

FORMS – APPROVED

JULY 13, 2020

COMMERCIAL AUTOMOBILE

LI-CA-2020-295

MARYLAND REVISED CHANGES ENDORSEMENTS APPROVED

KEY MESSAGE

The Maryland Insurance Administration has approved CA-2020-OCH1 as filed.

BACKGROUND

In circular [LI-CA-2020-245](#), we announced that, in response to 2019 Md. Law ____ (former S.B. 436), we had revised:

- The Other Insurance provisions of CA 01 01, Maryland Changes – Auto Dealers Coverage Form, and CA 01 70, Maryland Changes; and
- CA 01 70 to include a definition of "replacement vehicle", which is based on the definition of "replacement vehicle" in MD. CODE ANN., TRANSP. § 17-104.

INSURANCE DEPARTMENT ACTION

The Maryland Insurance Administration has approved this filing.

EFFECTIVE DATE

The ISO revision is subject to the following rule of application:

These changes are applicable to all policies effective on or after January 1, 2021.

COMPANY ACTION

If you have authorized us to file on your behalf and decide:

- To use our revision and effective date, you are not required to file anything with the Insurance Department.
- To use our revision with a different effective date, to use our revision with modification, or to not use our revision, you must make an appropriate submission with the Insurance Department.

For guidance on submission requirements, consult the ISO State Filing Handbook.

In all correspondence with the Insurance Department on this revision, you should refer to ISO Filing Designation Number CA-2020-OCH1, not this circular number. Communications with the regulator concerning a filing affecting multiple lines of business (i.e., CL, PL, AL filing designation) should specify the line(s) of business that you are addressing.

RATING SOFTWARE IMPACT

New attributes being introduced with this revision:

- New edition dates of existing form numbers are being introduced.

POLICYHOLDER NOTIFICATION

If you decide to implement this revision, you should check all applicable laws for the state(s) to which this revision applies, to determine whether or not a specific policyholder notice requirement may apply. Please note that circular [LI-CL-2019-057](#) contains the ISO Guide To Renewals With Changed Conditions For Commercial Lines, which is available only as a guide to assist participating companies in complying with various conditional renewal statutes or regulations, for the major commercial lines of insurance serviced by ISO. The information in the Guide does not necessarily reflect all requirements or exceptions that may apply, and it is not intended as a substitute for your review of all applicable statutes and regulations concerning policyholder notification.

REVISION DISTRIBUTION

We will issue a Notice to Portfolioholders with an edition date of 1-21 (or the earliest possible subsequent date), along with any new and/or revised forms.

REFERENCE(S)

- [LI-CA-2020-245](#) (06/08/2020) Maryland Revised Changes Endorsements Filed
- [LI-CL-2019-057](#) (12/10/2019) Revised Lead Time Requirements Listing

ATTACHMENT(S)

Final copies of [CA 01 01 01 21](#) and [CA 01 70 01 21](#)

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND CHANGES – AUTO DEALERS COVERAGE FORM

For a covered "auto" licensed or principally garaged in, or "auto dealer operations" conducted in, Maryland, this endorsement modifies insurance provided under the following:

AUTO DEALERS COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Changes In Covered Autos Liability Coverage

1. Paragraph **2.b.(4)** of the **Who Is An Insured** Provision does not apply.
2. The **Fellow Employee** Exclusion is replaced by the following:

Fellow Employee

"Bodily injury" to:

- (1) 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; or
- (2) The spouse, child, parent, brother or sister of that fellow "employee" as a consequence of Paragraph (1) above.

However, this exclusion does not apply for coverage up to the minimum limit specified by the Maryland Vehicle Law.

3. The **Racing** Exclusion is replaced by the following:

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.

However, this exclusion does not apply for coverage up to the minimum limit specified by the Maryland Vehicle Law.

B. Changes In Physical Damage Coverage

The "Diminution In Value" exclusion does not apply.

C. Changes In Conditions

1. The lead-in to the **Duties In The Event Of Accident, Claim, Offense, Suit, Loss Or Acts, Errors Or Omissions** Condition is replaced by the following:

We have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us:

2. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We do not provide coverage for an "insured" who:

- a. Intentionally conceals or misrepresents a material fact; or
- b. Has made fraudulent statements or engaged in fraudulent conduct;

in connection with any "accident" or "loss" for which coverage is sought under this Policy.

However, we will provide Covered Autos Liability Coverage to such "insured" for damages sustained by any person who has not:

- (1) Intentionally concealed or misrepresented a material fact; or
- (2) Made fraudulent statements or engaged in fraudulent conduct;

if such damages result from an "accident" which is otherwise covered under this Policy.

3. Paragraph a. of the Other Insurance Condition is replaced by the following:

- a.** For any covered "auto" you own, this Coverage Form provides primary insurance, except that this Coverage Form will be secondary over any other collectible insurance available to your customers while a covered "auto" you own is being used as a "replacement vehicle".

For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance, except that this Coverage Form provides primary insurance for any vehicle that is loaned by or rented from another auto repair facility or dealer to you, for use while a covered "auto" you own is not in use because of its breakdown, repair, servicing or damage.

For a covered "auto" which is a "trailer" connected to another vehicle, the Covered Autos 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.

4. Paragraph a. of the Premium Audit Condition is replaced by the following:

- 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. The due date for the final premium or retrospective premium is 30 days from the date of the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

D. Changes In Definitions

For the purposes of this endorsement, the following Definition is added:

"Replacement vehicle" means a vehicle that is loaned by or rented from an auto repair facility or dealer to use while a vehicle owned by your customer is not in use because of its breakdown, repair, servicing or damage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

MARYLAND CHANGES

For a covered "auto" licensed or principally garaged in Maryland, this endorsement modifies insurance provided under the following:

BUSINESS AUTO COVERAGE FORM
MOTOR CARRIER COVERAGE FORM

With respect to coverage provided by this endorsement, the provisions of the Coverage Form apply unless modified by the endorsement.

A. Changes In Covered Autos Liability Coverage

1. The **Fellow Employee** Exclusion is replaced by the following:

Fellow Employee

"Bodily injury" to:

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

However, this exclusion does not apply for coverage up to the minimum limit specified by the Maryland Vehicle Law.

2. The **Racing** Exclusion is replaced by the following:

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.

However, this exclusion does not apply for coverage up to the minimum limit specified by the Maryland Vehicle Law.

B. Changes In Physical Damage Coverage

The "diminution in value" exclusion does not apply.

C. Changes In Conditions

1. The lead-in to the **Duties In The Event Of Accident, Claim, Suit Or Loss** Condition is replaced by the following:

We have no duty to provide coverage under this Policy if the failure to comply with the following duties is prejudicial to us:

2. The **Concealment, Misrepresentation Or Fraud** Condition is replaced by the following:

Concealment, Misrepresentation Or Fraud

We do not provide coverage for an "insured" who:

- a. Intentionally conceals or misrepresents a material fact; or
- b. Has made fraudulent statements or engaged in fraudulent conduct;

in connection with any "accident" or "loss" for which coverage is sought under this Policy.

However, we will provide Covered Autos Liability Coverage to such "insured" for damages sustained by any person who has not:

- (1) Intentionally concealed or misrepresented a material fact; or
- (2) Made fraudulent statements or engaged in fraudulent conduct;

if such damages result from an "accident" which is otherwise covered under this Policy.

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- a.** For any covered "auto" you own, this Coverage Form provides primary insurance, except that if you are an auto repair facility, this Coverage Form will be secondary over any other collectible insurance available to your customers while a covered "auto" you own is being used as a "replacement vehicle".

For any covered "auto" you don't own, the insurance provided by this Coverage Form is excess over any other collectible insurance, except that this Coverage Form provides primary insurance for any vehicle that is loaned by or rented from an auto repair facility or dealer to you, even if you are also an auto repair facility, for use while a covered "auto" you own is not in use because of its breakdown, repair, servicing or damage.

For a covered "auto" which is a "trailer" that is connected to another vehicle, the Covered Autos Liability Coverage this Coverage Form provides for the "trailer" is:

- (1)** Excess while it is connected to a motor vehicle you do not own; or
- (2)** Primary while it is connected to a covered "auto" you own.

4. Paragraph a. of the Premium Audit Condition is replaced by the following:

- 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. The due date for the final premium or retrospective premium is 30 days from the date of the bill. If the estimated total premium exceeds the final premium due, the first Named Insured will get a refund.

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