

ADVISORY NOTICE TO POLICYHOLDERS

BROADENINGS, RESTRICTIONS AND CLARIFICATIONS OF COVERAGE

LOUISIANA COMMERCIAL AUTOMOBILE FILING CA-2001-OFR00

This notice has been prepared in conjunction with the implementation of changes to your policy. It contains a brief synopsis of the significant broadenings, restrictions and clarifications of coverage that were made in each policy form and endorsement. This notice does not reference every editorial change made in these forms and endorsements.

PLEASE READ YOUR POLICY, AND THE ENDORSEMENTS ATTACHED TO YOUR POLICY, CAREFULLY.

BROADENINGS OF COVERAGE - POLICY FORMS

CA 00 01 - Business Auto Coverage Form

CA 00 05 - Garage Coverage Form

CA 00 12 - Truckers Coverage Form

CA 00 20 - Motor Carrier Coverage Form

- ◆ Coverage for transportation expenses under Physical Damage Coverage is increased from \$15 per day/\$450 maximum to \$20 per day/\$600 maximum.
- ◆ Coverage for an insured's legal obligation for expenses resulting from loss of use of a rental vehicle hired or rented by the insured is added, subject to limits of \$20 per day, to a maximum of \$600.
- ◆ Coverage for covered pollution cost or expense is broadened to include any cost or expense arising out of a statutory or regulatory requirement.
- ◆ The Who Is An Insured provision in all the coverage forms except CA 00 10, and the hired and non-owned coverage symbols in all the coverage forms have been revised to acknowledge the existence of a form of business entity known as a limited liability company by specifying members of limited liability companies as insureds.
- ◆ These coverage forms have been revised to give leased workers the same insured status as conventional employees under the Commercial Auto Program. This is accomplished, in part, by introducing a definition of "employee" which states that the term "employee" includes a leased worker. Additionally, to distinguish between "leased workers" and temporary workers", we are introducing new definitions of these terms.
- ◆ Worldwide coverage is provided if: (1) 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 (2) 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 U.S., Puerto Rico, or Canada or in a settlement to which the insurer agrees.

Additionally, for all coverage forms except CA 00 10, the following broadenings have been made:

- ◆ The Supplementary Payments provision has been revised to increase the:
 - maximum daily payment for loss of earnings from \$100 per day to \$250 per day to more adequately address the earnings of many professions; and
 - limit provided for the cost of bail/bonds from \$250 to \$2,000.
- ◆ The exception to the "insured contract" definition has been revised for consistency with the Commercial General Liability Program.

CA 00 05 - Garage Coverage Form

The pollution exclusion for the "Other Than Covered Autos" exposure has been revised to provide an exception for bodily injury:

- ◆ sustained within a building caused by building heating equipment.
- ◆ or property damage sustained within a building and caused by the release of gases, fumes or vapors from materials brought into that building in connection with operations as a contractor being performed by or on behalf of any insured.

BROADENINGS OF COVERAGE - MULTISTATE ENDORSEMENTS

CA 01 21 - Limited Mexico Coverage

This new optional endorsement extends coverage to apply in Mexico, but only for accidents or losses within 25 miles of the U.S. border during trips into Mexico of 10 days or less, subject to certain exclusions and other policy conditions.

CA 02 40 - Suspension of Insurance

This endorsement has been revised to provide an option for suspension of coverage not specifically listed, such as No-Fault, if allowable by law.

CA 20 14 - Leasing Or Rental Concerns - Second Level Coverage

CA 23 20 - Truckers Endorsement

CA 25 05 - Garage Locations And Operations Medical Payments Coverage

CA 25 08 - Personal Injury Liability Coverage - Garages

CA 25 14 - Broadened Coverage - Garages

CA 99 03 - Auto Medical Payments Coverage

CA 99 13 - Fiduciary Liability Of Banks

CA 99 33 - Employees As Insureds

CA 99 47 - Employee As Lessor

These endorsements have been revised to give leased workers the same insured status as conventional employees under the Commercial Auto Program. This is accomplished, in part, by

introducing a definition of "employee" which states that the term "employee" includes a leased worker. Additionally, to distinguish between "leased workers" and "temporary workers", we are introducing new definitions of these terms.

CA 23 20 - Truckers Endorsement

CA 25 08 - Personal Injury Liability Coverage - Garages

CA 25 14 - Broadened Coverage - Garages

CA 99 37 - Garagekeepers Coverage

CA 99 59 - Garagekeepers Coverage - Customers Sound Receiving Equipment

- ◆ The Supplementary Payments/Loss of Earnings Coverage Extension in these endorsements have been revised to increase:
 - the maximum daily payment for loss of earnings from \$100 per day to \$250 per day to more adequately address the earnings of many professions; and
 - the limit provided for the cost of bail bonds from \$250 to \$2,000
- ◆ The Who Is An Insured provision in these endorsements has been revised to acknowledge the existence of a form of business entity known as a limited liability company by specifying members of limited liability companies as insureds.

CA 20 19 - Repossessed Autos

This endorsement has been revised to add an option which affords coverage for repossessed autos stored at locations other than those specifically described in the schedule, along with corresponding language regarding how the coverage is tied to the location.

CA 20 47 - Additional Insured - Lessor Of Leased Equipment

This new endorsement modifies the non-auto coverage provided by the Garage Coverage Form to include a lessor of leased equipment as an additional insured. However, this endorsement limits the coverage for the additional insured to the existence hazard of equipment leased to a garage or repair shop by the owner of such equipment.

CA 20 48 - Designated Insured

This new endorsement allows a company to specifically identify by name, for vicarious liability, an insured covered under the Who Is An Insured provision of the Coverage Forms.

CA 20 49 - Additional Insured - Garages - Grantor of Franchise

This new endorsement broadens the scope of the Who Is An Insured provision of Section II of the Garage Coverage Form to include as an insured the grantor of a franchise only with respect to its vicarious liability as the grantor of a franchise to the named insured.

CA 20 55 - Fellow Employee Coverage

CA 20 56 - Fellow Employee Coverage For Designated Employees/Positions

These new optional endorsements may be used to delete the Fellow Employee exclusion from the policy or delete it for certain employees or positions in a company.

CA 20 70 - Coverage For Certain Operations In Connection With Railroads

This optional endorsement has been created to provide automobile coverage for liability of a railroad assumed by an insured when a Railroad Liability Protection Policy has neither been purchased by the insured nor requested by the railroad.

CA 20 71 - Auto Loan/Lease Gap Coverage

This optional endorsement provides coverage for any outstanding indebtedness incurred by an insured in the event there is a total loss to the vehicle and the amount due under the financial agreement is greater than the actual cash value of the vehicle.

CA 23 24 - Agricultural Produce Trailers - Seasonal

This new endorsement provides coverage for scheduled trailers with a gross vehicle weight exceeding 2,000 pounds used to haul specific produce on a seasonal basis for stated period(s) of time, as designated in the endorsement.

CA 23 25 - Coverage For Injury To Leased Workers

This new endorsement provides coverage to the insured for injuries sustained by leased workers while performing duties related to the conduct of the insured's business.

CA 25 03 - False Pretense Coverage

The Exclusions have been amended to explicitly provide False Pretense coverage for vehicles on consignment.

CA 25 14 - Broadened Coverage - Garages

Section I - Personal Injury and Advertising Injury Liability Coverage has been revised to:

- ◆ Employ one definition of "personal and advertising injury," as opposed to having separate definitions for each term.
- ◆ Add reference to *consequential "bodily injury"* where "bodily injury" is excluded in the current language. As a result, we are adding an exclusion for "bodily injury" arising out of "personal and advertising injury" under the Garage Operations - Other Than Covered Autos Section of the Garage Coverage Form.

- ◆ Change the undefined term "advertising activities" to a defined term "advertisement", for use in the new combined definition of "personal and advertising injury". The new definition is intended to strengthen the necessary causal connection between the covered offenses and the insured's advertisement.
- ◆ Provide coverage for "trade dress" while deleting the terms "style of doing business" and "title."
- ◆ Delete the current exclusion for a "willful violation of a penal statute" and replaced with a "criminal acts" exclusion.
- ◆ Add an exclusion to reflect the fact that damages resulting from pollution are not covered.

Taken as a whole, the revised Personal and Advertising Injury Coverage contained in this endorsement is at least equal to, if not broader than, that which the current coverage provides. These revisions may result in broadening in coverage in certain respects and may, in certain states, result in a decrease in other respects.

CA 25 08 - Personal Injury Liability Coverage - Garages

- ◆ As described under CA 25 14, the current "willful violation of a penal statute" exclusion has been replaced with a "criminal acts" exclusion;
- ◆ Exclusions 8. and h. were added to reflect the fact that damages resulting from pollution are not covered; and
- ◆ As similarly done to endorsement CA 25 14, the definition of "personal injury" has been revised to include "consequential bodily injury". As a result, an exclusion has been added for "bodily injury" arising out of "personal injury" under the Garage Operations - Other Than Covered Autos Section of the Garage Coverage Form.

Taken as a whole, the revised Personal Injury Coverage is at least equal to, if not broader than, that which the current coverage provides. These revisions may result in broadening in coverage in certain respects and may, in certain states, result in a decrease in other respects.

CA 99 10 - Drive Other Car Coverage - Broadened Coverage for Named Individuals

This endorsement is revised to eliminate the \$50 mandatory deductible applicable to collision coverage. Full coverage is provided for Drive Other Car collision coverage.

CA 99 90 - Optional Limits - Loss Of Use Expenses

This optional endorsement has been developed to enable insurers to provide coverage for loss of use expenses at limits other than the amount provided in the policy.

RESTRICTIONS IN COVERAGE - MULTISTATE ENDORSEMENTS

CA 25 03 - False Pretense Coverage

An exclusion has been added for a loss incurred when a bank or any other drawee fails to pay.

CLARIFICATIONS IN COVERAGE AND OTHER EDITORIAL REVISIONS - COVERAGE FORMS

All Commercial Auto Coverage Forms contain minor editorial revisions to provide for consistency among policies. Additionally, these coverage forms have been revised to incorporate various other revisions which serve to clarify coverage. The changes to each coverage form are described below:

CA 00 01 - Business Auto Coverage Form

CA 00 05 - Garage Coverage Form

CA 00 10 - Business Auto Physical Damage Coverage Form

CA 00 12 - Truckers Coverage Form

CA 00 20 - Motor Carrier Coverage Form

- ◆ The Transportation Expense coverage extension provision clarifies that coverage is afforded for temporary transportation expenses incurred by an insured because of the total theft of a covered auto.
- ◆ The Limit of Insurance provisions in the Physical Damage Coverage section have been revised to clarify the intent that loss payment for repair or replacement does not include any payment for betterment, and that adjustments will be made for depreciation and physical condition in determining actual cash value in the event of a total loss.
- ◆ We have introduced a Diminution In Value exclusion to the Physical Damage Coverage to clarify that the Coverage Forms do not provide for payment of any loss in market value, as loss in market value is not a component of direct and accidental loss or damage as provided in the policy's definition of "loss".
- ◆ All coverage forms have been revised to clarify that sales tax for a damaged or stolen vehicle is considered part of the total loss settlement.
- ◆ The Premium Audit Condition has been revised to establish that the due date for audit premiums is the date shown as the due date on the bill.
- ◆ To keep pace with technology (such as laser detectors and jamming equipment) that has been or may be introduced into the market, the Physical Damage Coverage Exclusion for loss to "Equipment designed or used for the detection or location of radar" has been clarified to apply to all "speed measurement equipment."

CA 00 01 - Business Auto Coverage Form
CA 00 05 - Garage Coverage Form
CA 00 12 - Truckers Coverage Form
CA 00 20 - Motor Carrier Coverage Form

- ◆ The exception to Exclusion 4. Employee Indemnification And Employer's Liability in Section II - Liability Coverage is revised to clarify what types of employees are included within the term "domestic."
- ◆ To maintain consistency with the Commercial General Liability (CGL) program, we have amended the Supplementary Payments and Conditions provisions to clarify that it is the insured, and not a suit, which the insurer may be called upon to defend.
- ◆ Under the Definitions section of the policy, we are adding quotation marks to the word "trailer" in the "auto" definition to indicate that "trailer" is a defined term.

CA 00 05 - Garage Coverage Form

- ◆ The insuring agreement for the Other Than Covered Auto section has been revised to clarify that the policy does not respond to injury or damage that is known by the insured prior to the policy period. The new language also addresses the applicability of this form in situations involving continuation, change or resumption of the same bodily injury or property damage during or after the policy period.
- ◆ For improved consistency within the Commercial Auto Program, symbol "30" - Autos Left With You For Service, Repair, Storage Or Safekeeping in the Garage Coverage Form is being revised to track with the definition of "customer's auto" in endorsements CA 99 37 - Garagekeepers Coverage and CA 99 59 - Garagekeepers Coverage - Customer Sound Receiving Equipment.
- ◆ This form is being revised to clarify that diminution of market or resale value is not a covered auto dealership physical damage loss.
- ◆ Exclusion 8. Pollution Exclusion Applicable To "Garage Operations" - Other Than Covered "Autos" of the Garage Coverage Form has been revised to:
 - Break up this exclusion into two parts: one to exclude bodily injury and property damage; and one to exclude specified clean-up costs or expenses, similar to the format of the Commercial General Liability Pollution exclusion. As a result, the exclusion has been re-numbered and re-lettered accordingly.
 - Move the current exception for hostile fire, under new paragraph 8.a.
 - Revise the former "loss, cost or expense" definition contained within this exclusion to:
 - ◇ Add reference to "statutory or regulatory requirement"; and

- ◇ Provide an exception to clarify that this paragraph is not intended to exclude coverage for third party property damage claims which are otherwise covered and not subject to paragraph a. of the exclusion.
- ◆ Section III - Garagekeepers has been revised to:
 - Reference "customer's auto" instead of "covered auto" throughout this section and add a definition of this term in the Definitions section for consistency with Garagekeepers Endorsement CA 99 37.
 - Add reference to "customer's auto" equipment in the lead-in to the Who Is An Insured provision for clarity.
 - Update the radar exclusion to track with the version found in the Physical Damage Coverage section.
 - Add reference to an all perils deductible in paragraph C. Limit of Insurance and Deductible to track with the Garage Declarations.

CA 00 10 - Business Auto Physical Damage Coverage Form

The quotes around the term "insured" and "suit" have been eliminated since these terms are not defined terms in this form.

CLARIFICATIONS IN COVERAGE AND OTHER EDITORIAL REVISIONS - MULTISTATE ENDORSEMENTS

CA 23 20 - Truckers Endorsement

CA 25 08 - Personal Injury Liability Coverage - Garages

CA 25 14 - Broadened Coverage - Garages

CA 99 37 - Garagekeepers Coverage

CA 99 59 - Garagekeepers Coverage - Customer Sound Receiving Equipment

To maintain consistency with the Commercial General Liability Program, we have amended the Supplementary Payments provisions to clarify that it is the insured, and not a suit, which the insurer may be called upon to defend.

CA 02 40 - Suspension Of Insurance

CA 20 15 - Mobile Equipment

CA 20 21 - Snowmobiles

CA 20 27 - Registration Plates Not Issued For A Specific Auto

The above endorsements' Schedules are revised to include reference to an underinsured motorists (UIM) limit of insurance and UIM premium information where reference to uninsured motorists is currently provided.

CA 20 01 - Additional Insured - Lessor

The title has been changed to "Lessor - Additional Insured And Loss Payee" to more closely track with the purpose of this endorsement.

CA 20 12 - Leasing Or Rental Concerns - Rent It Here/ Leave-It-Here

The title has been changed to "Leasing Or Rental Concerns - Rent It There/ Leave-It-Here" to more closely track with the purpose of the endorsement.

CA 20 13 - Leasing Or Rental Concerns - Schedule Of Limits For Owned Autos

Reference to the Business Auto Physical Damage Coverage Form has been removed as this endorsement is only intended to modify liability coverage.

CA 20 15 - Mobile Equipment

CA 20 33 - Autos Leased, Hired, Rented Or Borrowed With Drivers - Physical Damage Coverage

CA 23 20 - Truckers Endorsement

The schedules have been revised to delete the \$25 deductible in favor of a deductible in the amount of the insured's choice for Specified Causes Of Loss.

CA 20 21 - Snowmobiles

- ◆ The above endorsement's Schedule is revised to include reference to an underinsured motorists (UIM) limit of insurance and UIM premium information where reference to uninsured motorists is currently provided.
- ◆ We are also adding quotation marks around the word "occupying" under the Exclusions in paragraph **B.3.** to indicate that it is a defined term.

CA 23 17 - Truckers - Uniform Intermodal Interchange Endorsement Form UIIE-1

This endorsement has been revised in order to reflect the new requirements of the Intermodal Association of North America (IANA). The IANA has revised the "Liability, Indemnity and Insurance" section of the Uniform Intermodal Interchange and Facilities Access Agreement, which became effective 9/1/2000.

CA 25 03 - False Pretense Coverage

The Duties In The Event Of Accident, Claim, Suit Or Loss Condition has been revised to clarify that the insured "take reasonable steps to cause a warrant to be issued" for anyone causing a "loss" as defined in the endorsement, instead of requiring the insured to obtain a warrant. This change recognizes that the issuance of a warrant is not within the control of the insured. In addition, the numerical reference that refers to the limit of insurance (\$25,000) has been replaced with a generic reference that refers to the limit shown in the declarations.

CA 25 10 - Fire Legal Liability Coverage - Garages

Paragraph B. has been revised to provide that exclusions 3 through 17 of the liability section of the Garage Coverage Form do not apply to coverage provided under this endorsement.

CA 25 14 - Broadened Coverage - Garages

- ◆ This endorsement has been revised to include lead-in language which clarifies that the coverages provided by the endorsement apply only to the non-auto portion of "garage operations" and not to the use of a covered "auto".
- ◆ For consistency with the CGL program, this endorsement is also revised to clarify that the term "bodily injury", as used within the endorsement, includes injury resulting from the providing of or failing to provide professional health care services.

CA 99 03 - Auto Medical Payments Coverage

The exception to Exclusion 4. is revised to clarify what types of employees are included within the term "domestic".

CA 99 17 - Individual Named Insured

The paragraphs pertaining to Personal Auto Coverage under both Changes In Liability Coverage and Changes In Physical Damage have been revised to change the phrase "*While* any auto you own..." to "*If* any auto you own..." for enhanced clarity.

CA 99 28 - Stated Amount Insurance

- ◆ To delineate with greater particularity the method in which the chosen deductible applies to a covered loss, we have:
 - added lead-in language to paragraph C. Limit Of Insurance And Deductible and Deductible provisions to indicate that the insurance provided by this endorsement is reduced by the chosen deductible: and
 - provided a notice below the Schedule to indicate that the amount shown in the Schedule is not necessarily the amount that will be received at the time of loss.
- ◆ Additionally, we are clarifying that the repair or replacement of damaged or stolen property will be done with property of like kind and quality and that any amount of betterment will not be paid by the insurer.
- ◆ The schedule is modified so that the Limit Of Insurance column affords space to enter the stated amount of insurance.

CA 99 30 - Tapes, Records And Discs Coverage

This endorsement has been amended to:

- ◆ Clarify that the "tapes, records and discs" exclusion of the Physical Damage Coverage Section does not apply.
- ◆ Incorporate a few formatting and editorial changes for consistency with other endorsements in the Commercial Auto forms portfolio.

CA 99 37 - Garagekeepers Coverage

The schedule has been revised to add reference to* an "all perils deductible" to track with CA DS 08 07 97 - Garage Coverage Form - Non-Dealers' and Trailer Dealers' Supplementary Schedule.

CA 99 37 - Garagekeepers Coverage

CA 99 59 - Garagekeepers Coverage - Customer Sound Receiving Equipment

- ◆ To keep pace with technology (such as laser detectors and jamming equipment) that has been or may be introduced into the market, the Physical Damage Coverage Exclusion for loss to "Equipment designed or used for the detection or location of radar" has been clarified to apply to all "speed measurement equipment."
- ◆ The Schedules of these endorsements have been revised to clarify:
 - the lead-in to the Direct Coverage Options to convey the notion that the Direct Coverage Options are not mutually exclusive of the underlying legal liability coverage; and
 - the language describing the Excess Insurance Option to state that in addition to the underlying legal liability coverage, coverage also applies on an excess basis when the insured is not legally liable.

CA 99 48 – Pollution Liability – Broadened Coverage For Covered Autos – Business Auto, Motor Carrier and Truckers Coverage Forms

CA 99 55 – Pollution Liability – Broadened Coverage For Covered Autos – Garage Coverage Form

- ◆ A provision has been added to indicate that the Care, Custody or Control exclusion does not apply with respect to the coverage provided by these endorsements.
- ◆ Reference to “regulatory or statutory requirement” was added to the “covered pollution cost or expense” definition in these endorsements to track the language of the underlying coverage forms.

CLARIFICATION IN COVERAGE AND OTHER EDITORIAL REVISIONS - LOUISIANA SPECIFIC ENDORSEMENTS

CA 01 03 – Louisiana Changes

This endorsement has been revised to:

- ◆ delete the exception in the insuring agreement of the Business Auto, Garage, Truckers and Motor Carrier Coverage Forms which provides that the insurer has no duty to defend the insured against a suit seeking damages to which the insurance does not apply.
- ◆ add an "express or implied" permission requirement in the Who Is An Insured provision of the Business Auto, Garage, Truckers and Motor Carrier Coverage Forms to provide that other than the Named Insured, an insured is anyone else while using, with the Named Insured's express or implied permission, a covered auto the Named Insured owns, hires or borrows except for those categories listed.
- ◆ replace the Appraisal Condition in the Commercial Auto coverage forms to provide that a decision agreed to by the two arbitrators is not binding.
- ◆ provide that the lead-in statement to the "Duties" condition in the Commercial Auto coverage forms does not apply.
- ◆ replace the Transfer Of Rights Of Recovery Against Others To Us Condition in the Commercial Auto coverage forms to provide that the insurer's right to recover payments is subordinate or secondary to the full recovery of damages by the injured insured.
- ◆ add an exception to the Concealment, Misrepresentation Or Fraud Condition in the Commercial Auto coverage forms to provide that the voidance of coverage under the coverage form applies only to the extent that such acts or omissions are made with the intent to deceive at the time of application.
- ◆ delete the last sentence of the Appraisal Condition in the Commercial Auto coverage forms which states that if the insurer submits to an appraisal, the insurer retains the right to deny the claim.

CA 20 97 - Louisiana Leasing Or Rental Concerns - Contingent Coverage

This endorsement:

- ◆ replaces the multistate version to replace the "permission" requirement with an "express or implied permission" requirement.
- ◆ reflects the revision made to the multistate version of such form to give leased workers the same insured status as conventional employees under the Commercial Auto Program. This is accomplished, in part, by introducing a definition of "employee" which states that the term "employee" includes a leased worker. Additionally, to distinguish between "leased workers" and "temporary workers", we are introducing new definitions of these terms.

CA 20 98 - Employee Hired Autos - Louisiana

This new optional endorsement:

- ◆ expands the Who Is An Insured provision to provide coverage for employees who rent vehicles in their own names while performing duties related to the insured's business.
- ◆ reflects the "express or implied permission" requirement.