations. The bail bonds for which the insurer is responsible are those required because of an accident covered by the insurer.

In the third paragraph, the insurer agrees to pay the cost of bonds for the release of attachments that have been made on the assets of the insured in any suit against the insured that the insurer is defending. A claimant may have filed for a legal claim against the insured's property, pending the outcome of a lawsuit against the insured, to be assured that the insured is financially able to pay any judgment arising from the lawsuit. The insurer is not obligated to pay that portion of the bond premium associated with a bond penalty (limit) in excess of the policy limit.

Paragraph (4) states the insurer's agreement to pay reasonable expenses incurred by the insured at the insurer's request, including actual loss of earnings up to $250 a day because of time off from work. The expenses must be incurred at the insurer's request; expenses incurred solely at the discretion of the insured are not covered expenses.

In the fifth paragraph, the insurer agrees to pay all costs taxed against the insured in any suit the insurer defends, including court costs assessed against the insured in an unsuccessful suit.

The final paragraph addresses the issue of interest that accrues between the time of a judgment and the time that judgment is actually paid. The insurer agrees to pay interest on the full amount of the judgment even if the judgment is larger than the limit of insurance. Once the insurer has paid, offered to pay, or deposited in court the part of the judgment that is within its limits, however, the insurer's obligation to pay interest ends. This provision encourages the insurer to pay the claim promptly.

Absent in commercial auto policies is prejudgment interest, that which may be charged on an award beginning with the date of injury and ending on the date of judgment. Coverage for prejudgment interest is usually payable, but within the limit of liability, rather than in addition to the limit.

Coverage for expenses incurred by an insured for first aid to others at the time of an accident is also provided by commercial auto policies in some states.

These supplementary payments do not reduce the limit of insurance available to the insured for the payment of a claim or lawsuit.

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**Out-of-State Coverage Extensions**

### b. Out-of-State Coverage Extensions

While a covered "auto" is away from the state where it is licensed we will:
(1) Increase the Limit of Insurance for Liability Coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered "auto" is being used. This extension does not apply to the limit or limits specified by any law governing motor carriers of passengers or property.

(2) Provide the minimum amounts and types of other coverages, such as no-fault, required of out-of-state vehicles by the jurisdiction where the covered "auto" is being used.

We will not pay anyone more than once for the same elements of loss because of these extensions.

The second portion of the "coverage extensions" of the liability coverage section of the business auto coverage form applies when a covered auto is away from the state where it is licensed. The policy will pay minimum required limits to comply with the state compulsory or financial responsibility law where the covered auto is being used, and will provide minimum amounts of required coverages, such as no-fault.

The first paragraph of out-of-state coverage extensions deals with state compulsory or financial responsibility laws. When a covered auto is being used in a state other than the state where it is licensed, that auto's limit of liability is automatically increased to meet required limits.

The second part of the provision says that the insurer will provide the minimum amounts and types of coverages required of out of state vehicles by the jurisdiction where the covered auto is being used.

The extension is broad enough to apply to any type and amount of coverage required of out-of-state vehicles by the jurisdiction where the covered auto is being used.

Finally, the insurer states that it will not pay anyone more than once for the same elements of loss because of these out-of-state coverage extensions. This is an attempt by the insurer to make sure it does not pay more than once for a covered accident.

**Liability Exclusions**

The liability section of the business auto policy contains an insuring agreement that sets out in rather broad terms the scope of coverage provided by the policy. The liability exclusions then narrow the scope of coverage by excluding coverage for exposures that (a) may be more logically treated under other types of policies; (b) can be covered under the auto liability policy but for an additional premium charge; or (c) are uninsurable.

B. Exclusions

This insurance does not apply to any of the following:
Expected or Intended Injury Exclusion

1. Expected Or Intended Injury

"Bodily injury" or "property damage" expected or intended from the standpoint of the "insured".

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The expected or intended injury exclusion is designed to preclude coverage for bodily injury or property damage that the insured expects or intends to cause. It is not the intent of the auto liability coverage form to pay claims that could be against public policy. The exclusion does not apply unless the insured expects or intends the injury. Even if the act is intended by the insured, the exclusion will not apply unless the insured also intended the resultant injury.

Contractual Liability Exclusion

2. Contractual

Liability assumed under any contract or agreement.

But this exclusion does not apply to liability for damages:

a. Assumed in a contract or agreement that is an "insured contract" provided the "bodily injury" or "property damage" occurs subsequent to the execution of the contract or agreement; or

b. That the "insured" would have in the absence of the contract or agreement.

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The contractual liability exclusion precludes liability assumed under any contract or agreement. This exclusion confirms that liability coverage under this insurance policy is not meant to apply to a breach of contract.

The exclusion does not apply to liability, however, for damages assumed in a contract that is an "insured contract" as defined in the business auto coverage form or that the insured would have in the absence of the contract or agreement. The policy will cover liability of another assumed in lease of premises, sidetrack agreements, easement or license agreements, municipality indemnity agreements, and other business contracts or agreements under which the named insured assumes the tort liability of another to pay for bodily injury or property damage to a third party.

The definition in some states, however, does not include that part of any contract or agreement that "pertains to the loan, lease or rental of an 'auto' to you ...." Unless the policy is amended by endorsement, if the named insured enters into a car lease or rental agreement under which he
or she assumes the tort liability of the leasing company, no coverage is available for that exposure.

Except in the states of Minnesota, New York, and North Dakota, there is no liability coverage under the policy for property damage to the leased vehicle itself.

**Worker Compensation Exclusion**

These exclusions preclude coverage for bodily injury to employees of the insured, an exposure that is more properly handled under workers compensation and employer’s liability insurance, or other forms of employment-related insurance as part of the exclusive remedy concept.

3. Workers’ Compensation

Any obligation for which the "insured" or the "insured's" insurer may be held liable under any workers' compensation, disability benefits or unemployment compensation law or any similar law.

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This exclusion eliminates coverage for workers compensation, disability benefits, and unemployment compensation that are required by law. The coverages are excluded under the business auto coverage form because they may be treated more effectively under policies specifically designed to handle the exposures (workers compensation insurance). The exclusion applies whether the insured or the insured's insurer may be held liable.

**Employee Indemnification and Employers Liability Exclusion**

4. Employee Indemnification and Employer's Liability

"Bodily injury" to:

a. An "employee" of the "insured" arising out of and in the course of:

(1) Employment by the "insured"; or

(2) Performing the duties related to the conduct of the "insured's" business; or

b. The spouse, child, parent, brother or sister of that "employee" as a consequence of Paragraph a. above.

This exclusion applies:

(1) Whether the "insured" may be liable as an employer or in any other capacity; and
(2) To any obligation to share damages with or repay someone else who must pay damages because of the injury.

But this exclusion does not apply to "bodily injury" to domestic "employees" not entitled to workers' compensation benefits or to liability assumed by the "insured" under an "insured contract". For the purposes of the Coverage Form, a domestic "employee" is a person engaged in household or domestic work performed principally in connection with a residence premises.

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The employee indemnification and employers liability exclusion precludes coverage for liability arising from bodily injury to an employee of the insured occurring in the course of such employment or arising out of and in the course of performing duties related to the conduct of the insured's business.

Also excluded are claims from employees' family members for consequential bodily injury, such as loss of consortium or companionship as a consequence of the employee's bodily injury. The employer's liability exclusion applies whether the insured is liable as an employer or in any other capacity, so-called dual capacity claims. It also applies to any obligation to share damages with or to repay someone else who must pay damages because of the injury.

The employee indemnification and employers liability exclusion does not apply to bodily injury to domestic employees who are not entitled to workers compensation benefits or to liability that the insured assumes under an insured contract. This coverage is provided because these particular exposures are not covered under the workers compensation policy.

Fellow Employee Exclusion

5. Fellow Employee

"Bodily injury" to any fellow "employee" of the "insured" arising out of and in the course of the fellow "employee's" employment or while performing duties related to the conduct of your business.

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The fellow employee exclusion precludes coverage for bodily injury to any fellow employee of the insured arising out of and in the course of the fellow employee's employment or while performing duties related to the conduct of the named insured's business. The application of the exclusion is not confined to the employees (and fellow employees) of the named insured but can apply to employees of any insured. The purpose of the exclusion is to prevent the auto liability coverage from responding to a loss that would ordinarily be covered under a workers compensation policy.

This exclusion can create problems for employees in states that permit an injured employee to maintain a tort action against a negligent fellow employee. Therefore, this exclusion is sometimes amended by endorsement to cover the exposure.
**Care, Custody, or Control Exclusion**

6. Care, Custody Or Control

"Property damage" to or "covered pollution cost or expense" involving property owned or transported by the "insured" or in the "insured's" care, custody or control. But this exclusion does not apply to liability assumed under a sidetrack agreement.

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The use of the wording in this particular exclusion "the insured" as opposed to "you" or "an insured" applies to the particular insured transporting or controlling the property, but not to other insureds.

The care, custody, or control exclusion precludes coverage for property damage to property owned, transported by, or in the care, custody, or control of the insured. Coverage for this exposure is available under other, more specific forms of insurance, such as motor truck cargo and garage keepers insurance. It also precludes coverage for pollution cost or expense involving such property. Since liability assumed under a sidetrack agreement is specifically exempt from this exclusion (it is covered).

**Handling and Movement of Property Exclusions**

7. Handling Of Property

"Bodily injury" or "property damage" resulting from the handling of property:

a. Before it is moved from the place where it is accepted by the "insured" for movement into or onto the covered "auto"; or

b. After it is moved from the covered "auto" to the place where it is finally delivered by the "insured".

Although the words "loading and unloading" are not used in the business auto coverage form, these two exclusions define the scope of coverage for loading and unloading of covered autos, in terms of "handling of property" and "movement of property."

The auto form will cover any liability arising out of the employees' handling of the property from the time it has been picked up at the loading dock until it has been finally delivered to the customer.

8. Movement Of Property By Mechanical Device

"Bodily injury" or "property damage" resulting from the movement of property by a mechanical device (other than a hand truck) unless the device is attached to the covered "auto".
Exclusion 8 eliminates coverage for bodily injury or property damage resulting from the movement of property by a mechanical device -- other than a hand truck -- not attached to the covered auto.

Auto liability coverage responds to claims for damages because of bodily injury or property damage resulting from the ownership, maintenance, or use of a covered auto. CGL coverage, on the other hand, specifically excludes such claims. When an auto is used to move property from one location to another, claims resulting from loading or unloading are the subject of auto liability insurance.

The term "loading or unloading" is defined in the CGL as follows:

**Loading or unloading means the handling of property:**

a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or auto;

b. While it is in or on an aircraft, watercraft or auto; or

c. While it is being moved from an aircraft, watercraft or auto to the place where it is finally delivered;

but loading or unloading does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or auto.

The auto policy will respond to injury or damage that occurs during the actual pickup or delivery of property; the CGL policy will respond to claims arising out of the handling of property before pickup and after delivery, as well as the movement of property by a mechanical device unless the device is attached to a covered auto.

**Operations Exclusion**

9. Operations

"Bodily injury" or "property damage" arising out of the operation of any equipment listed in Paragraphs 6.b. and 6.c. of the definition of "mobile equipment".

The operation of the equipment itself is not covered under the auto form.

This exclusion eliminates coverage under the business auto coverage part for liability arising from the operation of any "mobile equipment," as defined in both the CGL and business auto
policy. Liability coverage under the CGL and the BAP is intended to coordinate with respect to mobile equipment so that coverage gaps and overlaps do not occur. The primary use of the vehicle is the distinguishing factor determining which policy applies. The primary purpose of an auto is mobility, while the primary purpose of mobile equipment is to perform an operation that is related to the insured's particular business.

**Completed Operations Exclusion**

10. Completed Operations

"Bodily injury" or "property damage" arising out of your work after that work has been completed or abandoned.

In this exclusion, your work means:

a. Work or operations performed by you or on your behalf; and

b. Materials, parts or equipment furnished in connection with such work or operations.

Your work includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in paragraphs a. or b. above.

Your work will be deemed completed at the earliest of the following times:

(1) When all of the work called for in your contract has been completed.

(2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.

(3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement, but which is otherwise complete, will be treated as completed.

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The completed operations exclusion precludes bodily injury or property damage arising out of the named insured's work after it has been completed or abandoned.

The completed operations exposure is covered under the CGL coverage form.

**Pollution Liability Exclusion**

11. Pollution
"Bodily injury" or "property damage" arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

a. That are or that are contained in any property that is:

(1) Being transported or towed by, handled, or handled for movement into, onto, or from the covered "auto";

(2) Otherwise in the course of transit by or on behalf of the "insured"; or

(3) Being stored, disposed of, treated, or processed in or upon the covered "auto";

b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto"; or

c. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of, or abandoned by the "insured".

The pollution exclusion almost absolutely eliminates coverage for pollution incidents, subject to very limited exceptions.

Pollutants are defined as any solid, liquid, gaseous, or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals, and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

The exclusion applies to discharge that originates from the covered auto itself. It does apply while pollutants are being handled for movement into, onto, or from the covered auto. The pollutants must be in or on the covered auto in order to be excluded in such cases.

Exceptions to Pollution Exclusion

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

(1) The "pollutants" escape, seep, migrate, or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and

(2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in paragraphs 6.b. and 6.c. of the definition of "mobile equipment."

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This exception to paragraph a. affords coverage for liability arising from the escape of fuels or other similar pollutants that are necessary for the normal operation of the covered automobile.

If an insured is held liable for damage involved when pollutants are released from the gas or oil tanks of the insured vehicle, the pollution exclusion will not apply, since the substance was for the normal mechanical functioning of the auto and it escaped from an auto part designed for the purpose of holding the substance.

The second paragraph of the exception excludes coverage for bodily injury, property damage, or "covered pollution cost or expense," involving the operation of mobile equipment. Coverage for exposures involving mobile equipment would be subject to the CGL coverage form.

Paragraphs b. and c. above of this exclusion do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

(1) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and

(2) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

The exceptions to paragraphs b. and c. provide coverage when the maintenance or use of a covered auto directly causes the release or escape of pollutants away from the insured's premises with respect to pollutants not in or on the covered auto.

The insured would still have coverage for liability arising from a collision with another auto or object that is carrying or containing pollutants.

It is not the intent to exclude unrelated losses of this nature.

These narrow exceptions to the exclusion do not provide adequate pollution liability coverage for insureds that transport or otherwise handle property defined as "pollutants." Such insureds can buy back coverage for some of the excluded exposure through use of endorsement CA 99 48, which will be discussed later in this course.

**War Exclusion**

12. War

"Bodily injury" or "property damage" due to war, whether or not declared, or any act or condition incident to war. War includes civil war, insurrection, rebellion or revolution. This exclusion applies only to liability assumed under a contract or agreement.
This is the typical war exclusion. It **only** applies to liability assumed under a contract or agreement. The purpose is to avoid catastrophic losses to the insurer.

### Racing Exclusion

13. Racing

Covered "autos" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. This insurance also does not apply while that covered "auto" is being prepared for such a contest or activity.

The liability insurance does not apply to covered autos while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. The insurance does not apply even while that covered auto is being prepared for such a contest or activity. High risk exposures, such as auto racing, should, of course, be insured under a specialty policy.

### Limit of Insurance

C. Limit Of Insurance

Regardless of the number of covered "autos", "insureds", premiums paid, claims made or vehicles involved in the "accident", the most we will pay for the total of all damages and "covered pollution cost or expense" combined, resulting from any one "accident" is the Limit of Insurance for Liability Coverage shown in the Declarations.

All "bodily injury", "property damage" and "covered pollution cost or expense" resulting from continuous or repeated exposure to substantially the same conditions will be considered as resulting from one "accident".

No one will be entitled to receive duplicate payments for the same elements of "loss" under this Coverage Form and any Medical Payments Coverage Endorsement, Uninsured Motorist Coverage Endorsement or Underinsured Motorist Coverage Endorsement attached to this Coverage Part.

The limit of insurance provision sets out how the coverage form's limit of insurance applies.
It emphasizes that regardless of the number of autos, premiums, or claims involved in an accident, the limit of insurance that is stated on the declarations page is the most the insurer will pay.

The limit provision also provides that losses resulting from continuous or repeated exposure to substantially the same conditions will be treated as resulting from one accident and not multiple accidents.

The form also states that no one is entitled to receive duplicate payments for the same elements of loss under the coverage form and any medical payments coverage endorsement, uninsured motorist coverage endorsement, or underinsured motorist coverage endorsement.
PHYSICAL DAMAGE COVERAGE (SECTION III)

Section III of the business auto coverage form (BAP) deals with the exposure of direct and accidental loss of or damage to an insured's own vehicle, and in some cases to hired autos.

**Insuring Agreement**

A. Coverage

1. We will pay for "loss" to a covered "auto" or its equipment under:

The physical damage coverage insuring agreement states that the insurer will pay for loss, i.e., direct and accidental loss or damage to a covered auto or its equipment under comprehensive, specified causes of loss, or collision coverage.

The physical damage insuring agreement of the business auto coverage form states that the insurer will pay for loss to a covered auto or its equipment under any of three coverage choices: comprehensive, specified causes of loss, or collision. None of these choices will be in effect unless a covered auto designation symbol or symbols are listed in item two of the policy declarations beside each coverage that the named insured desires.

**Comprehensive Coverage**

a. Comprehensive Coverage

From any cause except:

1. The covered "auto's" collision with another object; or
2. The covered "auto's" overturn.

When comprehensive coverage is selected, the insurer will pay for loss from any cause except the covered auto's collision with another object or its overturn. As an alternative to comprehensive coverage, coverage against a group of specified causes of loss can be purchased.

Comprehensive coverage is most frequently purchased by insureds to cover owned private passenger type vehicles. The cost is understandably greater than for specified causes of loss coverage, which is more limited in scope.
### Specified Causes of Loss Coverage

b. Specified Causes of Loss Coverage

Caused by:

1. Fire, lightning or explosion;
2. Theft;
3. Windstorm, hail or earthquake;
4. Flood;
5. Mischief or vandalism; or
6. The sinking, burning, collision or derailment of any conveyance transporting the covered "auto".

Specified causes of loss coverage applies only to the specific perils named, e.g., fire, lightning, theft, windstorm, and vandalism. Insureds commonly purchase specified causes of loss coverage to apply to owned autos other than private passenger autos. They may also prefer this coverage for older autos since it is less expensive than comprehensive.

By the use of endorsement **CA 99 14**, the named insured can select any of four different packages of specified perils: (1) fire, (2) fire and theft, (3) fire, theft, and windstorm and (4) limited specified causes of loss. The first three packages also cover loss by lightning, explosion or by the sinking, burning, collision, or derailment of any conveyance transporting the covered auto. The limited specified causes of loss coverage include all of the above plus loss by hail, earthquake, or loss by flood.

### Collision Coverage

c. Collision Coverage

Caused by:

1. The covered "auto's" collision with another object; or
2. The covered "auto's" overturn.

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Collision coverage insures against loss caused by the covered auto’s collision with another object or its overturn.

When a covered auto suffers glass breakage in conjunction with collision coverage, and the glass breakage would also be covered under comprehensive coverage, the insured has the option of choosing which coverage applies. This option affords the insured the broadest possible coverage, and the one with the lower deductible. However, glass breakage, which is considered a part of the collision loss, would not be subject to an additional deductible.

Insureds typically purchase collision coverage to protect private passenger autos unless they are older and have limited cash value; as well as vehicles of high value.

### Towing

2. Towing

We will pay up to the limit shown in the Declarations for towing and labor costs incurred each time a covered "auto" of the private passenger type is disabled. However, the labor must be performed at the place of disablement.

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The physical damage coverage section of the business auto form includes towing coverage, available for private passenger type vehicles only. The most that the insurer will pay under this clause is the limit shown on the declarations page each time a covered auto is disabled, and the labor must be performed at the place of disablement.

### Glass Breakage

3. Glass Breakage—Hitting a Bird or Animal—Falling Objects or Missiles

If you carry Comprehensive Coverage for the damaged covered "auto", we will pay for the following under Comprehensive Coverage:

a. Glass breakage;

b. "Loss" caused by hitting a bird or animal; and

c. "Loss" caused by falling objects or missiles.

However, you have the option of having glass breakage caused by a covered "auto's" collision or overturn considered a "loss" under Collision Coverage.

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A distinct insuring agreement states that glass breakage and loss by collision with a bird or animal or by falling objects or missiles will be paid as comprehensive losses if the named insured carries comprehensive coverage on the damaged auto (if the policy does not include comprehensive coverage. This is to the insured’s advantage if the policy does not include collision coverage, or if the insured carries both coverages but with a higher deductible on collision.

The named insured has the option of having glass breakage caused by a covered auto’s collision or overturn considered part of the collision loss. Otherwise in an accident where a collision resulted in both glass breakage and damage to other parts of the auto, an insured might be subject to two deductibles.

### Temporary Transportation Expense

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<tr>
<td>a.</td>
<td>Transportation Expenses</td>
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We will pay up to $20 per day to a maximum of $600 for temporary transportation expense incurred by you because of the total theft of a covered “auto” of the private passenger type. We will pay only for those covered “autos” for which you carry either Comprehensive or Specified Causes of Loss Coverage. We will pay for temporary transportation expenses incurred during the period beginning 48 hours after the theft and ending, regardless of the policy’s expiration, when the covered “auto” is returned to use or we pay for its “loss”.

b. Loss of Use Expenses

For Hired Auto Physical Damage, we will pay expenses for which an “insured” becomes legally responsible to pay for loss of use of a vehicle rented or hired without a driver, under a written rental contract or agreement. We will pay for loss of use expenses if caused by:

1. Other than collision only if the Declarations indicate that Comprehensive Coverage is provided for any covered “auto”;
2. Specified Causes of Loss only if the Declarations indicate that Specified Causes of Loss Coverage is provided for any covered “auto”; or
3. Collision only if the Declarations indicate that Collision Coverage is provided for any covered “auto”.

However, the most we will pay for any expenses for loss of use is $20 per day, up to a maximum of $600.

The business auto form provides a coverage extension for transportation expense incurred by the named insured because of the total theft of a covered auto of the private passenger type that is insured for comprehensive or specified causes of loss. The most that the insurer will pay is $20 per day, to a maximum of $600 in any one disablement. Coverage begins 48 hours after the theft and may last no longer than when the covered auto is returned to use or the insurer
pays for its loss. Expiration of the policy period, however, does not end the period of coverage for transportation expense coverage.

The coverage extension also applies to loss of use expenses, for which the insured becomes legally responsible to pay for the loss of use of a rented or hired vehicle under a written rental contract. The covered causes of loss are collision, specified causes of loss, and other than collision, as indicated on the insured’s declarations form. The insured’s BAP will pay the rental agency’s loss of use expense claim if the insured had the corresponding physical damage coverage under his BAP.

Similar coverage can be provided through on vehicles of other than the private passenger type rental reimbursement coverage endorsement CA 99 23. Rental reimbursement coverage, can be arranged to apply to the expenses incurred by the named insured for the rental of an auto because of loss of use resulting from collision, comprehensive, or specified causes of loss instead of just theft alone. Rental reimbursement coverage can also be written to provide higher daily and aggregate limits than the $20/$600 limits found on the auto coverage form, and it is subject to a 24 hour waiting period instead of the 48 hour waiting period for transportation expense coverage. Rental reimbursement coverage can also be purchased for private passenger autos as well, to provide broader loss of use coverage than transportation expense. The coverage provided by this endorsement does not apply while there are spare or reserve autos available to the named insured for his operations. No deductibles apply to this coverage.

Exclusions

Physical damage exclusions apply to loss circumstances in which there is no physical damage coverage available under the policy. Such exclusions are of special importance in the case of comprehensive coverage.

B. Exclusions

1. We will not pay for “loss” caused by or resulting from any of the following. Such “loss” is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the “loss”.

Nuclear and War Exclusion

The first physical damage exclusion, nuclear hazard and war or military action, eliminates coverage caused by or resulting from these perils, regardless of whether these perils alone cause the loss or whether they apply in addition to some other cause of loss. These losses are considered uninsurable because of their catastrophic potential.

a. Nuclear Hazard.

(1) The explosion of any weapon employing atomic fission or fusion; or

(2) Nuclear reaction or radiation, or radioactive contamination, however caused.
This exclusion is a standard nuclear hazard exclusion as is found on most, if not all, standard insurance policies, prefaced with concurrent cause of loss language to preclude coverage even if the loss occurs in combination with a cause of loss that is not excluded.

b. War or Military Action.

(1) War, including undeclared or civil war;

(2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

(3) Insurrection, rebellion, revolution, usurped power or action taken by governmental authority in hindering or defending against any of these.

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This exclusion is also subject to concurrent cause of loss language.

**Racing Exclusion**

2. We will not pay for "loss" to any covered "auto" while used in any professional or organized racing or demolition contest or stunting activity, or while practicing for such contest or activity. We will also not pay for "loss" to any covered "auto" while that covered "auto" is being prepared for such a contest or activity.

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Like the BAP liability exclusion for racing or demolition or stunting activities, the physical damage section also excludes coverage for the covered auto while engaged in such activities. If the insured wants coverage for his auto while engaged in racing or demolition derby, there are specialty markets for that exposure.

**"Wear and Tear" Exclusion**

3. We will not pay for "loss" caused by or resulting from any of the following unless caused by other "loss" that is covered by this insurance:

a. Wear and tear, freezing, mechanical or electrical breakdown.

b. Blowouts, punctures or other road damage to tires.
This exclusion eliminates coverage for loss caused by wear and tear, freezing, mechanical or electrical breakdown, blowouts, punctures, or other road damage to tires. In most cases these types of losses are normal and expected costs that accompany the ownership of an auto.

The exclusion does not apply if any of these losses are caused by another loss that would be covered by the policy, such as collision.

The “wear and tear” and “mechanical breakdown” that can be attributed to theft will be covered.

The freezing exclusion is not applicable to sudden and accidental cracking of vinyl seats, windows, or other plastic parts of an auto that results when cold weather makes such items brittle. This type of damage is simply not due to freezing.

**Electronic Devices and Equipment Exclusion**

4. We will not pay for “loss” to any of the following:

   a. Tapes, records, discs, or other similar audio, visual, or data electronic devices designed for use with audio, visual, or data electronic equipment.

   b. Any device designed or used to detect speed measuring equipment such as radar or laser detectors and any jamming apparatus intended to elude or disrupt speed measurement equipment.

   c. Any electronic equipment, without regard to whether this equipment is permanently installed, that receives or transmits audio, visual, or data signals and that is not designed solely for the reproduction of sound.

   d. Any accessories used with the electronic equipment described in paragraph c. above.

Exclusions 4.c. and 4.d. do not apply to:

a. Equipment designed solely for the reproduction of sound and accessories used with such equipment, provided such equipment is permanently installed in the covered “auto” at the time of “loss” or such equipment is removable from a housing unit which is permanently installed in the covered “auto” at the time of the “loss”, and such equipment is designed to be solely operated by use of the power from the “auto’s” electrical system, in or upon the covered “auto”; or

b. Any other electronic equipment that is:

   (1) Necessary for the normal operation of the covered “auto” or the monitoring of the covered “auto’s” operating system; or
(2) An integral part of the same unit housing any sound reproducing equipment described in a. above and permanently installed in the opening of the dash or console of the covered “auto” normally used by the manufacturer for installation of a radio.

This exclusion eliminates coverage for loss to various types of electronic equipment, and various other types of equipment or accessories that are often found in autos.

Physical damage coverage does not apply to loss to tapes, records, discs, or other similar audio, visual, or data electronic devices designed for use with audio, visual, or data electronic equipment (coverage can be provided through the use of endorsement CA 99 30).

Physical damage coverage also excludes any electronic equipment, without regard to whether this equipment is permanently installed, that receives or transmits audio, visual, or data signals and that is not designed solely for the reproduction of sound. Loss to any accessories used with the electronic equipment is also excluded.

This exclusion does not apply to equipment designed solely for the reproduction of sound and accessories used with such equipment, provided such equipment is permanently installed in the covered auto at the time of loss, or provided such equipment is removable from a housing unit that is permanently installed in the covered auto at the time of the loss. Such equipment must be designed to be solely operated by use of the power from the auto’s electrical system in or upon the covered auto.

5. We will not pay for “loss” to a covered “auto” due to “diminution in value”.

Diminution in value is the loss of value of a damaged auto after that vehicle has been repaired. The market value of a damaged auto is less than it was prior to the accident even if the auto has been completely repaired. But, since an exact loss in value cannot be easily or objectively established, and since such a loss is not a direct physical loss to the auto, the BAP excludes such losses.

LIMIT OF INSURANCE

C. Limit of Insurance

The limit of insurance provision sets out how much the insurer will pay in the event of loss. The most that will be paid is the lesser of the actual cash value (ACV) or the cost to repair or replace with like kind and quality.

1. The most we will pay for “loss” in any one “accident” is the lesser of:
a. The actual cash value of the damaged or stolen property as of the time of the “loss”; or

b. The cost of repairing or replacing the damaged or stolen property with other property of like kind and quality.

2. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total “loss”.

3. If a repair or replacement results in better than like kind or quality, we will not pay for the amount of the betterment.

Under the physical damage coverage of the business auto coverage form the insurer will pay no more than the actual cash value of the damaged or stolen property at the time of loss. If it would cost less to repair or replace damaged or stolen property with property of like kind and quality however, the insurer may pay that lesser amount. The insurer is obligated only for the smallest amount that would be payable to the insured as determined by: (1) ACV; (2) cost to repair; or (3) cost to replace.

If the insured suffers a total loss to his covered auto, an adjustment for depreciation and physical condition is made when the insurer determines the actual cash value. An additional option for the insurer, in the event a covered auto is stolen, is to return the stolen property to the insured, at the insurer’s expense. In that case, the insurer will also be obligated to pay for any damage to the auto that has resulted from the theft.

The stated amount endorsement (CA 99 28), limits recovery for any loss to no more than the amount shown for that auto in the endorsement, even if it is less than actual cash value or repair cost. With the stated amount insurance endorsement (CA 99 28) attached, the insurer is obligated for the smallest amount of: (1) the stated amount; (2) ACV; (3) cost to repair; or (4) cost to replace. Contrary to many insureds’ and agents’ beliefs, attachment of the stated amount endorsement does not create a valued policy as in some classes of inland marine insurance or other property coverage forms.

DEDUCTIBLE

D. Deductible

For each covered “auto”, our obligation to pay for, repair, return or replace damaged or stolen property will be reduced by the applicable deductible shown in the Declarations. Any Comprehensive Coverage deductible shown in the Declarations does not apply to “loss” caused by fire or lightning.

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For each covered auto, the insurer’s obligation to pay for, repair, return, or replace damaged or stolen property is reduced by the applicable deductible shown in the declarations. The
A deductible is on a per-car, rather than per-occurrence, basis. An insured with numerous cars garaged at a single location might want to have the application of deductibles amended to a per occurrence basis if possible.

Usually, the higher the deductible, the lower the premium. It is common for collision and comprehensive deductibles in the same policy to be different amounts, with collision deductibles usually higher than comprehensive deductibles.

No deductible applies to loss caused by fire or lightning, regardless of whether the insured carries comprehensive coverage or specified causes of loss coverage.

Also not subject to a deductible are towing and transportation expense because of theft of a covered vehicle.
BUSINESS AUTO CONDITIONS (SECTION IV)

This section of the business auto coverage form consists of 13 conditions. The first 5 deal with conditions that affect loss handling under the policy; the last 8 deal with other general conditions.

LOSS CONDITIONS

The business auto policy conditions dealing with loss handling under the policy include (1) appraisal procedures in case of insurer and insured disagreement on the amount of physical damage loss; (2) the insured's duties in the event of an accident, claim, suit, or loss; (3) restrictions against bringing a legal action against the insurer; (4) the insurer's loss payment options under physical damage coverage; and (5) transfer of subrogation rights to the insurer.

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<th>Appraisal for Physical Damage Loss</th>
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<tr>
<td>A. Loss Conditions</td>
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<tr>
<td>1. Appraisal for Physical Damage Loss</td>
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</table>

If you and we disagree on the amount of "loss", either may demand an appraisal of the "loss". In this event, each party will select a competent appraiser. The two appraisers will select a competent and impartial umpire. The appraisers will state separately the actual cash value and amount of "loss". If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

a. Pay its chosen appraiser; and

b. Bear the other expenses of the appraisal and umpire equally.

If we submit to an appraisal, we will still retain our right to deny the claim.

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If the insurer and the named insured disagree on the amount of a loss under physical damage coverage, the standard policy condition gives either party the right to demand an appraisal.

Either party may demand an appraisal of the loss; neither the insured nor the insurer has the ability to force a settlement on the other party and neither the insured nor the insurer has to get the other party's permission in order for an appraisal to be put into motion. The appraisal condition deals solely with the valuation of a loss, not whether or not coverage exists.

The insurer still retains the right to deny the claim even if the matter has been submitted to an appraiser. Amendatory endorsements in several states revise this condition as it relates to coverage in that state.
2. Duties In The Event Of Accident, Claim, Suit Or Loss

We have no duty to provide coverage under this policy unless there has been full compliance with the following duties:

a. In the event of "accident", claim, "suit" or "loss", you must give us or our authorized representative prompt notice of the "accident" or "loss". Include:

(1) How, when and where the "accident" or "loss" occurred;

(2) The "insured's" name and address; and

(3) To the extent possible, the names and addresses of any injured persons and witnesses.

This condition lists the insured's obligations at the time of an accident, claim, suit, or loss. In general, it requires that accidents or losses be promptly reported to the insurer and that insureds cooperate with the insurer in investigating, settling, or defending a claim. Paragraph a. deals with notice requirements.

This condition emphasizes the importance that the insurer puts on the prompt notification of a loss and the cooperation of the insured in handling or settling a claim.

The purpose of the prompt notice requirement is to allow the insurer to investigate the accident or loss promptly, while memories are fresh and pertinent information is easier to obtain. In a short time following an accident, witnesses may move, die, or become inaccessible, extenuating circumstances may be forgotten, and attitudes may become hostile. The condition requiring notice is an essential and reasonable part of the business auto contract. The insured need not have all the facts in order to report an accident or loss but should comply with notice requirements to the extent possible.

b. Additionally, you and any other involved "insured" must:

(1) Assume no obligation, make no payment or incur no expense without our consent, except at the "insured's" own cost.

(2) Immediately send us copies of any request, demand, order, notice, summons or legal paper received concerning the claim or "suit".

(3) Cooperate with us in the investigation, settlement of the claim or defense against the "suit".

(4) Authorize us to obtain medical records or other pertinent information.
(5) Submit to examination, at our expense, by physicians of our choice, as often as we reasonably require.

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The insured must refrain from certain specified actions that could be construed as an admission of liability that may hinder the insurer's defense of the insured. If the insured breaches this condition, the insurer may not be obligated to reimburse the insured.

The insured must not assume any obligation, make any payment, or incur any expense. Then the insured must work with the insurer in investigating, settling, or defending the claim or suit. These requirements are not restricted to the named insured but include any other involved insured. Thus, any entity who fits the definition of "who is an insured" could jeopardize coverage by failure to comply with this condition.

The insured is obligated is to immediately send to the insurer copies of any request, demand, order, notice, summons, or legal paper received.

The insured must also cooperate with, and help the insurer obtain needed information. The insurer cannot sufficiently defend a suit without the complete cooperation of the insured in areas such as testifying at hearings and helping the insurer gather pertinent records or other information.

Subparagraph (5) of this condition requires the named insured and any other involved insured to submit to examination at the insurer's expense as often as it reasonably requires.

c. If there is "loss" to a covered "auto" or its equipment you must also do the following:

(1) Promptly notify the police if the covered "auto" or any of its equipment is stolen.

(2) Take all reasonable steps to protect the covered "auto" from further damage. Also keep a record of your expenses for consideration in the settlement of the claim.

(3) Permit us to inspect the covered "auto" and records proving the "loss" before its repair or disposition.

(4) Agree to examinations under oath at our request and give us a signed statement of your answers.

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Paragraph c. of the insured's duties in the event of accident, claim, or suit addresses the issue of mitigating a loss to a covered vehicle or its equipment. This portion of the condition deals with physical damage losses. All the duties listed are directed to the named insured.

If a covered auto has been stolen, the named insured is required to promptly notify the police.
The insured must also take all reasonable steps to protect a covered auto from further damage after a loss has occurred.

The insured must keep a record of expenses in connection with the loss and permit the insurer to inspect the covered auto and records that support the loss before the auto is repaired or disposed of.

The insured agrees to be examined under oath at the insurer's request and to give a signed statement of his or her answers.

### Legal Action Against Insurer

3. Legal Action Against Us

No one may bring a legal action against us under this Coverage Form until:

a. There has been full compliance with all the terms of this Coverage Form; and

b. Under Liability Coverage, we agree in writing that the "insured" has an obligation to pay or until the amount of that obligation has finally been determined by judgment after trial. No one has the right under this policy to bring us into an action to determine the "insured's" liability.

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This provision prevents claimants from bringing the insurer directly into a suit, thereby circumventing the intended process of the policy. Any action to determine negligence is between the insured and the third party filing suit.

The insurer pays sums that the insured becomes legally liable for, but the insurer is not supposed to be a party to any lawsuit that determines the legal liability of the insured. In jurisdictions with statutes allowing a third party claimant to name both the insured and the insurance company in a lawsuit, this condition is invalidated.

Also, no suit may be brought until all the terms of the policy have been fully complied with. Under liability coverage, not only must there be full compliance with all the terms of the coverage form, but the insurer must agree in writing that the insured is obligated to pay or else the amount of the obligation must have been finally determined by judgment. Suit may be brought against the insurer only to recover an agreed settlement or final judgment.

### Loss Payment Options—Physical Damage

4. Loss Payment—Physical Damage Coverages

At our option we may:

a. Pay for, repair or replace damaged or stolen property;
b. Return the stolen property, at our expense. We will pay for any damage that results to the "auto" from the theft; or

c. Take all or any part of the damaged or stolen property at an agreed or appraised value.

If we pay for the “loss”, our payment will include the applicable sales tax for the damaged or stolen property.

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This condition gives the insurer control over the handling of a physical damage claim. The insurer has the option of deciding how a physical damage claim is to be settled and the insured must accept the option chosen by the insurer. The insured may not insist on a particular method of loss payment.

The insurer’s options are to pay for, repair, or replace damaged or stolen property. In the event of recovery of stolen property, the insurer may return it and pay for any damage that occurred in connection with the theft.

The insurer may take all or any part of the damaged or stolen property (salvaged property) at an agreed or appraised value.

If the insurer pays for the loss to the covered auto, the payment will include the applicable sales tax for the damaged or stolen property.

Transfer Of Rights Of Recovery Against Others To Us

5. Transfer of Rights of Recovery Against Others To Us

If any person or organization to or for whom we make payment under this Coverage Form has rights to recover damages from another, those rights are transferred to us. That person or organization must do everything necessary to secure our rights and must do nothing after "accident" or "loss" to impair them.

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This provision is also known as the subrogation clause. If the insurance company makes a payment under the coverage form and the person to or for whom payment was made has a right to recover damages from another, the insurance company now has that right.

The person or organization to or for whom the insurer makes payment is obligated to protect this right and must do nothing after loss to impair it. Subrogation rights may be waived before accident or loss.

The doctrine of subrogation is used to reinforce the doctrine of indemnity, to prevent an insured from profiting from his or her loss by collecting twice. A second reason for subrogation is that it is consistent with public policy to allow the ultimate economic burden to be borne by the party causing the loss.
Since the condition restricts the insured's actions in this regard only after an accident or loss has occurred implies that the insured may waive subrogation rights prior to loss. Insurers may require a premium charge for waiving their subrogation rights.

**GENERAL CONDITIONS**

The business auto policy general conditions deal with such diverse issues as (1) bankruptcy; (2) concealment, misrepresentation, or fraud; (3) liberalized coverage provisions under the policy; (4) no benefit to bailee under physical damage coverage; (5) “other insurance” provisions; (6) premium audit; (7) policy period and coverage territory; and (8) two or more coverage forms issued by the insurer.

**Bankruptcy**

B. General Conditions

1. Bankruptcy

Bankruptcy or insolvency of the "insured" or the "insured's" estate will not relieve us of any obligations under this Coverage Form.

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The bankruptcy clause states that the bankruptcy or insolvency of the insured or the insured’s estate shall not relieve the insurer of any obligations under the coverage form. If the insured is protected by the bankruptcy laws from a legal obligation to pay a claimant, the insurer still has to pay. This condition does not prevent the insurer's canceling or nonrenewing the policy, but as long as it is in force, the insured's insolvency does not affect the applicability of the policy's coverage.

**Concealment, Misrepresentation, or Fraud**

2. Concealment, Misrepresentation Or Fraud

This Coverage Form is void in any case of fraud by you at any time as it relates to this Coverage Form. It is also void if you or any other "insured", at any time, intentionally conceal or misrepresent a material fact concerning:

a. This Coverage Form;

b. The covered "auto";

c. Your interest in the covered "auto"; or

d. A claim under this Coverage Form.
This condition states that the business auto coverage form is void in any case of fraud by the named insured at any time as it relates to the coverage form. It is also void if any insured at any time intentionally conceals or misrepresents a material fact concerning the coverage form, the covered auto, the named insured's interest in the covered auto, or a claim under the coverage form.

This condition is designed to prevent the insured from taking unfair advantage of the insurer. The insurance contract is considered to be a contract of utmost good faith. Both parties to the contract have a right to rely on the other party's good faith and fair dealing.

In order for concealment or misrepresentation to void coverage, the act must be intentional as well as material. In addition, it must be a fact concerning this business auto coverage form, the covered auto, the named insured's interest in the covered auto, or a claim under the coverage form. The coverage form is void if the named insured or any other insured intentionally conceals or misrepresents such material fact.

The most common misrepresentations relating to auto insurance are those facts pertaining to the insured's past driving record, accidents, license revocation, health condition, age, and prior policy cancellations.

**Liberalization**

3. Liberalization

If we revise this Coverage Form to provide more coverage without additional premium charge, your policy will automatically provide the additional coverage as of the day the revision is effective in your state.

This condition provides the insured additional coverage automatically if the insurer revises the business auto coverage form to provide more coverage at no additional premium charge. This additional coverage becomes effective as of the day the policy revision is effective in the named insured's state.

This allows the insured to benefit from a more liberal policy provision as soon as it becomes effective, rather than waiting for the insured's next policy renewal to receive this benefit.

**No Benefit to Bailee—Physical Damage Coverages**

4. No Benefit To Bailee—Physical Damage Coverages
We will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing or transporting property for a fee regardless of any other provision of this Coverage Form.

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This condition applies to physical damage coverages only. “No benefit to bailee” means that the insurer will not recognize any assignment or grant any coverage for the benefit of any person or organization holding, storing, or transporting the insured's property for a fee, regardless of any other provision of the coverage form.

This policy condition is routinely found in property insurance policies. It is designed to ensure that no person or organization holding, storing, or transporting the insured's property for a fee, (a bailee) will stand to gain from coverage under this policy.

In most cases, the bailee is held responsible for the safe return of property entrusted to him or her.

This provision enables the insurer to recover from a bailee for any loss paid under the coverage form for which the bailee is legally liable. Since the condition applies regardless of any other provision of the business auto coverage form, even a waiver of subrogation would not prevent subrogation under this condition.

Other Insurance

5. Other Insurance

a. For any covered "auto" you own, this Coverage Form provides primary insurance. For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance. However, while a covered "auto" which is a "trailer" is connected to another vehicle, the Liability Coverage this Coverage Form provides for the "trailer" is:

(1) Excess while it is connected to a motor vehicle you do not own.

(2) Primary while it is connected to a covered "auto" you own.

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The "other insurance" condition deals with how coverage applies when more than one policy is in effect to cover the same loss.

Coverage with respect to a covered auto that the named insured owns is primary; coverage with respect to a covered auto that the named insured does not own is excess over any other collectible insurance.

Liability coverage for covered autos that are trailers follows the status of the vehicle to which the trailer is attached. If the auto doing the towing is owned by the named insured, the trailer --
whether owned by the named insured or not -- is also covered on a primary basis. If the towing vehicle is not owned by the named insured, the trailer is covered on an excess basis. The trailer exception applies only for purposes of liability coverage. Physical damage coverage on an owned trailer is always primary whether the trailer is being towed by an owned or a nonowned vehicle.

b. For Hired Auto Physical Damage coverage, any covered "auto" you lease, hire, rent or borrow is deemed to be a covered "auto" you own. However, any "auto" that is leased, hired, rented or borrowed with a driver is not a covered "auto".

For hired auto physical damage coverage, any covered auto in that category is to be considered an owned covered auto. If the insured purchases physical damage insurance to apply to hired autos, the insurance will apply as if the hired auto were owned by the insured (primary rather than excess coverage).

Autos hired with drivers are not covered under hired auto physical damage coverage. If coverage is desired, the optional autos leased, hired, rented or borrowed with drivers—physical damage coverage endorsement (CA 20 33) may be attached.

c. Regardless of the provisions of Paragraph a. above, this Coverage Form's Liability Coverage is primary for any liability assumed under an "insured contract".

Regardless of the provisions of the first paragraph above, this Coverage Form’s Liability Coverage is primary for any liability assumed under an “insured contract”.

d. When this Coverage Form and any other Coverage Form or policy covers on the same basis, either excess or primary, we will pay only our share. Our share is the proportion that the Limit of Insurance of our Coverage Form bears to the total of the limits of all the Coverage Forms and policies covering on the same basis.

When two or more policies provide coverage on the same basis, either excess or primary, the insurer will pay its pro rata share only; the proportion of the loss that its limit of liability bears to the total of all limits of all policies that apply to the loss on the same basis.

Premium Audit
6. Premium Audit

a. The estimated premium for this Coverage Form is based on the exposures you told us you would have when this policy began. We will compute the final premium due when we determine your actual exposures. The estimated total premium will be credited against the final premium due and the first Named Insured will be billed for the balance, if any. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

b. If this policy is issued for more than one year, the premium for this Coverage Form will be computed annually based on our rates or premiums in effect at the beginning of each year of the policy.

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The premium audit condition states that the premium under the business auto coverage form is an estimate only, based on estimated exposures. The insurer will compute the actual premium at the end of the policy period based on actual exposures.

The common policy conditions that are a part of the business auto policy give the insurer the right to examine and audit the named insured's books and records as they relate to the policy at any time during the policy period and up to 3 years after expiration. From information obtained by the audit, the insurer is entitled to a premium charge for exposures that are automatically covered under the policy.

The first named insured is the insured that will be billed for additional premium or will receive return premium. Therefore, it is important that the list of named insureds specify the first named insured as intended.

If the policy is issued for a period longer than a year, it is treated as if it were multiple policies. In other words, the premiums and rates will be computed annually based on the rates and premiums effective at the beginning of each year of the policy.

Policy Period and Coverage Territory

Under this Coverage Form, we cover “accidents” and “losses” occurring:

1. During the policy period shown in the Declarations; and

2. Within the coverage territory.

The coverage territory is:

1. The United States of America;

2. The territories and possessions of the United States of America;
3. Puerto Rico;  
4. Canada; and  
5. Anywhere in the world if:  
   a. A covered “auto” of the private passenger type is leased, hired, rented or borrowed without a driver for a period of 30 days or less; and  
   b. The “insured’s” responsibility to pay damages is determined in a “suit” on the merits, in the United States of America, the territories and possessions of the United States of America, Puerto Rico, or Canada or in a settlement we agree to.  

We also cover “loss” to, or “accidents” involving, a covered “auto” while being transported between any of these places.

This condition sets out the parameters under which the business auto coverage form will apply with respect to time and territory.

The coverage territory is the United States, its territories and possessions, Puerto Rico, and Canada. The coverage also applies to a covered auto while being transported between any of the places listed.

The BAP provides coverage anywhere in the world under certain circumstances. If the insured rents or leases a private passenger type auto on a trip, the insured has coverage under his BAP while driving the car. The lease or rental period must be for 30 days or less, and any lawsuit attempting to establish the liability of the insured has to be filed in the United States, Puerto Rico, or Canada.

For coverage to apply in Mexico however, some state-specific endorsements offer a limited amount of coverage. They require that valid and collectible liability insurance be purchased from a licensed Mexican insurer.

**Two or More Coverage Forms Issued by Insurer**

8. Two or More Coverage Forms or Policies Issued by Us

If this Coverage Form and any other Coverage Form or policy issued to you by us or any company affiliated with us apply to the same "accident", the aggregate maximum Limit of Insurance under all the Coverage Forms or policies shall not exceed the highest applicable Limit of Insurance under any one Coverage Form or policy. This condition does not apply to any Coverage Form or policy issued by us or an affiliated company specifically to apply as excess insurance over this Coverage Form.

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The two or more coverage forms condition apply when the same accident is covered by two or more policies issued by the insurer or any company affiliated with it. The most that the named insured can collect under all policies is the highest applicable limit under any one policy. The condition do not apply when another policy applying to the same loss is issued by a second insurer not affiliated with the first. The condition also does not apply when any other policy is issued by the same or an affiliated company to apply as excess coverage.

This condition is intended to prevent the stacking of limits if the insurer or any of its affiliates has issued more than one policy to the named insured that apply to the same accident. The condition does not apply to any coverage that was issued specifically to apply as excess insurance.

**Common Policy Conditions**

The auto coverage form is not a complete coverage part or policy unless the common policy conditions form, **IL 00 17**, is added. The common policy conditions include policy cancellation procedures, changes in the terms of the policy, examination of the named insured’s books and records, inspections and surveys that the insurer has the right to make, who is to pay premiums and who is to receive any return premiums, and the transfer of the rights and duties of the insured.
DEFINITIONS (SECTION V)

Words and terms that have a contractually defined meaning that applies throughout the business auto coverage auto form are discussed in section V of the auto form.

Throughout the policy, wherever a term is used that is defined within the policy, the term is enclosed in quotation marks. The business auto definitions play a major role in determining what is and is not covered by the form.

**Diminution in Value**

“Diminution in value” means the actual or perceived loss in market value or resale value which results from a direct and accidental “loss”.

This definition was added to the current business auto policy to combat the idea that physical damage coverage included diminution in value. The thinking was that since, after an accident, the covered auto lost market value even if fully repaired, the BAP should insure this lost value so as to return the insured to the position he was in prior to the accident. The insuring agreement for physical damage coverage states that the insurer will pay for direct and accidental loss or damage, meaning actual physical damage done to the covered auto. Loss does not apply to an indirect loss such as diminution in value.

Since diminution in value is specifically excluded under the physical damage coverage of the BAP, this definition explains the scope of the exclusion.

**"Accident"**

A. “Accident” includes continuous or repeated exposure to the same conditions resulting in "bodily injury" or "property damage".

“Accident” is meant to convey the point that the auto policy is to be used for insuring against unforeseen and unplanned events. The insurance does not apply to injury or damage expected or intended from the standpoint of the insured.

The word “accident” as it is used in the business auto policy includes "continuous or repeated exposure to the same conditions" that result in bodily injury or property damage. An accident may happen over a period of time and still be covered under the business auto policy.
"Auto"

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

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The definition of “auto” is quite broad, including any land motor vehicle, trailer, or semitrailer. Mopeds and motorcycles, three-wheeler, motor homes, cars, trucks, and tractor-trailers all come under the term “auto.”

The definition of “auto” specifically excludes “mobile equipment.” “Mobile equipment” does not qualify as a covered auto, and must be insured elsewhere. The liability exposure for mobile equipment is covered primarily under the standard commercial general liability (CGL) form. However, mobile equipment while being transported by an auto is covered under the BAP.

The definition of "auto" is of great importance to the business auto coverage form.

"Bodily Injury"

C. "Bodily injury" means bodily injury, sickness or disease sustained by a person including death resulting from any of these.

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The term "bodily injury," which is used extensively throughout the liability section of the business auto coverage form, implies that the injury must involve injury to the body or sickness or disease. The term also encompasses death resulting from bodily injury, sickness, or disease.

"Covered Pollution Cost or Expense"

D. "Covered pollution cost or expense" means any cost or expense arising out of:

1. Any request, demand or order; or

2. Any claim or "suit" by or on behalf of a governmental authority demanding that the "insured" or others test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

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This definition is relevant to an insuring agreement in which the insurer agrees to pay all sums that an insured legally must pay as a “covered pollution cost or expense”. 
The term "covered pollution cost or expense" means any cost or expense that arises out of a request, demand, or order that the insured or others test for, clean up, respond to, or assess the effect of pollutants. It also includes any claim or suit by or on behalf of a governmental authority demanding such actions by the insured or others.

"Covered pollution cost or expense" does not include any cost or expense arising out of the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of "pollutants":

a. That are, or that are contained in any property that is:
(1) Being transported or towed by, handled, or handled for movement into, onto or from the covered "auto";
(2) Otherwise in the course of transit by or on behalf of the "insured";
(3) Being stored, disposed of, treated or processed in or upon the covered "auto";

b. Before the "pollutants" or any property in which the "pollutants" are contained are moved from the place where they are accepted by the "insured" for movement into or onto the covered "auto";

b. After the "pollutants" or any property in which the "pollutants" are contained are moved from the covered "auto" to the place where they are finally delivered, disposed of or abandoned by the "insured".

Paragraph a. above does not apply to fuels, lubricants, fluids, exhaust gases or other similar "pollutants" that are needed for or result from the normal electrical, hydraulic or mechanical functioning of the covered "auto" or its parts, if:

(1) The "pollutants" escape, seep, migrate, or are discharged, dispersed or released directly from an "auto" part designed by its manufacturer to hold, store, receive or dispose of such "pollutants"; and

(2) The "bodily injury", "property damage" or "covered pollution cost or expense" does not arise out of the operation of any equipment listed in Paragraphs 6.b. or 6.c. of the definition of "mobile equipment".

Paragraphs b. and c. above do not apply to "accidents" that occur away from premises owned by or rented to an "insured" with respect to "pollutants" not in or upon a covered "auto" if:

(1) The "pollutants" or any property in which the "pollutants" are contained are upset, overturned or damaged as a result of the maintenance or use of a covered "auto"; and

(2) The discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused directly by such upset, overturn or damage.

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For coverage to apply, it must be accompanied by bodily injury or property damage that is caused by the same accident, and this insurance must also apply to the bodily injury or property damage. This means that if the bodily injury (BI) or property damage (PD) is excluded by the pollution exclusion, cleanup cost is also excluded.

The enumeration of what is not "covered pollution cost or expense" tracks exactly with the pollution exclusion in the liability coverage section of the policy. If bodily injury and property damage coverage for the exposure are excluded under the liability section, the pollution cleanup cost or expense is excluded by virtue of this definition.

"Employee"

E. "Employee" includes a "leased worker". "Employee" does not include a "temporary worker".

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This definition matches that found on the CGL form; leased employees are to be considered the same as regular employees when it comes to coverages, exclusions, and conditions under the insurance policy.

An optional coverage for injury to leased workers endorsement (CA 23 25), restricts the application of the employee indemnification and employers liability exclusion to employees and not leased workers.

"Insured"

F. "Insured" means any person or organization qualifying as an insured in the Who Is an Insured provision of the applicable coverage. Except with respect to the Limit of Insurance, the coverage afforded applies separately to each insured who is seeking coverage or against whom a claim or "suit" is brought.

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The term "insured" refers to any person or organization who may qualify for coverage within the “who is insured” section of the applicable insurance provisions. To see who is an insured under the auto form, the reader of the coverage form must look to that particular section of the form.

This definition incorporates what is commonly referred to as "severability of interests," "separation of insureds," or "cross-liability coverage."

Except with respect to the coverage part's limit of insurance, the coverage applies separately to each insured who is seeking coverage or against whom a claim or suit is brought. One insured
may file suit against another insured, and the policy will apply as if each insured was covered by his or her own policy.

"Insured Contract"

G. "Insured contract" means:

1. A lease of premises;

2. A sidetrack agreement;

3. Any easement or license agreement, except in connection with construction or demolition operations on or within 50 feet of a railroad;

4. An obligation, as required by ordinance, to indemnify a municipality, except in connection with work for a municipality;

5. That part of any other contract or agreement pertaining to your business (including an indemnification of a municipality in connection with work performed for a municipality) under which you assume the tort liability of another to pay for "bodily injury" or "property damage" to a third party or organization. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement;

This definition includes the usual components of an "insured contract", with the main one being the insured's assumption of the liability of another party under a hold harmless agreement. The definition also encompasses the potential of liability arising from the use of a rented auto, but does not include an obligation to pay for actual damage to the rented car itself. While the renting of an auto is included in the definition of an "insured contract", if a driver comes with the loan or lease or rental, that rental agreement is not an "insured contract". Endorsement CA 20 33 is an optional endorsement that provides the physical damage coverage that would otherwise be excluded under the business auto form for autos leased, hired, or rented with drivers.

The first four paragraphs of this definition relate to what is known as "incidental contracts" including: (a) lease of premises, (b) sidetrack agreements, (c) easement or license agreements, and (d) obligations to indemnify a municipality except in connection with work for the municipality.

Leases often contain hold harmless agreements where the lessee agrees to hold the lessor harmless for damages to the property of others or bodily injury to others arising out of negligent operations or physical defects in the property. This portion of an insured contract applies only to a lease of premises and does not apply to other leases.

A sidetrack agreement is a contract between a railroad and a firm that transports property by rail. It is an adjunct to a railroad spur that comes directly onto the firm's property solely to facilitate that customer's use of the railroad. Under a sidetrack agreement, the railroad will
normally ask the firm to hold it harmless from losses arising out of the use of the sidetrack. Such sidetrack agreements are insured contracts.

An easement is an interest one person has in the land of another or a right of use over another person's property. A license is ordinarily considered to be a privilege to perform an act on the property of another. Easement and license agreements are insured contracts unless they are in connection with construction or demolition operations on or within 50 feet of a railroad.

Many municipalities have ordinances requiring indemnification from individuals or organizations who erect any kind of obstruction or device that can cause bodily injury or property damage to members of the general public. These types of contracts are included in this definition.

The fifth paragraph of this definition deals with that part of any contract or agreement pertaining to the named insured's business under which the named insured assumes the tort liability of another to pay for bodily injury or property damage to a third party. The definition of "tort liability" is included in the policy definition of "insured contract." Only those losses that relate to the tort liability of another are insured contracts for the purpose of auto liability coverage.

6. That part of any contract or agreement entered into, as part of your business, pertaining to the rental or lease, by you or any of your "employees", of any "auto." However, such contract or agreement shall not be considered an "insured contract" to the extent that it obligates you or any of your "employees" to pay for "property damage" to any "auto" rented or leased by you or any of your "employees".

This paragraph addresses the area of most concern as far as contractually assumed auto liability coverage is concerned. It is the area where most insureds have a potential exposure.

This extends the definition of "insured contract" to apply to auto rental and leasing agreements. This provision does not cover damage to a rented or leased auto. To cover this exposure, the insured must purchase hired auto physical damage coverage.

An "insured contract" does not include that part of any contract or agreement:

a. That indemnifies any person or organization for "bodily injury" or "property damage" arising out of construction or demolition operations, within 50 feet of any railroad property and affecting any railroad bridge or trestle, tracks, roadbeds, tunnel, underpass or crossing; or

This exception to the definition of an "insured contract" excludes an indemnification that arises out of construction or demolition operations within 50 feet of a railroad and its related properties.

This exclusion applies solely to situations where the liability assumed by the insured goes beyond that which would otherwise attach in the absence of the contractual assumption. If the
insured would have been liable in the absence of the contract or agreement, the contractual exclusion would not preclude coverage for that liability.

"Leased Worker"

H. "Leased worker" means a person leased to you by a labor leasing firm under an agreement between you and the labor leasing firm to perform duties related to the conduct of your business. "Leased worker" does not include a "temporary worker".

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Defining a leased worker simply complements the definition of “employee.” This definition describes workers that are typically leased under long-term agreements to perform work for the business entering into the agreement with the employee leasing firm. The policy definition of "employee" specifies that leased workers come within that definition. For purposes of the business auto policy, there is no difference in the treatment of employees and leased workers.

"Loss"

I. "Loss" means direct and accidental loss or damage.

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A “loss” is the direct loss or damage and not indirect loss such as loss of use.

The term “loss” is used in the physical damage insuring agreement and throughout the exclusions and conditions relating to physical damage.

"Mobile Equipment"

“Mobile equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

1. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;

2. Vehicles maintained for use solely on or next to premises you own or rent;

3. Vehicles that travel on crawler treads;

4. Vehicles, whether self-propelled or not, maintained primarily to provide mobility to permanently mounted:
a. power cranes, shovels, loaders, diggers or drills; or

b. road construction or resurfacing equipment such as graders, scrapers or rollers;

5. Vehicles not described in 1., 2., 3., or 4. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:

a. air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or

b. cherry pickers and similar devices used to raise or lower workers;

6. Vehicles not described in 1., 2., 3. or 4. above maintained primarily for purposes other than the transportation of persons or cargo. However, self-propelled vehicles with the following types of permanently attached equipment are not mobile equipment but will be considered autos:

a. equipment designed primarily for
   (1) snow removal;
   (2) road maintenance (but not construction or resurfacing); or
   (3) street cleaning;

b. cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and

c. air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.

The significance of this detailed definition is to clearly delineate between an “auto” and “mobile equipment.” The business auto coverage form applies to autos and not mobile equipment.

The definition of "mobile equipment" is important to the business auto coverage form in that it describes what is not covered by the business auto policy but is a subject for general liability coverage. The definitions under the CGL and the BAP are identical.

This increases the importance of placing the auto and general liability coverages with the same company to avoid coverage disputes between insurers.

“Pollutants”

K. “Pollutants” means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalies, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

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The definition of "pollutants" is very broad. It is identical to the definition found in the CGL policy. A literal interpretation could include almost anything gets spilled or leaked, and that causes injury or damage.

"Property Damage"

L. "Property damage" means damage to or loss of use of tangible property.

This definition specifies that property damage not only includes damage to tangible property but also includes the loss of use of tangible property.

"Suit"

M. "Suit" means a civil proceeding in which:

1. Damages because of "bodily injury" or "property damage"; or

2. A "covered pollution cost or expense",

to which this insurance applies, are alleged.

"Suit" includes:

a. An arbitration proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the "insured" must submit or does submit with our consent; or

b. Any other alternative dispute resolution proceeding in which such damages or "covered pollution costs or expenses" are claimed and to which the insured submits with our consent.

The term "suit" is defined to include alternative dispute resolution proceedings, such as arbitration and mediation.

"Temporary Worker"

N. "Temporary worker" means a person who is furnished to you for a finite time period to support or supplement your workforce in special work situations such as "employee" absences, temporary skill shortages and seasonal workloads.
This definition refers to workers who are furnished to businesses for a finite time period, usually short, to fill in or supplement the business' regular workforce. Workers in this category are not treated as employees under the policy.

If a temporary worker brought in to work for the named insured on a short term basis is injured due to the negligence of the named insured, the auto policy will respond to a claim against the named insured since the temp is not considered an employee.

They may still be accorded insured status as permissive users of a covered auto as long as they do not own the auto they are using. They would not be permissive users while moving property to or from a covered auto.

In the event the named insured leases, hires, rents, or borrows an auto from a temporary worker, the auto would be a hired auto, as opposed to an employee's auto which would be a nonowned auto.

A temporary worker would not be able to enter into an "insured contract" under the policy, whereas either an employee or a leased worker could.

"Trailer"

O. "Trailer" includes semitrailer.

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Since the definition of "auto" in the policy means "a land motor vehicle, trailer or semitrailer...," one might wonder why this definition is needed, but since the covered autos designation symbols delineate between "autos" and "trailers the named insured does not own", it may help clarify coverage should a dispute arise in this area.
Business Auto Endorsements

Listing and Descriptions

The business auto coverage form can be modified in several ways by the use of endorsements. The following represents a sampling of endorsements that are used most often with the BAP. The endorsements are presented in order of their form numbers.

Some of these endorsements can be used to modify not only the business auto form, but also the garage form, the trucker's coverage form, and the motor carrier coverage form. Separate courses are available regarding these forms.

<table>
<thead>
<tr>
<th>Limited Mexico Coverage CA 01 21</th>
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<tbody>
<tr>
<td>With the coming of NAFTA, more business autos are being driven into Mexico. CA 01 21 extends the coverage territory to include Mexico, but only for accidents or losses occurring within 25 miles of the U.S. border, and for trips into Mexico of 10 days or less.</td>
</tr>
<tr>
<td>The insurance provided by CA 01 21 is excess over any other collectible insurance. If a loss to a covered auto occurs in Mexico, the insurer will pay for the loss in the U.S. to make sure the repair work is done in the United States. The insurance does not apply if the covered auto is not principally garaged and principally used in the United States, or to any insured who is not a resident of the United States.</td>
</tr>
<tr>
<td>The endorsement emphasizes that auto accidents in Mexico are subject to the laws of Mexico and that Mexico considers any auto accident a criminal offense as well as a civil matter. Since the coverage provided under CA 01 21 may not be recognized by Mexican authorities, the insurer recommends that the insured purchase auto coverage from a licensed Mexican insurance company before driving into Mexico.</td>
</tr>
</tbody>
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<tr>
<th>Sound Receiving Equipment Coverage for Fire, Police, and Emergency Vehicles CA 20 02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under this endorsement, physical damage coverage is changed in that the exclusion relating to audio, visual, and data electronic equipment does not apply to any equipment that is installed in a covered auto that is owned by a fire or police department or that is equipped as an emergency vehicle. CA 20 02 permits physical damage coverage to such things as two-way mobile radios or scanning monitor receivers regardless of whether or where in a covered auto they are permanently installed, as long as the covered auto is a fire, police, or emergency type vehicle.</td>
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</tbody>
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<tr>
<th>Driving Schools CA 20 06</th>
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<tbody>
<tr>
<td>This endorsement provides only those coverages of liability and medical payments where a premium for the coverages is shown on the schedule. CA 20 06 declares that any auto not owned by the named insured is a covered auto while used for driver training. The status of an</td>
</tr>
</tbody>
</table>
insured is granted under this endorsement to the named insured, any driving instructor, and any student driver while being instructed by the named insured or an instructor. The main advantages of this endorsement are giving covered auto status to nonowned autos used by the named insured in his business and modifying the “who is an insured” definition to include driving instructors and student drivers.

**Mobile Equipment CA 20 15**

This endorsement offers liability coverage, medical payments coverage, uninsured motorist coverage (underinsured motorist coverage can be scheduled when such coverage is not included in uninsured motorist coverage), no-fault coverage, and physical damage coverage to vehicles described in the schedule and considers these vehicles to be covered autos and not mobile equipment. The liability coverage does not apply to bodily injury or property damage resulting from the operation of any machinery that is on, attached to, or part of any of the described vehicles.

**Repossessed Autos CA 20 19**

Due to this endorsement, any auto that the named insured repossesses is considered to be a covered auto, but only while being repossessed by the named insured, held for sale after repossession by the named insured at locations listed in the endorsement’s schedule, or pending delivery after sale. The repossessed cars can be insured for liability and physical damage coverages. The premium basis can be on a reporting basis (quarterly or monthly) or on a nonreporting basis, whichever is agreed to by the named insured and the insurer. The insurance provided by this endorsement does not apply to any auto while used for other business or personal purposes and “who is an insured” does not include anyone from whom an auto has been repossessed.

**Snowmobiles CA 20 21**

This endorsement provides insurance coverages for snowmobiles that are described as covered autos on the schedule; the available coverages are liability, medical payments, uninsured motorist (underinsured motorist coverage can be scheduled when such coverage is not included in uninsured motorist coverage), and physical damage. The endorsement allows the insured to describe the snowmobiles to be covered in a schedule, and also defines “snowmobile” as a land motor vehicle that is designed for use on ice and snow and mainly off public roads propelled only by mechanical means other than airplane type propellers or fans. The insurance does not apply to: the snowmobile while in any racing or speed contest or while rented or leased to others by the named insured; under liability coverage, bodily injury to anyone occupying or towed by the snowmobile; loss to the snowmobile resulting from breaking through ice. Some of the exclusions can be deleted by paying an additional premium noted on the endorsement. The total premium stated in the schedule applies for the entire policy period and will not be refunded if the named insured cancels the insurance policy.
**Designated Insured CA 20 48**

This endorsement allows a designated person or organization to be scheduled as an insured for liability coverage under commercial auto forms. Each person or organization indicated on the endorsements schedule is an insured, but only to the extent that the person or organization qualifies as an insured under the “who is an insured” provisions of the particular coverage form.

**Employee Hired Autos CA 20 54**

Many employees rent cars while on business trips for their employers. If the traveling employee rents a car in his or her own name, the “who is an insured” clause does not make that employee an insured unless the car was rented by the named insured employer. Endorsement CA 20 54 corrects this problem by declaring that “an employee of yours is an insured while operating an auto hired or rented under a contract or agreement in that employee’s name, with your permission, while performing duties related to the conduct of your business”. The other insurance condition is changed so that, for hired auto physical damage coverage, any covered auto hired or rented by the employee in his or her name on company business is deemed to be a covered auto owned by the named insured. This makes the named insured’s BAP primary insurance.

**Fellow Employee Coverage CA 20 55**

This endorsement deletes the fellow employee exclusion under the BAP which excludes bodily injury to any fellow employee of the insured arising out of and in the course of the fellow employee’s employment. If the named insured wants his BAP to provide bodily injury liability coverage in a situation where an employee is driving a fellow employee in a covered auto and causes an accident that injures the fellow employee, who then files a lawsuit, this endorsement gives the driver-employee protection as an insured under the employer’s BAP.

**Fellow Employee Coverage For Designated Employees CA 20 56**

This endorsement is similar to endorsement CA 20 55, except that it limits the deletion of the fellow employee exclusion to employees, job titles, or positions named or listed in the schedule of the endorsement.

**Auto Loan/Lease Gap Coverage CA 20 71**

This endorsement amends the physical damage coverage section of the BAP, so that in the event of a total loss to a covered auto, the insurer will pay any unpaid amount due on the lease or loan for the covered auto.

**Rolling Stores CA 23 04**

CA 23 04 states that liability coverage for a covered auto that is a rolling store is changed by adding the following exclusion: the insurance does not apply to bodily injury or property damage
resulting from the handling, use, or condition of any item that the insured makes, sells, or
distributes if the injury or damage occurs after the insured has given up possession of the item.
The endorsement does not define “rolling store”, but the term refers to a vehicle used as a
mobile snack bar or lunch van.

**Wrong Delivery of Liquid Products CA 23 05**

This endorsement excludes coverage for bodily injury or property damage resulting from the
delivery of any liquid into the wrong receptacle or to the wrong address if the injury or damage
occurs after delivery has been completed.

**Coverage for Injury to Leased Workers CA 23 25**

With respect to the employer’s liability exclusion on the commercial auto coverage forms, the
definition of employee is changed by this endorsement so that an employee does not include a
leased worker. This is done so that a leased worker can seek damages for bodily injury under
the named insured’s BAP and not have the claim automatically excluded because the leased
worker is considered an employee of the named insured.

**Public Transportation Autos CA 24 02**

Common carriers are liable for damage done to their passengers’ property, such as luggage or
clothing. This endorsement modifies the care, custody, or control exclusion on the business
auto coverage form so that the exclusion does not apply to property damage to or covered
pollution cost or expense involving property of the insured’s passengers while such property is
carried by the covered auto.

**Auto Medical Payments Insurance CA 99 03**

Although auto medical payments coverage can be added by endorsement to a business auto,
garage, or trucker’s coverage form, most commercial insureds do not purchase it as commonly
as personal auto insureds. There are at least two reasons. Commercial auto medical payments
coverage provides no coverage for injury to employees in most instances, and, when the named
insured’s business organization is other than a sole proprietorship, any coverage the form
provides for "you" and "family members" has no apparent applicability. Auto medical payments
coverage is therefore more likely to be purchased by an individual named insured or by a firm
that routinely carries passengers in its automobiles or allows customers to drive its automobiles
-- taxi or bus companies, car dealers, car rental firms, etc.

**Coverage**

The insurer promises to pay "reasonable expenses incurred for necessary medical and funeral
services" because of accidental bodily injury to an insured. Expenses must be incurred within
three years from the date of the accident.
The following are "insureds" for auto medical payments:

1. The named insured and any family member while occupying any auto, or if as pedestrians, any auto strikes them. A *family member* is a person related to the named insured by blood, marriage, or adoption and residing in the named insured's household, including a ward or foster child.

2. Also an insured under this endorsement is anyone else occupying a covered auto or a temporary substitute auto. A temporary substitute auto is in place of a covered auto that is out of service because of its breakdown, repair, servicing, loss, or destruction.

The endorsement says that "occupying" includes "in, upon, getting in, on, out or off" a covered auto.

If the named insured is a corporation, partnership, or association, the first type of insured has no applicability.

**Exclusions**

There is no coverage for injuries suffered by employees of the named insured if those injuries arise out of and in the course of their employment. This exclusion does not apply to domestic servants who are not entitled to workers compensation benefits; for the purposes of the endorsement, a domestic employee is defined as a person engaged in household or domestic work performed principally in connection with a residence premises. The exclusion is meant to prevent the employee from receiving both medical payments and workers compensation.

The nuclear energy liability exclusion endorsement attached to the business auto policy, trucker's policy, and garage policy excludes "bodily injury resulting from the *hazardous properties of nuclear material* and arising out of the operation of a *nuclear facility* by any person or organization."

An exclusion in the auto medical payments endorsement applies to bodily injury to an insured while working in a business -- other than the named insured's -- of selling, servicing, repairing, or parking autos.

The purpose of the exclusion is to eliminate coverage for bodily injury to occupants of a covered auto while it is in the possession of a bailee for hire such as a parking lot or a garage. If the named insured is itself an auto business, the exclusion does not apply to persons occupying covered autos being used in the named insured's business.

In addition to the exclusions already discussed, these exclusions apply to the auto medical payments endorsement:

1. Bodily injury sustained by an insured while occupying a vehicle located for use as premises.

2. Bodily injury sustained by the named insured or a family member while occupying or when struck by any vehicle --*other than a covered auto* -- owned by the named insured or furnished or available for the named insured's regular use.
3. Bodily injury sustained by any family member while occupying or struck by any vehicle—other than a covered auto—owned by or furnished or available for the regular use of any family member.

4. Bodily injury caused by declared or undeclared war or insurrection or any of their consequences.

5. Bodily injury to anyone using a vehicle without a reasonable belief of being entitled to do so.

"Bodily injury sustained by an insured while occupying any covered auto while used in any professional racing or demolition contest or stunting activity, or while practicing for such contest or activity”.

**Limit of Insurance**

Regardless of the number of covered autos, insureds, premiums paid, claims made, or vehicles involved in the accident, the most that the insurer will pay for each insured injured in any one accident is the limit of insurance shown on the declarations page. Also, “no one will be entitled to receive duplicate payments for the same elements of loss under this coverage and any liability coverage form, uninsured motorist coverage endorsement, or any underinsured motorist coverage endorsement”.

**Conditions**

Auto medical payments coverage is subject to the general conditions of the policy to which it is attached. However, the endorsement contains two amendments of general conditions:

1. The insurer may not pursue subrogation for any payments made under this coverage.

2. With respect to a nonowned auto, auto medical payments coverage is excess over other collectible auto medical payments coverage only—not, for instance, over the insured’s major medical insurance. Auto medical payments coverage is primary insurance with respect to bodily injury involving a covered auto. If there is other auto medical payments insurance that covers on the same basis, either excess or primary, the loss is shared through pro rata contribution, each company paying in the proportion that its limit of liability bears to the total of all applicable limits of liability.

Auto medical payments coverage does not depend on the insured’s being legally liable. An insured purchases it with the belief that prompt payment of injuries—regardless of fault—preserves goodwill and possibly deters a more costly legal action.

**Stated Amount Insurance CA 99 28**

This endorsement changes the physical damage coverage limit of insurance provisions of the commercial auto forms by stating that the most the insurer will pay for loss is the least of the following amounts minus any applicable deductible: the actual cash value of the damaged or stolen property as of the time of the loss; the cost of repairing or replacing the damaged or stolen property; or the amount shown in the schedule of CA 99 28. To clarify the payment situation, the endorsement states that “the amount shown in the schedule or in the declarations...
is not necessarily the amount you will receive at the time of loss for the described property”. This is to notify the insured that just because a stated amount is listed on the endorsement, there is no guaranty that that amount will be paid for the loss to the insured’s car.

**Tapes, Records, and Discs Coverage CA 99 30**

This endorsement allows payment for loss to tapes, records, discs, or other similar devices used with audio, visual, or data electronic equipment. For coverage to apply, these items must be the property of the named insured or a family member and must be in a covered auto at the time of loss. The most that the insurer will pay for loss under this endorsement is $200. Physical damage coverage provisions apply under this endorsement, except for any deductible.

**Social Service Agencies -- Volunteers as Insureds CA 99 34**

The following is added to the liability coverage “who is an insured” provision of the business auto form, the trucker’s form, and the motor carrier coverage form through the use of this endorsement: anyone volunteering services to the named insured is an insured while using a covered auto not owned, hired, or borrowed by the named insured to transport clients or other persons in activities necessary to the business of the named insured.

**Garagekeepers Coverage CA 99 37**

This endorsement provides garagekeepers coverage (with direct coverage options) to risks that are not engaged in a typical garage operation, such as a business that installs car stereos or CB systems. Some definitions for the business auto form are added by CA 99 37: garage operations and work you (the named insured) performed. The definition of auto is changed to reflect the term “customer’s auto” and it omits the distinction that covered vehicles must be designed for travel on public roads and must not be mobile equipment. The definition of “loss” is expanded to include any resulting loss of use, in keeping with the usual garagekeepers coverage.

**Audio, Visual, and Data Electronic Equipment Coverage CA 99 60**

With respect to a covered auto that is described on the endorsement, the insurer will pay for loss to any electronic equipment that receives or transmits audio, visual, or data signals and that is not designed solely for the reproduction of sound. This coverage applies only if the equipment is permanently installed in the covered auto at the time of the loss, or if the equipment is removable from a housing unit that is permanently installed in the covered auto at the time of the loss. The equipment must be designed to operate solely through the use of the auto’s electrical system, in or upon the covered auto.

The exclusions that apply to the physical damage coverage of the business auto form (except for the electronic equipment exclusion obviously) also apply to the coverage provided by this endorsement. CA 99 60 will not pay for loss to any electronic equipment that is necessary for the normal operation of the covered auto or the monitoring of the covered auto’s operating system. With respect to the limits of insurance, this endorsement states that the insurer will pay, as a result of any one accident, the lesser of the actual cash value of the damaged or stolen
property as of the time of loss, or the cost of repairing or replacing the damaged or stolen
property with other property of like kind and quality. An adjustment for depreciation and physical
condition will be made in determining actual cash value at the time of the loss; and a deductible
shown in the declarations will also be applied in accordance with the deductible provisions of
the endorsement.

**Loss Payable Clause -- Audio, Visual, and Data Electronic Equipment CA 99 61**

For a loss to audio, visual, and data electronic equipment that has been given coverage through
the use of CA 99 60, the insurance covers the interest of the loss payee unless the loss results
from conversion, secretion, or embezzlement on the part of the named insured.

**Optional Limits–Loss of Use Expenses CA 99 90**

This endorsement allows the insured to choose higher limits than the $20 per day/$600
maximum limits that are currently on the BAP as shown in the schedule of the endorsement.

**Automobile Leasing or Rental Concerns**

The insurance needs of an automobile leasing or rental firm are quite specialized -- so much so
that a regular business auto coverage form (BAP) usually is not sufficient. Insurance Services
Office (ISO) offers a number of endorsements designed specifically for automobile leasing or
rental firms that alter the BAP accordingly.

**Lessor--Additional Insured and Loss Payee CA 20 01**

Endorsement CA 20 01 extends to the scheduled lessor additional insured status on the
commercial auto forms of the lessee. The coverages offered are liability, personal injury
protection (or equivalent no-fault coverage), and physical damage; the liability and personal
injury protection coverages are for each accident, while the physical damage coverage is for
each covered leased auto. Any leased auto listed on the schedule is considered a covered auto
owned by the named insured and the coverages apply until the expiration date shown on the
schedule or when the lessor takes possession of the leased auto, whichever occurs first. The
loss payable clause on CA 20 01 states that: the insurer will pay, as interest may appear, the
named insured and the lessor for loss to a leased auto; the insurance covers the interest of the
lessee unless the loss results from fraudulent acts or omissions of the part of the named insured;
and if the insurer makes any payment to the lessor, the insurer obtains his or her rights against
any other party.

CA 20 01 also states that cancellation notices will be mailed to the lessor and that the lessor is
not liable for payment of the lessee’s premium.

**Contingent Liability Coverage CA 20 09**

Under the contingent coverage endorsement (CA 20 09), the lessor’s liability coverage and any
required no-fault coverage apply, if two conditions are met:
1. The lessee has furnished the lessor with a certificate of insurance (or a copy of the additional insured endorsement) meeting the insurance requirements of the leasing agreement.

2. The lessee’s insurance is not collectible at the time of the accident. In this way, the leasing firm does not have to pay the premium for primary coverage on the leased auto, but does have access to its own insurance in the event the lessee’s fails.

The limit of liability for contingent coverage differs for the lessee and the lessor. The lessor is covered for the amount shown in the endorsement or the amount required by the leasing agreement, whichever is smaller. The lessee is covered only to the minimum limits required by the applicable financial responsibility or compulsory insurance law.

Contingent coverage is excess over any other collectible insurance except insurance that is specifically stated to be excess over the lessor’s policy, such as an umbrella liability policy. Upon cancellation of the lessee’s policy, contingent coverage terminates when the lessor regains custody of the leased auto, or 30 days after the effective date of cancellation, whichever is earlier.

Conversion, Embezzlement, or Secretion Coverage CA 20 10

The first purpose of the conversion, embezzlement, or secretion endorsement (CA 20 10) is to eliminate coverage for these perils from the lessor’s policy. The exclusion applies to “loss due to theft, conversion, embezzlement or secretion by any person in possession of a covered auto either (i) under a bailment lease, conditional sale, purchase agreement, mortgage or other encumbrance or (ii) as a rentee or lessee of such covered auto.” The exclusion does not eliminate theft coverage for a covered auto under any other circumstances.

The second purpose of the exclusion is to enable the lessor to buy back the excluded coverage, on either an “all covered autos” basis or a designated autos basis. Coverage applies to loss to covered autos by theft, conversion, embezzlement, or secretion by any lessee or rentee. The limit of liability, however, is 75% of the auto’s actual cash value, less the amount of any security deposit made by the lessee or rentee. If the lessor becomes aware of a loss or even a possible loss, it must do all of the following:

1. Promptly notify the police and the insurance company
2. Cooperate in prosecution of the offender.
3. Submit proof of loss as the insurance company requests.
4. Make a reasonable effort to locate the covered auto and take possession of it, using legal proceedings if the insurance company requests. The insurance company agrees to pay reasonable costs of locating and recovering the auto.

Excluding Autos Under Lease CA 20 11

The lessor’s auto insurance can be amended with the exclusion of certain leased autos endorsement (CA 20 11), for a reduction in premium. The endorsement excludes autos that are: leased or rented by the named insured to a lessee or rentee, including any substitute,
replacement, or extra auto needed to meet seasonal or other needs, under an agreement requiring the lessee or rentee to provide primary insurance for the named insured, the lessor. The exclusion applies only with respect to liability insurance and any required no-fault insurance.

**Rent-It-There/Leave-It-Here Autos CA 20 12**

The (CA 20 12) endorsement defines a rent-it-there/leave-it-here auto as “an auto a rentee rents from someone other than you and leaves with you.” The endorsement states that the named insured’s liability insurance does not apply to the owner or rentee of a rent-it-there/leave-it-here auto not owned by the named insured. The named insured’s coverage, of course, is not diminished by the exclusion. If the named insured is named in a suit arising from the operation of a one-way rental auto it has received, it will have coverage under its policy, provided, of course, that the auto qualifies as a covered auto under its policy.

**Schedule of Limits for Owned Autos CA 20 13**

The typical commercial insured generally has its auto liability insurance written for one limit of liability on owned, hired or borrowed, and nonowned autos alike. Leasing or rental firms often deviate from this practice.

Because the BAP declarations are not suited to showing separate limits for the different classes of rental or leased autos, a special schedule of limits endorsement (CA 20 13) is available for leasing or rental concerns. The endorsement allows the insured to schedule different limits for:

1. Autos leased or rented to others under an agreement requiring the lessee or rentee to provide primary insurance.
2. Autos leased or rented to others under an agreement that does not require the lessee or rentee to provide primary insurance.
3. Autos owned by the named insured and not subject to a leasing agreement or rental agreement.

**Second Level Coverage CA 20 14**

The (CA 20 14) endorsement provides a limit of liability that replaces the limit shown elsewhere in the lessor’s policy or the limit required in the leasing agreement subject to some provisions.

**Autos Leased With Drivers--Physical Damage Coverage CA 20 33**

The endorsement (CA 20 33) states that for hired auto physical damage coverage, any auto that is leased, hired, rented, or borrowed with a driver, and that is designated or described in the endorsement’s schedule is deemed a covered auto. The auto is considered a covered auto that the named insured owns.
Drive Other Car Coverages CA 99 10

An executive officer of a corporation insured under a business auto coverage form will have no insurance under the policy while using an auto that he borrows for his personal affairs, even if the policy covers hired or borrowed cars. The business auto form covers persons other than the named insured for the use of covered autos owned, hired, or borrowed by the named insured. The same is true of the garage form and the trucker’s form.

These provisions are especially likely to pose problems when the named insured furnishes a covered auto to some person who has no other auto insurance such as an executive officer or some other employee of the named insured. The employer’s policy can be extended by endorsement CA 99 10, drive other car coverage (DOC), to provide drive other car coverage to any individual named in the endorsement. As an alternative to extending the company policy, the employee can purchase a named nonowner policy.

Any or all of the liability, medical payments, uninsured motorist, or physical damage coverages of a business auto, truckers, or garage policy can be extended by endorsement to provide DOC to the individual named in the endorsement.

For liability insurance, the endorsement provides that any auto not owned, hired, or borrowed by the named insured is a covered auto while being used by the individual named in the schedule of endorsement CA 99 10 or by his or her resident spouse. The definition of "auto" follows that of the business auto and trucker’s policies: "a land motor vehicle, trailer or semitrailer designed for travel on public roads but ... not ... mobile equipment."

The endorsement does not provide liability coverage for resident relatives other than the individual’s spouse. If coverage is desired for a resident relative other than the spouse, the relative must be named in the endorsement.

The endorsement does have the usual exclusion found on auto policies of any auto used by the individual while working in an auto business -- the selling, servicing, repairing, or parking of autos.

For medical payments and uninsured motorist coverages, the endorsement following insured status are granted:

1. The individual named in the endorsement.
2. The individual’s spouse if residing in the same household.
3. Resident family members.

The coverage applies while occupying any auto not owned by the named insured or, while pedestrians, when struck by such an auto. As in drive other car liability coverage, there is an exclusion of any auto owned by the individual, his or her spouse, or any family member of either.

If physical damage coverage is provided through the drive other car endorsement, it applies to private passenger types in the care, custody, or control of the individual that are not owned by the named insured, the individual, or a family member of the individual. It also applies to private
passenger autos that are not used by the individual or his or her spouse while working in an auto business.

| Individual Named Insured Endorsements CA 99 17 |

Endorsement CA 99 17, individual named insured, is used to modify the business auto, truckers, nondealer garage, and motor carrier coverage forms. Endorsement CA 99 18 modifies only garage policies issued to dealers.

Both endorsements give named insured status to the named insured’s spouse if residing in the same household as the named insured. The spouse will have the same protection under the policy as the named insured.

The spouse has liability coverage for the use of cars that he or she borrows or hires from others so long as they qualify as covered autos under the policy.

Endorsement CA 99 17 has a second effect. The exclusion of bodily injury to fellow employees of the insured is amended so that it does not apply to bodily injury to fellow employees of either the named insured or any family members residing with the named insured.

If the named insured is an individual, the endorsement approximates the drive other car protection built into the regular personal auto policy. This portion of the endorsement is particularly desirable when all family cars are insured under the named insured’s business auto policy and the family has no personal auto policy to cover their drive other car exposure. Personal auto coverage applies only when there is an owned auto of the private passenger type insured under the named insured’s policy.

If personal auto coverage applies, the endorsement makes family members insureds for any auto the named insured owns of the private passenger type. The endorsement also makes family members insureds for any other auto that is described in the following paragraph.

Personal auto coverage provides covered auto status for any auto not owned by the named insured while being used by the named insured or any family member, subject to four exclusions in addition to those of the auto coverage form. The coverage does not apply to:

1. A car owned by any family member.
2. Any auto furnished or available for the regular use of the named insured or any family member.
3. Any auto used by the named insured or any family member while working in a business of selling, servicing, repairing, or parking autos.
4. Any auto other than one of the private passenger type while used in any other business or occupation.

The personal auto coverage on the endorsement provides drive other car liability insurance to both the named insured and family members, even if the named insured’s coverage form does not otherwise provide hired autos coverage. Exclusions necessitate separate hired autos coverage.

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coverage for various exposures, such as long-term rentals, use of hired or borrowed trucks in business, and use of any type of auto in an auto business.

The individual named insured form, **CA 99 17**, physical damage section extends covered auto status to a nonowned auto while any owned auto of the private passenger type is a covered auto under physical damage coverage. If the nonowned auto is a trailer, a $500 limit applies as to the most the company will pay for a loss.
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